



**EMOTIONAL INTELLIGENCE OF DIRECTORS AND THE EFFECTIVENESS OF
BOARD GOVERNANCE DECISION MAKING BEHAVIOURAL PROCESSES IN
THE AUSTRALIAN FINANCIAL SERVICES SECTOR**

A Thesis submitted by

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Abstract

This research investigated the relationship between the use of emotional intelligence traits by directors in board decision making processes of large Australian financial institutions. The purpose of this research was to provide a greater understanding of the relationship between the use of emotional intelligence personality traits of directors and the effectiveness of decision making. The research shows when directors make a conscious effort to use emotional intelligence trait skills, this has a positive relationship in boardroom decision making processes and the dynamics of the collective board.

The case study was conducted using a concurrent mixed methods approach by employing quantitative modelling of survey data collected and qualitative analysis of interview discussions. The interviews were conducted with 18 directors on the boards of large Australian financial services institutions over a six month period between January 2020 and June 2020. The survey instrument was based on an emotional intelligence trait survey model combined with Australian board governance practice questions.

The following original contributions were achieved in this research:

- (1) The provision of new research data and academic analysis to expand the field of emotional intelligence personality trait theory in the context of board governance practices.
- (2) Demonstrating a positively correlated relationship between the emotional intelligence personality traits of directors and the effectiveness of board decision making processes in Australia's financial services sector; and
- (3) Creating greater awareness for directors to increase their use of emotional intelligence traits in board discussions and recognising the value these skills bring in their roles.

There are three key findings from this research:

- (1) The emotional intelligence of the chair and their ability to facilitate open and structured discussion in board decision making processes is critical in the effectiveness of the board.
- (2) The currency of trust is enabled by directors using emotional intelligence traits and developing a deeper awareness of their emotional engagement

with other directors, which facilitates greater effectiveness in board decision making processes.

- (3) Boards as a whole of large Australian financial services institutions are on a journey at different stages of maturity in developing a conscious awareness of how emotional intelligence skills and diversity of personalities of directors in the composition of the board has a positive impact and influence on the effectiveness and success of strategic decisions.

This research shows that there is a positive relationship between the directors' emotional intelligence quotient and the effectiveness of their boards in the decision making process. The directors' that participated in this research considered that emotional intelligence traits did have a positive impact on the quality of the decision making process of the boards of the Australian financial services entities they sit on and the outcomes reached by their boards. They also considered this enabled the currency of trust to be established within the collegiate group of directors on their boards and cultivated respectful board culture.

A longer research period and larger population of participating directors may further validate these research findings. There is also scope for future research to focus on the moderating factor and investigate the role an emotionally intelligent board chair plays in facilitating effective decision making processes and how boards are elevating the use of directors' emotional intelligence traits in board decision making.

Certification of Thesis

This Thesis is entirely the work of Jessica Elizabeth Claire Hall except where otherwise acknowledged. The work is original and has not previously been submitted for any other award, except where acknowledged.

Principle Supervisor: Professor John Sands

Associate Supervisor: Doctor Gregory Jones

Associate Supervisor: Doctor Claire Beattie

Student and supervisors signatures of endorsement are held at the University.

Acknowledgement Statement

'What's in a name? A rose by any other name would smell as sweet.' (Shakespeare 1595)



Conversing in Shakespeare sonnets with Heather Ridout in 2019
as board chair of AustralianSuper, AO, MAICD

To my extraordinary research team Professor John Sands, Dr Gregory Jones and Dr Claire Beattie. This experience has been the most challenging and rewarding academic accomplishment to which we have shared together. I am deeply humbled by the time you have invested in me and I say thank you.

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With this opportunity comes great responsibility. I believe this will be achieved from the outcome of this thesis in the meaningful contribution it can make to the integrity and long term well-being of Australia's financial system and economy.

To my darling love, my Northern Star, my guiding light in life. Thank you. I am eternally grateful for your support, patience, understanding and encouragement. It has been the greatest privilege and pleasure to share these moments with you on this journey.

To my family, friends and to God, you are always in my heart and prayers.

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List of Acronyms

ACCC	Australian Competition and Consumer Commission
AICD	Australian Institute of Company Directors'
AMP	AMP Limited
ANZ	Australian and New Zealand Banking Corporation
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investment Commission
ASX	Australian Stock Exchange
ASX200	Top 200 companies listed on the Australian Stock Exchange
BDME	Board decision making effectiveness
BEAR	Banking Executive Accountability Regime
CBA	Commonwealth Bank of Australia Limited
CEO	Chief Executive Officer
FAR	Financial Accountability Regime
FFM	Five Factor Model of personality traits
GFP	General Factor of Personality
GICS	Global Industry Classification Standard
IAG	Insurance Australia Group Limited
IOOF	IOOF Holdings Limited
IQ	Intelligence quotient, measure of an individual's intelligence
Kiel	Kiel Advisory Group
NAB	National Australia Bank Limited
OECD	Organisation for Economic Co-Operations and Development
TEIQue score	An individual's self-reported trait emotional intelligence score
The Principles	The Principles of Corporate Governance
Trait EI	An individual's self-reported trait emotional intelligence score
RSE	Responsible Service Entity
RoSeRT	Research Online Survey eResearch Tool
Westpac	Westpac Banking Corporation Limited

Chapter 1. Introduction to the Research

1.1 Chapter outline

‘...The real test will be whether we act in members’ interests every single time, not some or most of the time, but each and every time we make a decision...’ (White 2019, p. 1)

The focus on behavioural psychology of the boards has become of growing interest to Australia’s financial market regulators. Emotional intelligence personality traits play an important role in understanding behavioural psychology and focuses on how a person’s behavioural traits and their use of different personality traits lend themselves effectively to situations and socially when interacting with others (Petrides and Furnham 2001). The role of emotional intelligence personality traits of directors therefore has an influence on how they identify the key matters that warrant rigorous group discussion in board decisions and facilitate the views of the collective directors. In recent years, both the Australian Securities and Investment Commission (**ASIC**) and Australian Prudential Regulation Authority (**APRA**) engaged behavioural psychologists to observe board decision making behaviours. At the time of this initiative, there was mixed views espoused in the industries and media (Boyd 2019, Durkin et al 2019). The purpose of this was to assist ASIC and APRA to better understand how the dynamics between directors were amplifying or suppressing sound governance practices of Australia’s listed corporate sector and financial services industry (Durkin et al 2019). Both ASIC in 2019 (Kiel Advisory Group 2019) and APRA in 2018 and 2019 (APRA 2018) used observational sessions with behavioural psychologists to understand whether domineering behaviours and groupthink were observable in board meetings and committee meetings with senior management. ASIC and APRA’s initiatives were taken from the Dutch central bank’s experimental use of behavioural psychologists in board meetings (Raaijmakers 2015) which was done with the intention of improving and changing the culture of the board and the relationship with senior management (Durkin 2018). Although there was speculation, both affirming and critically sceptical of these initiatives, it was clear that the boards and chief executive officers (**CEOs**) of the boards that welcomed these initiatives all had one thing in common. There was a consistent view expressed by participants that anything which had potential to change, enhance and

improve board decision making processes and the culture of board discussions was most welcomed.

This trend by Australia's financial market regulators in exploring the behavioural psychology of boards of organisations operating in Australia's corporate environment and financial system has been of great interest to the researcher. It also validated what this research sought to achieve. Despite the acknowledgement by APRA and ASIC that directors on boards with matured non-financial risk culture frameworks have higher emotional intelligence (Kiel Advisory Group 2019), there was still a gap in the understanding of this in practice. The purpose of this research study was therefore to focus on understanding whether, there was a relationship between the use of emotional intelligence personality traits of directors and the effectiveness of decision making processes. The research sought to investigate this relationship and critically analyse the research data. The aim of the research was to further the knowledge in this area, present new findings and research data, and work towards achieving a greater academic understanding of this relationship in the context of board governance practices of Australia's largest financial institutions. However, based on the research literature review conducted, it was apparent that there had been little research conducted in this field, particularly the emotional intelligence trait of directors and board governance practices in the context of Australian corporate boards and the Australian financial services sector. To date, the limited research in Australia had focussed on corporate board governance culture and remuneration practices (Kemp 2011 and Cooke 2018) and commercial board behavioural studies undertaken by APRA and ASIC in 2018 and 2019 in Australia (APRA, 2018 and Kiel Advisory Group, 2019).

Accordingly, this chapter provides an introduction to the research and explains the key concepts explored as part of this research. To set the scene, the researcher's motivations and purpose behind the research is discussed to provide meaningful context to why this research was undertaken and what the researcher set out to achieve from this research. This chapter progresses through the following sections:

- (1) Background context
- (2) Motivation for the research

- (3) Objectives of the original contribution
- (4) Overall conceptual framework
- (5) Summary of research findings and limitations
- (6) Considerations for the future

This chapter explains what is meant by exploring the value of emotional intelligence personality traits and how this plays a role in enhancing greater effectiveness of board decision making processes. The desired outcome of the research was to provide directors in the Australian financial services industry with academic research insights to build the foundations that can be used in practice to develop practical ways of enhancing the quality of board decision making processes through the use of emotional intelligence personality traits in the Australian financial services industry and more broadly.

1.2 Background context



Figure 1.1 An illustration of a board's decision process

The normative rationale of the research was to explore whether directors who used emotional intelligence personality traits (Petrides and Furnham 2001) in board meetings demonstrated greater effective group decision making processes as board members (Figure 1.1). The research focused on boards of entities in the Australian financial services sector because limited academic research has previously been conducted on effective board governance practices in this sector in Australia.

The chair of the board's role is to lead and facilitate effective decision making in the boardroom. This enables the directors to establish the right management team structure and organisational design that is fit for purpose to deliver on the board's strategy. To add value to the organisation, the board of directors should have a diversity of perspective, well developed rational skills and behavioural skills which facilitates a trusting culture amongst the directors around the board table. Therefore, the overarching question this research explored was:

- (1) 'Is there a relationship between the emotional intelligence personality traits of directors and effective board decision making processes?'

The role and responsibilities of directors is challenging. Distilling board papers, setting the risk appetite, overseeing management implement strategy and balancing a network of relationships with other directors requires more than industry skills and experience. Quality boardroom discussions and decision making processes are optimal when there is a trusting culture that enables different perspectives on matters to be robustly discussed and vigilantly considered with an open mind (Tuan 2013). Directors interact with many different personalities and styles amongst their group of fellow board directors and senior management. As such, this research sought to provide a better understanding of whether emotional intelligence traits of Australian directors on boards of financial services institutions did and can continue to play a meaningful role in enabling greater effectiveness in the decision making processes. The existing research literature suggests that engaging one's emotional intelligence personality traits in authentic and genuine ways in group decision making processes cultivates deeper relationships with others (Maamari and Maidalani 2017). Developing deeper trusting relationships with others in an open minded way encourages broader view points to be shared.

The existing research both in Australia and globally, presented mixed views (Lawal 2012; Kemp 2011; and Feng 2017) with various limitations to the findings from these studies. In the context of the academic research conducted on corporate governance practices in different countries around the world, of particular concern was the significant lack of research into this topic conducted in Australia. It became apparent to the researcher that there has been a low amount of academic research conducted that focused on Australia's corporate governance practices (Kemp 2011 and Cooke 2018). This is because 'it is a challenge to gain access to Australia's top

200 company (**'ASX200'**) directors which are known as 'an elite group in society' (Cooke, 2018, p. 4). Further, there has been little research previously conducted in Australia's financial services industry on the area of emotional intelligence and effective decision making processes of a collective board at the time the researcher commenced this investigation. Thus, this research addressed this gap by exploring the association between directors who made greater use of emotional intelligence personality traits and effective decision making processes of boards of Australia's largest financial institutions.

Given the increased focus and scrutiny of boards of Australia's financial sector following the conclusion in early 2019 of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the **'Royal Commission'**) this area is topical (Cameron, 2019). To add to this scrutiny, immediately preceding the Royal Commission APRA published its prudential inquiry report into the Commonwealth Bank of Australia Limited (**'CBA'**) on 1 May 2018 (APRA, 2018). Additionally, the Banking Executive Accountability Regime (**'BEAR'**) in Australia was introduced which commenced on 1 July 2018 (Australian Prudential Regulation Authority, 2018) and the proposed Financial Accountability Regime (**'FAR'**) intended to be introduced through legislation in the Federal Parliament by the middle of 2021. Accordingly, this research provides greater research data and insights for directors and boards of large institutions in Australia's financial system in the future. In addition, the informative findings increase awareness and provide impetus for directors to develop or encourage an increase in their use of emotional intelligence personality traits in board decision making processes. This will add value through cultivating trusting board cultures amongst directors and supporting greater vigilance in the decision making processes of board decisions made. This can provide better outcomes for the customers, shareholders and members in Australia's financial services sector.

1.3 Motivation for the Research

The motivation to study group decision making processes of boards and how directors' emotional intelligence traits interplays with this stemmed from the researcher's findings that there was little existing research in this area. The researcher desired to make a meaningful difference to board governance practices and the integrity of Australia's financial services system and therefore embarked on

the case study. This originated from the researcher's expectations that the directors of Australia's largest financial institutions hold great responsibility and accountability in a fiduciary and custodial capacity to oversee trillions of dollars of wealth in Australia's financial system on behalf of everyday Australians. Each individual customer and member places a great level of trust in these institutions to do the right thing. In the context of significant wealth, economic risk and uncertainty, human behaviour can be unexpected and easily swayed. Doing the right thing by customers and members in the context of their fiduciary role, duties and legal obligations, boards of Australia's largest financial institutions may be easily lost when board directors are far removed from the day to day transactions, activity and lives of everyday Australians.

Australia traversed through a Royal Commission during 2018 and 2019 which scrutinised the integrity of Australia's financial services industry. Many examples of the behaviour from directors that fell below community standards and the law were revealed during Royal Commission (Hayne 2019). This showed a severe level of misuse of the trust placed by everyday Australians in Australia's largest financial institutions (Hayne 2019). Examples revealed in the Royal Commission included boards being aware of large scale risk areas in administration systems within their institutions charging fees to customers that were no longer alive and selling unnecessary insurance products to consumers. The Royal Commission heavily scrutinised the conduct of directors and found that there was a pervasive and systematic failure of boards and executive management to lead Australia's largest financial organisations with a culture that focused on the best interests of their customers, members or shareholders. The consequences of this severely undermined the Australian community's expectations and trust in all of the well-known financial institutions and reputations of these organisations, including the boards, to do the right thing, obey the law and act ethically (Hayne, 2019). Accordingly, the researcher's motivation and investment of time in conducting this research stemmed from a desire to facilitate greater trust in the Australian financial sector through better understanding the processes of decisions made by boards whilst upholding their fiduciary duties and responsibilities to their stakeholders. Understanding the emotional intelligence dynamics in board decision making processes was important as the emotional intelligence personality traits of directors influences their behaviour, how they identify key matters that warrant rigorous group

discussion in board decisions and how directors facilitate the views of the collective directors . This is because the consequences of board decisions are substantial and impact all Australians (and the global economy more broadly). Particularly when those accountable with the responsibility to act in the best interests of others fail and board members are too afraid to ask the right questions to properly govern management. In Commissioner Hayne's Final Report tabled in Parliament on 4 February 2019, his summary of the findings handed down were compelling in his conviction. In particular, about the role that the leadership of boards and senior management played in the misconduct within Australia's largest financial services institutions. In concluding his analysis of the causal issues of the Royal Commission, he stated 'because it is the entities, their boards and senior executives who bear primary responsibility for what has happened, close attention must be given to their culture, their governance and the remuneration practices' (Hayne 2019, p. 4). Thus, this research has investigated whether there was a relationship between the emotional intelligence of directors and the effectiveness of the board's decision making processes. The personality trait theoretical framework was applied which underpinned this research. This is because there are two different academic fields of studying emotional intelligence in human behaviour. Namely, through cognitive ability and personality traits. Cognitive ability focuses on measuring how people think, learn new tasks, problem solve and respond to situations (Michelon 2006). Personality traits focus on measuring how a person's behavioural traits and their use of different personality traits lend themselves effectively to situations and socially when interacting with others (Petrides and Furnham 2001).

1.4 Objectives of the Research

The primary objective of this research was to conduct a case study that examined directors' use of emotional intelligence personality traits in board decision making processes of Australian financial services institutions and communicate the findings. This was achieved through testing the research hypothesis underpinning the overarching research question using a mixed methods research methodology. The research explored if directors were motivated with a mindset to improving their use of emotional intelligence personality traits, whether this would contribute to enhancing the effectiveness and quality of board decision making processes within the governance practices of large Australian financial services institutions. The researcher considered this to be a contribution of original research in a meaningful

way towards cultivating a board culture of integrity, trust and renewing the reputation of Australia's financial institutions. By doing this, it could support a more robust and effective financial system in Australia and a prosperous economy both domestically and globally. A key observation here to note, particularly following the Royal Commission, was that it was concerning to observe that boards of Australia's largest financial institutions appeared to be reluctant to change tact or ask the hard questions. However, given that subsequent to the Royal Commission in 2020 Australia faced the global Coronavirus pandemic, the researcher anticipated that boards of these institutions would continue becoming less risk adverse in the future in light that the unthinkable decisions had become the thinkable to boards in responding to the economic and health crisis faced by the Australian financial services sector. As had been demonstrated through the actions taken by APRA, ASIC, the Reserve Bank of Australia and the Australian Federal Government, banks and large superannuation funds implemented significant changes in a very short period of time to stabilise the economy to combat the impact of the health crisis. These included banks supporting tenancy moratoriums, providing pauses on mortgage repayments and small business lending, superannuation funds providing larger financial hardship benefit payments to members, and the Reserve Bank of Australia implementing a broad remit of monetary policy measures designed to ensure liquidity was flowing through the financial system (Frost and Eyre 2020). Accordingly, the researcher anticipated that the boards of these institutions would continue to show more openness to more possibilities of significant change that they would have otherwise previously been too risk adverse and not open to consider and execute on. The likelihood of this change in the boards of Australian financial institutions will require greater vigilance and diversity of perspective to provide good decision making on these important matters and outcomes.

In seeking to address the overarching question and original contribution to this research, the impact of moderating and mediating factors on the relationship between the independent variable (use of emotional intelligence personality traits) and dependent variable (effective board decision making processes) were also investigated. A key moderating factor from this research to note is that board governance practices of large Australian financial services institutions are commonly standardised, formalised, highly regulated by legislation monitored by external regulators and matured. Accordingly, the moderating factors to this research are

acknowledged and discussed in detail in chapters 4 and 5. Essentially, these moderating factors provided a level of consistency and maturity assumed in the board decision making practices experienced by the participating directors in the research case study. There are likely to have been mediating factors involved which may be of use for further research to explore which were not explored in this research (for example, whether certain aspects of emotional intelligence personality traits produced better results than others).

The following hypotheses were posed as the sub-parts of this research to be explored:

H1a: Directors with a motivated growth mindset will work on developing skills and behaviours over time to improve their ability to use emotional intelligence personality traits in social interactions during board meetings and will display greater use of emotional intelligence personality traits over time.

H2a: Directors who work on developing skills and behaviours over time to improve their ability to use emotional intelligence personality traits in social interactions will experience greater effectiveness in cultivating decision making processes that have quality vigilance and interaction with fellow directors.

H3a: Directors who demonstrate higher levels of emotional intelligence personality traits will have a greater tendency to increase their use of emotional intelligence personality traits in social interactions.

H4a: Directors who demonstrate a greater tendency to use emotional intelligence personality traits in social interactions will perceive their board cultivates effective decision making processes.

H5a: Directors who demonstrate greater vigilance in discussions and interactions between fellow directors will perceive their board utilises effective decision making processes.

The hypotheses outlined above provided a framework which supported the purpose to this research and what the researcher sought to achieve. The primary objective and outcome of this research was to identify whether there was a relationship between directors' use of emotional intelligence personality traits and the

effectiveness of the collective decision making processes of the boards of Australian financial services institutions.

The hypothesis posed were premised on the theoretical framework to this research which was based on trait emotional intelligence theory in the context of board governance practices in Australia's financial services sector. This theory is concerned with an individual's perceptions of their emotional-related aspects of personality and trait emotional self-efficacy (Petrides et al 2007). Trait emotional intelligence theory sits within the academically founded hierarchical models of personality and is correlated to certain measures of personality that can enable a greater prediction of a person's propensity to behave in different contexts based on their personality traits. An individual's self-reported trait emotional intelligence score ('**Trait EI**' or '**TEIQue score**'), provides an indicator of the likelihood of using different emotion-related personality traits in order to be effective in social settings and interactions with others in different contexts. To this extent, the emotional self-efficacy of directors in Australia's large financial services institutions was studied to understand whether a greater use of emotional intelligence traits in the boardroom supported more effective decision making processes. The research also explored whether there was a relationship between directors with high Trait EI, and their perception of the effectiveness of board governance decision making processes. Further, whether directors who increased their use of emotional related personality traits in the board's decision making processes over time during the case study, led to an increase in the directors' perception of the vigilance of board discussions and effectiveness of their board's decision making processes.

1.5 Significance and Original Contribution

The significance of this research and original contribution to effective board governance practices in Australia, in the context of Australia's financial services industry has been to focus on three contributions:

- (1) To provide further research data and academic analysis to expand the field of emotional intelligence personality trait theory in the context of board governance practices and the board decision making processes. This was to address a gap within the current literature and contribute to the literature in this field;

- (2) To investigate and communicate findings on whether there is a relationship between the use of emotional intelligence personality traits of directors and the vigilance of board decision making processes in Australia's financial services sector; and
- (3) To provoke further awareness for encouraging directors to increase the use of emotional intelligence personality traits in board discussions as part of their directors' skills toolkit and value the directors bring in their roles.

The intentions and outcomes of the contribution of this research was to provide meaningful insights and observations on the board governance behaviours of the large entities in Australia's financial system.

1.6 Conceptual Framework of the Thesis

The following section maps out each chapter to provide a conceptual road map of the thesis.

- Chapter 1: Introduces the research and provides the background including introducing the concepts of emotional intelligence personality traits and effective governance practices of collective board decision making, motivation and conceptual framework to the research.
- Chapter 2: Presents the literature research findings which highlights the knowledge gap in the field of emotional intelligence personality traits and use of these skills in the boardroom decision making processes.
- Chapter 3: The research framework outlines the academic theory and design of the mixed methods methodology approach applied in this research and explains why this method was appropriate to addressing the overarching research question.
- Chapter 4: Details how the mixed methods was applied in practice to conducting the research. This covers both the quantitative survey models used and the qualitative interview approach and thematic analysis applied to the case study to combine and triangulate findings to the research.
- Chapter 5: Outlines the data methods applied to provide transparency to the robustness of the research methods applied and to assist in presenting the research data in a credible and systematic academic manner.
- Chapter 6: Disseminates the research data, findings and thematic analysis of trends and themes identified. Discussion and the researcher's opinions are

also provided to address the research hypothesis and the overarching research question.

- Chapter 7: The findings are summarised, discussed and the limitations to the research including further areas of academic research to consider are provided.

1.7 Summary of Research Findings

The findings and observations of this research are discussed in detail at chapter 6. In summary, the three key themes from this research have been distilled as follows:

- (1) The emotional intelligence of the chair and their ability to facilitate open and structured discussion in board decision making processes was critical to the effectiveness of the board.
- (2) Secondly, the currency of trust which was enabled by directors using emotional intelligence traits and developing a deeper awareness of their emotional engagement with other directors, facilitated greater effectiveness in board decision making processes.
- (3) Finally, that boards were going on a journey of developing a conscious awareness of how the emotional intelligence skills and diversity of personalities of directors in the composition of the board had a positive impact and influence on the effectiveness and success of strategic decisions.

The research found that the emotional intelligence trait quotients of the directors did improve over the case study period. Further, that there was a positive correlative relationship between the emotional intelligence traits of the directors and their experiences of the effectiveness of their boards in decision making. The directors considered that emotional intelligence traits could be developed by directors and was an undervalued skill that should be matured and considered with more emphasis as part of board governance practices within the Australian financial services industry. The directors acknowledged that this was changing in light of the Royal Commission, the Global Financial Crisis and most recently, the Coronavirus pandemic. The directors were curious, had an open mindset and respected the responsibilities of their roles as directors. They considered that the culture of their

boards were collegiate with a strong currency of trust amongst their fellow board directors. The directors also considered that emotional intelligence did have a positive impact on the quality of decision making and referred to their own personal experiences of learning to use emotional intelligence traits over their careers which enabled them to navigate through better experiences in board deliberations to achieve more preferred and optimal outcomes as a result.

To corroborate the insights shared by the directors, the quantitative statistical analysis on the surveys conducted also showed support for a positive correlative relationship between emotional intelligence trait quotients of directors and the effectiveness of board decision making processes.

1.8 Research limitations

The research data were collected over a six month period between January to June 2020 and therefore this may have had an influence on the research findings. A longer research period and larger population of participating directors may also help validate these research findings. However it is noted that as an exclusive 'elite group', it is difficult to gain access to directors to voluntarily participate in research and be able to share personal insights and knowledge for research purposes. The results from the surveys could have perhaps been distorted by moderating factors such as the Coronavirus pandemic that occurred during the same time as the research study between January and June 2020. The directors also acknowledged during their interviews that appreciating how emotional intelligence skills and diversity of personalities had a positive impact on the effectiveness decisions was achieved by their boards when looking back in hindsight. This presents an opportunity for future research to further explore the use by directors of emotional intelligence on the board journey as it matures as the collective and for individual directors, explore and better understand how boards were achieving this. It was evidently so based on the directors experiences and observations shared in this research confirming their views on this. There may be other observations and themes drawn from the research data gathered in this research, however this research sought to address the overarching research question which was to explore whether there was a relationship between emotional intelligence traits of directors of

Australia's large financial services institutions and the effectiveness of these board's decision making processes.

1.9 Future Research

This research has built the foundations for identifying and establishing a positively correlated relationship between directors' increased use in emotional intelligence trait behaviours and greater effectiveness of board decision making processes in the Australian financial services industry. Accordingly, this research has served as a basis for further research to be conducted in terms of exploring different ways the use of emotional intelligence trait behaviours plays in boardroom decision making processes of Australia's financial institutions. Some of these include:

- There is scope for future research to focus on the moderating factor of the board chair in this relationship;
- There is also scope for future research to investigate the role an emotionally intelligent board chair plays in facilitating effective decision making processes in further detail; and
- There is scope for additional research to further understand how boards are developing a greater understanding of the impact that the diversity and use of emotional intelligence traits by directors have on the composition of the board and the success in the board's decision making.

In addition to this, there is scope for future research into the ways the emotional intelligence of directors in the boardroom cultivate the business currency of trust and how this enables greater effectiveness in board decision making processes of Australian financial services entities.

1.10 Conclusion

As will be discussed in detail in this research paper, the findings from the research case study showed that there is a positively correlated relationship between the emotional intelligence traits of directors and the effectiveness of board decision making processes of Australia's large financial services entities. An important moderating factor to the use of emotional intelligence traits by directors in board discussions and achieving greater effectiveness in decision making by boards was also identified from the research. This was the board chair's emotional intelligence

skills and ability to facilitate discussion, draw out the differing views, maintain a disciplined structure to the decision making process and to lead the board on the way forward to making a decision. The collegiate culture, currency of trust and a board's sense of a collective 'self' based on the emotional intelligence and experience of directors were all also acknowledged by the directors participating in this research. The directors acknowledged this played an important part in the directors' experiences of the effectiveness of the board decision making and rigorous discussions which leads to optimal and valuable outcomes being achieved. Chapter 2 provides a review of the existing research literature as the precursor to these research findings.

Chapter 2. Research Literature Review

2.1 Chapter outline

'...[It] is the entities, their boards and senior executives who bear primary responsibility for what has happened. Close attention must be given to their culture, their governance and the remuneration practices...' (Cameron 2019 p. 1)

This chapter steps through an assessment of the relevant literature reviewed to canvas the logic grounding the researcher's academic proposition and research design. This research sits within the personality trait theoretical framework and underpins the researcher's contribution of new knowledge in the area of board governance practices. The research explored the contribution of emotional intelligence personality traits to the effectiveness of board decision making processes. Accordingly, the literature review progresses through the following sections:

- (1) Personality trait theory
- (2) Emotional intelligence trait theory
- (3) Relevant behavioural theory for directors
- (4) The role of boards
- (5) Effective group decision making
- (6) The role of emotional intelligence in board decision making processes
- (7) Practical considerations

This chapter presents the literature reviewed in a defensible manner. This is important because the literature reviewed formed the foundation to the design of the research approach. The value in doing this was to outline the academically established methods applied in this research to gather the research data, analyse and conclude findings from the research conducted. This provides greater robustness to the credibility of the research findings. The research explored the behaviour of directors in the Australian's financial services sector, with an emphasis on using emotional intelligence personality traits in board deliberations. Particularly those directors on boards of Australia's largest banks, superannuation funds, insurers and fund managers. The purpose of the research was to identify whether there is a relationship or not between directors' use of emotional intelligence

personality traits and effective collective decision making processes of Australian financial services institutions. This was the original contribution of new knowledge to this field of academic research.

2.2 Literature Review of the Relevant Theoretical Framework

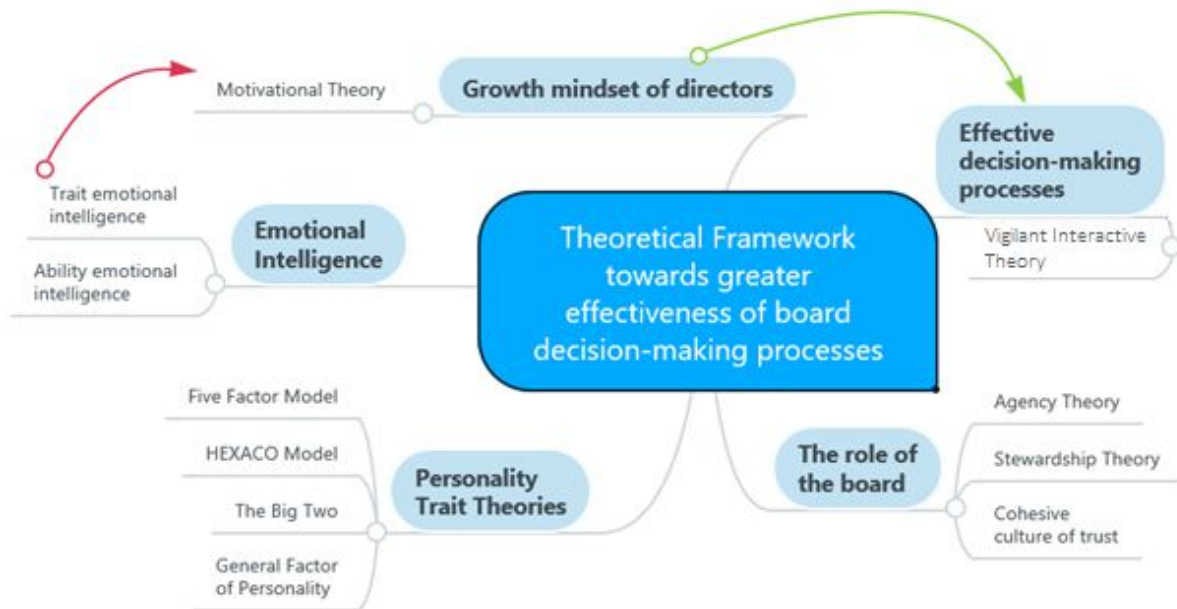


Figure 2.1 Structure of discussion in Chapter 2

The research literature review critically evaluated the relevant theory relating to the overarching research question outlined in section 1.1 which is:

- (1) 'Is there a relationship between the emotional intelligence personality traits of directors and effective board decision making processes?'

The purpose of the literature review was to develop an informed understanding of earlier academic research and other researchers' views in this field. The literature review also served to identify gaps in the existing body of academic knowledge to help form the basis for the contribution of new knowledge from this research conducted. Through developing an informed understanding of the behavioural theories of emotional intelligence trait theory, implicit theories of intelligence and vigilant interactive theory, this served as the basis for developing an appropriate research methodology and choice of data collection instruments applied in this research. An understanding of emotional intelligence personality trait theory in the context of effective board governance practices and how this relates to the

decision making processes of boards and directors' behaviours was critical to the research literature review. Defining the decision making process and gaining an understanding of effective board governance practices in Australia and the purpose of the board and directors was essential. This was necessary in order for the researcher to develop a rigorous and valid research design and framework underpinning the field research and data gathering methods. Based on the literature review, a case study was designed in an appropriate way that explored the research question to address deficiencies identified in the existing research and contribute new knowledge and research evidence to this field.

The theoretical framework to the research was based on exploring emotional intelligence personality trait theory (Petrides and Furnham 2001) and implicit theories of intelligence (Dweck and Yeager 2012) within the five-factor model of personality traits. This was done in the context of decision making processes of boards of Australian financial institutions (per figure 2.1). Namely, it was posited that if directors have a greater awareness and motivation to change their behaviour which leads to an increased engagement of their emotional intelligence personality traits (Dweck and Yeager 2012), it is expected that directors would experience greater vigilance and effectiveness of the board's group decision making processes (Hirokawa and Rost 1992). From this, it was considered that where a collective board can achieve greater effectiveness in their group decision making processes, this would be likely to achieve greater quality decisions being made. This however, was not part of the scope of this research. How the use of emotional intelligence personality traits leads to greater effectiveness in group decision making processes is discussed at section 2.13. Set within this theoretical framework, Lerner et al (2015) posited that the emotional stability and emotional maturity of directors supports the alignment and stability of the board and the effectiveness of the board's group decision making processes (Lerner et al 2015). An emotionally stable and emotionally mature group of directors supports a trusting board culture that can facilitate open, respectful and vigilant interactions which enables effective governance practices to operate. This in turn is considered to empower the collective board of directors to have confidence as a group in setting goals and being motivated towards achieving goals once set (Lerner et al 2015).

The research hypotheses outlined in section 1.3 (and in more detail in section 3.5) were designed to address the overarching research question stated at section 1.1. The purpose of these research hypotheses was to explore whether the research data presented findings linking to these behavioural theories so that observations could be made and conclusions drawn to validate the overarching research question. The likelihood of making a link seemed likely based on the research literature review discussed in this chapter and the themes identified between vigilant interactive theory (Hirokawa and Rost 1992), the implicit theories of intelligence (Dweck and Yeager 2012) and emotional intelligence personality trait theory (Petrides and Furnham 2001). Each of these three behavioural theories are discussed in detail in this chapter as part of setting up and outlining the theoretical framework to this research. All three of these behavioural theories have been separately critically researched in this literature review as they each centred on a group's interaction dynamics, personality, decision making, motivation and perceptions of intelligence.

The overarching behavioural theory serving as the theoretical framework to the research was 'the Five Factor OCEAN Personality Traits Model' (Cattell, 1943). This formed the basis upon which the research was posited to offer some explanation and predictive direction of the relationship explored between emotional intelligence behavioural traits of directors and effective board decision making processes. The behavioural theory's relevance which is articulated in section 2.3 was applied as the overarching theoretical framework to this research. The intention of this was to illicit whether findings could be made from the research literature and research data gathered which supported the benefits of using emotional intelligence personality traits in board decision making processes. The case study to this research focused on boards of Australia's large financial services institutions. It was anticipated that the observations from this research would indicate that directors were likely to experience more effectiveness and cohesiveness of the board in its group decision making processes linked to the use of directors' emotional intelligence personality traits in the board's decision making processes (i.e. board discussions and committee meetings). This was anticipated to be as a result of the directors' motivation to increase their use of emotional awareness and emotional management skills when interacting with the collective group of directors in the board's decision making processes. Through doing this, it was anticipated from the

outset that this would also support the directors' intrinsic motivation and purpose as a board.

2.3 Personality Trait Behavioural theories

The study of human behaviour and personality has been a constant fascination of academic research demonstrable from the large amount of literature produced over time. For the purposes of this research, it was important to distinguish between two different academic fields of studying emotional intelligence in human behaviour. Namely, through cognitive ability and personality traits. Cognitive ability focuses on measuring how people think, learn new tasks, problem solve and respond to situations (Michelon 2006). Personality traits focus on measuring how a person's behavioural traits and their use of different personality traits lend themselves effectively to situations and socially when interacting with others (Petrides and Furnham 2001). This research explored personality trait behavioural theory and emotional intelligence trait theory rather than emotional intelligence cognitive ability. In exploring emotional intelligence personality trait theory, this research focused on directors' use of emotional intelligence personality traits which are a subset of a person's spectrum of personality traits. The most prominent personality trait theory is the 'Five Factors of Personality Model' (Cattell 1943), popularly referred to as 'OCEAN' (an acronym explained below) or 'FFM'. Over years of academic research, this model has distilled five high order factors of human personality considered to govern the behaviour of how a person interacts in situations and socially with others. The five high order factors comprising 'OCEAN' are:

- (1) Openness to experience: creativity and expression;
- (2) Conscientiousness: diligence and strong work ethics;
- (3) Extraversion: comfortableness with social interaction;
- (4) Agreeableness: willingness to accept decisions; and
- (5) Neuroticism: level of moodiness.

Each of these five high order factors comprise of two aspects at opposite ends of a spectrum. Between the two aspects are many 'facets' of personality traits for each of the five factors along the spectrum between the opposite aspects. The aspects and facets are lower level personality traits of an individual that can be measured as existing somewhere along the spectrum of each of the five high order factors of

personality (shown at Figure 2.2). This has been academically developed based on a lexicology system of identifying the common words used in the English language to describe behaviours demonstrating personality traits. Of the five higher order factors of personality traits, 'extraversion' which is a positive emotion of personality traits, and 'neuroticism' which is a negative emotion of personality traits, are the two traits that have been academically studied the most (Peterson 2017). This suggests the importance of the study of emotion of humans. More recently, the 'Six Dimensional HEXACO model' of personality trait theory (Ashton and Lee 2004) has been academically progressed and introduced a sixth high order factor 'humility/honesty' based on research across many languages broadened beyond the lexical system based on just the English language. Although there has been some research pursued in more recent times into the interrelation and correlation with the general factor of personality, the HEXACO model and trait emotional intelligence (Petrides et al 2009), this research case study used the Five Factor Model to underpin the theoretical framework to this research conducted rather than the HEXACO model. This decision was made by the researcher on the basis that the Five Factor Model is the most academically acknowledged and tested model of personality traits.

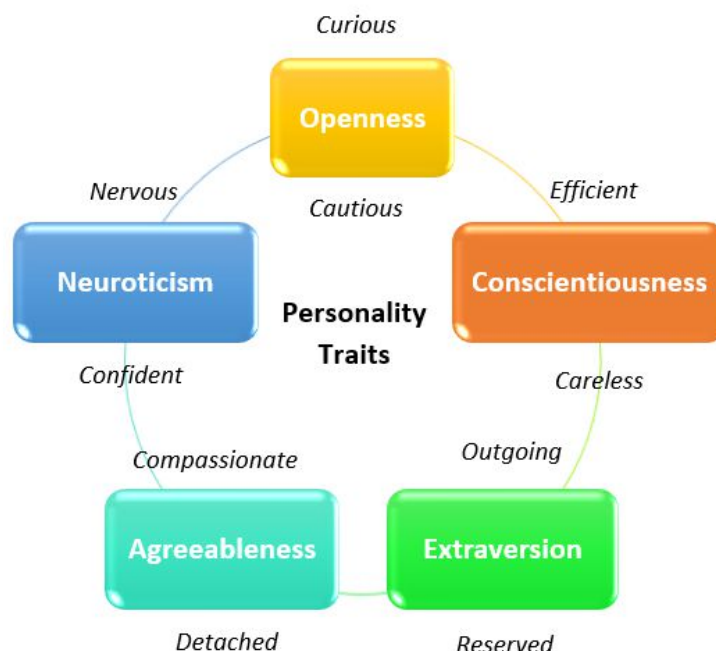


Figure 2.2 OCEAN Model adapted from (Cattell 1943)

The Five Factor Model has been academically explored over time and sought to be refined into higher factors. The Two Factor model (Digman 1997) put forward refined personality traits of the Five Factor Model into two traits between the 'stability traits' of conscientiousness, extraversion and agreeableness ('**Alpha**') and 'plasticity traits' of openness and neuroticism ('**Beta**'). The Two Factor model has been further refined, arguably to a higher order personality factor of one in the hierarchy of personality trait theories. This is referred to as the General Factor of Personality (the '**g factor**') (Musek 2007), which measures personality factors of emotionality, self-esteem and personal well-being. Within the Five Factor Model, the measure of intelligence ('**IQ**'), makes up a higher degree of agreeableness, openness, and low neuroticism, and one's level of conscientiousness (work ethics). IQ is considered as a stable measure of predicting the probability of one's success (socially and professionally) in life and over time. Intelligence is often referred to as an ability or trait of personality 'that moves you in a practical and effective way in the world' (Peterson, 2017, p. 1). Accordingly, from Digman's Two Factor model, the observation can be made that higher IQ aligns with the Alpha 'stability traits' and that EQ (or emotional intelligence quotient) aligns with Beta 'plasticity traits'. This is because emotional intelligence personality traits are considered to be behavioural personal traits that can be learned and developed over time rather than static (Goleman 1995). From this, the researcher considered this to be a relevant observation to test in the hypotheses (outlined in section 1.4) as part of the research conducted to explore the overarching research question.

The General Factor of Personality ('**GFP**') model represented by the 'g factor', has been academically contended as the highest strata in the hierarchy of personality trait theories and to have the most explanatory power of the Five Factor Model (Musek 2007). In short, the GFP or an individual's 'g factor' of personality is characterised 'by high versus low Emotional Stability (low Neuroticism), Conscientiousness, Agreeableness, Extraversion and Openness ... and by high versus low higher-order factors of personality, Stability [Alpha], and Plasticity [Beta]' (Musek 2007, p. 1226). The GFP model, has been interpreted as a basic personality disposition that integrates the most general non-cognitive dimensions of personality. It is associated with social desirability, emotionality (affect), motivation, personal well-being, satisfaction with life, and self-esteem (Musek 2007). Accordingly, the researcher considered it would be likely to expect that directors with higher EQ

scores would be likely to have a higher g factor than directors with lower EQ scores measured based on Petrides' TEIQue short form questionnaires (discussed below in further detail at section 2.4).

2.4 Petrides' emotional intelligence trait model

The incremental validity of emotional intelligence trait theory and the criterion for defining how to operationalise this was significantly furthered through Petrides' work in the early twenty first century (Petrides and Furnham 2001). Within the personality trait theoretical framework of the Five Factor Model, once the five higher order factors had been controlled and explained, the lower order personality facets of emotion variabilities (refer to Table 2.1) that incrementally distinguish personality was developed into a new sub theory of trait emotional intelligence by Petrides. Trait emotional intelligence refers to a 'constellation of emotion-related self-perceptions and dispositions located at the lower levels of personality hierarchies' (Petrides et al 2007, p. 26). The conceptualisation of emotional intelligence as a personality trait construct distinguished it from cognitive emotional intelligence models. As noted above, there have been several different models of emotional intelligence explored which diverged between emotional intelligence trait theory and emotional intelligence cognitive ability. Goleman's popularised emotional intelligence model was considered to be a mixed model of traits and ability determined characteristics of emotional intelligence (Goleman 1998). Petrides first developed an emotional intelligence behavioural trait model in 2001 (Petrides and Furnham 2001) which was operationalised and further developed over several years into the current 'TEIQue' surveys (Petrides 2009). The current version of the TEIQue survey is a long form survey comprising of 240 questions or a short form survey comprising of 30 questions popularly referred to as the 'TEIQue' surveys. This instrument was the way that Petrides 'operationalised' a measurement of EI Personality Traits and was developed in 2009 (Petrides, 2009). Petrides' emotional intelligence personality trait model 'encompasses behavioural dispositions and self-perceived abilities ... measured through self-report' (Petrides and Furnham 2001). Whereas the emotional intelligence cognitive ability model developed by Salovey and Mayer in 2008, focused on testing the maximum performance of an individual's ability to process emotional information in various scenarios and use it to navigate the social environment (Mayer et al 2008).

Trait emotional intelligence is formally defined as a constellation of emotional perceptions operationalised via questionnaires and ratings scales (Petrides et al 2007). It is critical to note that trait emotional intelligence is a construct based on the emotional spectrums of the lower ordered personality traits (refer to Figure 2.3). Therefore, it is expected to have a relationship to the higher order personality trait factors in the Five Factor Model within which the lower order facets forming the construct of emotional intelligence traits of personality reside. This being said, trait emotional intelligence is considered to be an academically recognised model and incrementally distinguishable within the high order factors, operationalised through Petrides' 'TEI-Que' questionnaires. The TEI-Que questionnaires are used as a tool for predicting an individual's self-perceived personality factors which indicates their frequency of using emotion-related personality traits in their behaviour when interacting with others.

These emotion related personality traits are as follows in Table 2.1:

Facets	High scorers perceive themselves as...
Adaptability	...flexible and willing to adapt to new conditions.
Assertiveness	...forthright, frank, and willing to stand up for their rights.
Emotion perception (self and others)	...clear about their own and other people's feelings.
Emotion expression	...capable of communicating their feelings to others.
Emotion management (others)	...capable of influencing other people's feelings.
Emotion regulation (self)	...capable of controlling their emotions.
Impulsiveness (low)	...reflective and less likely to give in to their urges.
Relationships	...capable of having fulfilling personal relationships.
Self-esteem	...successful and self-confident.
Self-motivation	...driven and unlikely to give up in the face of adversity.
Social awareness	...accomplished networkers with excellent social skills.
Stress management	...capable of withstanding pressure and regulating stress.
Trait empathy	...capable of taking someone else's perspective.
Trait happiness	...cheerful and satisfied with their lives.
Trait optimism	...confident and likely to 'look on the bright side' of life.

Source: (Petrides 2009)

Table 2.1 Emotion personality traits

Petrides' emotional intelligence trait model was relevant to this research conducted as the case study in this research was based on self-reported and self-perceived personality traits of the participating directors. Additionally, Petrides' emotional intelligence trait model fitted within the theoretical framework of the Five Factor Model focusing on emotionality. The TEI-Que questionnaire was considered to be the superior method of operationalising the lower order personality trait characteristics of the participating directors in this research (Petrides et al 2010). Accordingly, the short form TEI-Que survey tool was selected by the researcher as a data collection instrument used in this research case study (refer Appendix A for the complete set of short form TEI-Que survey questions).

Recent research conducted by van der Linden in 2017 explored the close correlation between Trait EI and the g factor which measures a person's highest order of general factor of personality (van der Linden, et al., 2017). The findings in that research indicated that trait emotional intelligence and GFP (the 'g factor') were arguably a sufficiently close interchangeable measure of self-reported emotional intelligence traits of an individual. It should be noted, that where GFP is used interchangeably as an approximate measure of trait emotional intelligence of an individual, a low or high g factor score effectively represents '...the extent to which [a person] uses emotional knowledge and skills in order to cooperate with others and obtain personal goals' (van der Linden et al 2017, p. 46). This reflects that individuals with high trait emotional intelligence are more likely to behave '... in socially effective ways, which will ultimately be reflected in higher scores on personality facets like friendliness, dependability, and sociability.' (van der Linden et al 2017, p. 45). Accordingly, the research literature review supports the proposition that the higher up individuals progress in an organisation, the importance of behaviours that utilise personality traits to manage emotions effectively and interact socially with others (managing people) increases. Therefore, for board directors emotional intelligence is critical at the board level (Dulewicz and Higgs 2003). The researcher respectfully submits that this is particularly so of the boards of Australia's largest financial institutions which represent organisations that have substantial economic impact to the well-being and lives of everyday Australians. Having a greater awareness of one's trait emotional intelligence through undertaking the TEIQue questionnaire, receiving the results and understanding what this means is likely to help an individual improve their EQ score. This is considered to be likely as the TEIQue output can help identify to an individual where they tend to function on the personality spectrums in terms of the lower order emotion related personality traits. Where individuals seek to understand and become more aware of this, it is likely to enable individuals to be more informed to develop changes in their behaviour that increases their tendency to use emotional intelligence personality traits in social interactions in effective ways. This in turn could also assist individuals develop and extend their personality trait 'toolkit' of emotion related facets and employ more variety in their behaviours. This is understood to lead to a greater movement across the higher order personality traits, and therefore help improve how individuals behave and interact in socially effective ways.

2.5 Emotional and Social intelligence

The concept of emotional intelligence as a valued attribute of directors is recognised and acknowledged by boards (Hopkins et al 2007; Kemp 2011), in addition to the experience and professional skill sets required of directors.

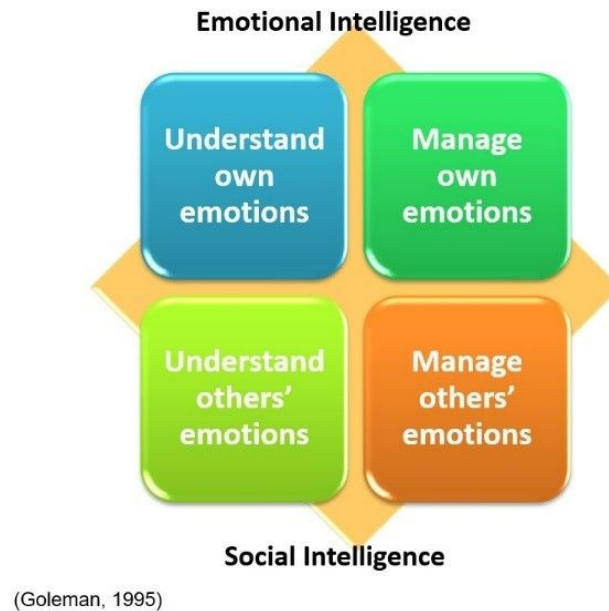


Figure 2.3 EI Framework

A framework of emotional and social intelligence in four areas (Figure 2.3) was academically developed by Mayer and Salovey (1997) and popularised by the literature of Goleman (1998) in the United States. The first two areas focus on an individual's emotional intelligence and the second two areas focus on an individual's social intelligence, collectively referred to as 'emotional intelligence'. The framework namely portrays an individual's ability to:

- (a) **Well-being:** Understand one's own emotions;
- (b) **Self-control:** Manage one's own emotions;
- (c) **Emotionality:** Understand the emotion of others; and
- (d) **Socialability:** Manage the emotions of others, to achieve the desired strategy or goal of the team (Bradberry and Greaves 2009).

The concept of emotional intelligence focuses on an individual's tendency to display personality traits and develop skills which engage behavioural traits to effectively manage their emotions and interact with emotional maturity with others.

Emotional intelligence differs from social intelligence. Those whom utilise greater emotional intelligence personality trait behaviours empathise more with others. Whereas those with higher social intelligence abilities are adept to understanding the situation and managing others to achieve an intended outcome. This distinction is important. The researcher considered it would be more likely that directors demonstrated high levels of social intelligence than demonstrating high levels of emotional intelligence prior to commencing the six month research study. The distinction between the two concepts is often not well understood. Individuals with high social intelligence can be mistakenly assumed to have high emotional intelligence.

Research conducted on the performance of executives of banks in the US found that one's ability in social intelligence skills predicted the salaries and financial performance outcomes of executives more than emotional intelligence skills (Goleman and Boyatzis 2008). This suggests that those with high social intelligence skills may be at risk of under developing their empathy and under-utilising emotional intelligence traits in leadership and executive positions around the board table. This could be because they are more adept to managing situations and others to achieve an outcome rather than deepening their interrelationships with other board directors to facilitate the business currency of trust to underpin a more dynamic and effective board decision making environment. An example of this could be that board members or a collective board may fail to have the sufficient level of empathy for a CEO or executive management that has failed at executing a project and now learned with the experience and developed the requisite grit through such a failure to achieve success on future projects. As a result however, the board may dismiss such a CEO rather than continuing the CEO in their leadership role. Even though the CEO may have developed the experience of a failure and now possess the knowledge to effectively lead the organisation through further the difficult times ahead, there may be lower levels of trust in their abilities (Durkin 2019). In scenarios such as these, this risk may be mitigated or reduced where directors have greater empathy and use emotional intelligence traits to facilitate a trusting board environment and open board discussions to more vigilantly understand the options and explore the optimal decision with greater consideration of these types of non-financial risks (Durkin 2019). Having more of an open mindset as a director to being

persuaded otherwise, is better enabled through using emotional intelligence traits in board discussions.

Individuals can develop a sophisticated level of knowledge over time to utilise skills and personality behaviours (emotional intelligence). This can help serve as a framework of approaching one's behaviour of oneself and others' behaviour (Mayer 2002 and 2008). The fifteen facets (depicted in Figure 2.3) comprised in Petrides' trait emotional intelligence theory for assessing an individual's trait emotional intelligence, also all fall within one of the four areas of broader relevance (as per above at Figure 2.4) which are 'well-being', 'self-control', 'emotionality' and 'sociability' (Petrides 2009). The relevance of emotions in decision making processes and the relationship between trait emotional intelligence and decision making (Sevdalis et al 2007) have been empirically researched and academically well recognised (Fabio and Palazzeschi 2009). One of the beneficial outcomes identified was having a more cohesive and effective way of leading together towards a common purpose (Parrish 2015). Of importance to note is that emotional intelligence is considered to be a set of skills that can be developed with effort (Goleman 1995). The value of understanding this, or at least having an awareness of this, is that directors can change and improve or further develop their emotional intelligence skills overtime to improve their engagement of emotions in decision making processes at the board level. Within the emotional intelligence framework, it is considered that the relationship management component reflects effective leadership behaviours such as conflict management skills, positive influencing tactics, collaborative teamwork and connecting authentically (Goleman et al., 2002; Hopkins et al., 2007). This suggests that directors with greater levels of emotional intelligence may 'tend to build a high level of trust via the relationships with other directors' (Tuan, 2013, p. 155), which can enhance the robustness and the vigilance of board discussions in the decision making process.

The researcher considered it was plausible, and something that was explored in this research, that higher levels of trust develop between a group of directors with a common purpose when they have a greater awareness and respectful understanding for each other's differing perspectives. The researcher considered this was likely to be founded to some degree based on their use of emotional intelligence personality traits. Exploratory analysis conducted on secondary research data from

earlier studies in the United Kingdom (Dulewicz and Higgs 2003), supported the proposition that emotional intelligence becomes more important at higher levels of seniority in an organisation, particularly for executive directors and board chairs. This resonates with concepts discussed above in the context of personality traits and behavioural theory. Based on Petrides' more recent research, Petrides furthered the academic view that the g factor of the General Factor of Personality (argued to be a singular highest order of the Five Factor Model) can be interchangeable as a reasonable proxy for trait emotional intelligence. Therefore, the researcher considered it could be likely that directors on the boards of Australian financial institutions would have a higher g factor and perceive themselves as having higher emotional intelligence personality traits. In other words, directors of boards who are considered to be at the top leadership levels of an organisation would be likely to display behavioural traits which represented an effective level of mastery of '...the extent to which one uses emotional knowledge and skills in order to cooperate with others and obtain personal goals.' (van der Linden, et al., 2017, p. 46).

On this basis, the researcher considered it was reasonable to expect that board directors would display a well-developed level of using emotional intelligence personality traits to co-operate and achieve the goals set by the board's risk appetite and strategy and execute effective decision making processes. It has been academically considered that deliberate practice of a skill and building experience in using such skill with an intention to optimise performance, over a period of more than ten thousand hours, results in the acquisition of expert performance of such skill (Krampe, et al., 1993). Therefore, it could also be reasonable to expect that some directors would display a mastery level of using emotional intelligence personality traits at the board level. The researcher considered this could be likely on the basis that directors of Australia's largest financial services institutions generally have well established careers and a portfolio of board experience extending beyond ten years. Further, that they would be likely to have cultivated more than ten thousand hours in positions within industry, commerce, boards and, or other leadership roles working with others. Accordingly, this reflects the proposition posited in this research of whether directors with high trait emotional intelligence are more likely to behave '... in socially effective ways, which will ultimately be reflected in higher scores on personality facets like friendliness, dependability, and sociability.' (van der Linden, et al., 2017, p. 45)

The literature on trait emotional intelligence as a theoretical construct and the empirical research conducted regarding its measurement and relationship with other psychological constructs (Petrides, et al., 2010) has been integrated into this research. The definition of trait emotional intelligence distilled from the academic research on emotional intelligence was chosen as the focus of this research. Petrides' emotional intelligence trait model (Petrides and Furnham, 2001), which is academically acknowledged and based on empirical research, was applied as the emotional intelligence model in this research. As has been illustrated above, the literature review research has presented the basis and required research literature evidence to mount a plausible argument for the need to research this topic in the context of board governance practices of Australia's financial services institutions.

2.6 Implicit theories of intelligence

The Five Factor model personality trait theory, which is based on an individual's self-reporting, considers that individuals are placed on a spectrum of the personality traits. For example, based on an individual's self-reported view of their behaviour (via completing the questionnaire) they would be measured as having a certain level of extraversion, which is a positive trait relating to sociability, and neuroticism, which is a negative personality trait relating to the instability of emotion, and the other three higher order personality traits. When it comes to cognitive ability and mood, which also comprise part of an individual's persona, whether these traits are considered stable over time and fixed or have plasticity, is a good segue to introducing the behavioural theory referred to as the implicit theories of intelligence (Dweck and Legget 1988). The implicit theories of intelligence consider and distil the perspective of individuals between those whom have a fixed mindset on intelligence and believe traits are fixed, and those with an incremental growth mindset. Dweck and Yeager's (2012) research has shown that an individual's mindset can govern their behaviour. In Dweck's research, individuals that demonstrated a fixed mindset approach were less likely to take risks or learn from failure based on an assumption that intelligence and traits are set. Individuals with a growth mindset approach believed traits were not fixed and could be developed and worked upon over time. These individuals tended to enjoy working hard to improve their skills and perceived failures as opportunities to learn and improve (Dweck and Yeager 2012). It is the latter category of individuals which is considered to be linked to greater team and organisational effectiveness through the promotion of mindsets with greater

resilience (Dweck and Yeager 2012). According to implicit theories of intelligence, this is because of their belief that traits and abilities are not constant over time. Rather, that one's level of capability and accomplishment can be achieved through developing skills and behaviours to work hard towards attaining the desired outcome over a longer period of time. Dweck's research and different studies conducted with school students (Dweck and Yeager 2012) and employees in organisations (Senn Delaney 2014 and Miller 2016) have explored the impact of implicit theories of intelligence across society, including managerial and organisational leadership roles. The growth mindset approach has been adopted by many US business organisations in recent years (Miller 2016) to encourage positive change in organisational culture and leadership styles. Of importance to note, is that growth mindsets and fixed mindsets are not innate to individuals as a static behavioural trait, and people are comprised of a mixture of both fixed and growth mindsets. As frameworks to implement a 'growth mindset culture' in organisations in the US continued to develop, Dweck was cautious to highlight a misperception of individuals who are flexible, positive or open minded with a growth mindset and the notion that these individuals perceived they've always had a growth mindset (Dweck 2016). During a person's professional career and life, an individual can move from one mindset to another. Particularly as individuals progress in organisations, executives and board directors believe they have accomplished the deep experience and consider they're already equipped with all the skills required. This type of viewpoint may in fact be more towards having a fixed mindset and closed off from continuing to learn new skills after moving away from a growth mindset through the progression of their careers (Miller 2016). Studies of organisations with executives and directors that highly value a growth mindset approach and building an organisation's culture around this have been linked as an important factor to cultivating a more trusting (Emerson and Murphy 2015), ethical and collaborative organisational culture (Senn Delaney 2014).

The purpose of this research was to explore whether directors who worked at using emotional intelligence personality traits in board decision making processes would lead to a change in the director's trait EI scores over the research period. A change in trait EI scores would indicate a change in directors' self-report of their behaviour (reflected in their responses to the TEIQue survey) and a change in their placement along the spectrum of personality traits within the trait emotional

intelligence model. It was anticipated where directors demonstrated a change in their Trait EI scores in the board decision making context (increased their extraversion, conscientiousness and lowered their neuroticism), directors would perceive greater effectiveness in the interactions between the board in the decision making process.

2.7 The context: Effective Board Governance

The complex and highly regulated financial services industry in Australia continually presents challenges and risks for boards in this sector. Boards are expected to govern effectively and responsibly by acting in the best interests of the company or the best interests of members for trustee boards of Responsible Service Entity ('RSE') licensees. 'A high performing, effective board is essential for the proper governance of a listed entity' (ASX Corporate Governance Council 2019, p. 35). In 2019, both APRA and ASIC, two of Australia's independent external regulators responsible for monitoring Australia's largest financial banks and superannuation funds, introduced new initiatives into these entities' boardrooms in response to the Royal Commission. Both ASIC and APRA engaged with board governance psychologists to act in an observational role and sit in on the board meetings of Australia's top listed entities. This included the four largest banks and retail superannuation funds. The regulators considered whilst there was no exact model in terms of the decision making process and governing as a functioning board:

..when you think about ... what sort of questions that boards are asking, how they're performing their oversight functions ... there are some ... good practices that we might identify or ...where people can improve (Durkin et al 2019, p. 1).

The purpose of the new initiatives introduced by APRA and ASIC was to better understand the behavioural psychology and boardroom behaviour driving culture and governance practices of these organisations (APRA 2018 and Kiel Advisory Group 2019). This work conducted by ASIC and APRA of observing board behaviour to improve culture based on the study of human psychology was similar to the work conducted by the Dutch central bank (Raaijmakers 2015). This has been interesting to see occur in Australia, which suggests there is an increasing recognition academically and commercially of the importance on behavioural dynamics between boards in decision making processes. This is also critical to appreciate given the largest of Australia's financial institutions play an integral role in

the stability and growth of Australia's economy and the financial well-being of all Australians.

Stakeholders to which boards are accountable encompass shareholders, government, external regulators, the broader Australian and global communities and the organisation's employees (APRA 2016, ASIC 2017 and Durkin 2018). Responsible and effective board governance of Australia's largest financial institutions plays a critical part in the stability of Australia's financial system and economy. David Leggo, formally the independent chair of TelstraSuper until 30 June 2019, one of Australia's largest corporate superannuation funds, provided some insightful comments on this. He highlighted the importance of enabling all directors to provide their diversity of perspective as part of an effective board's role in informed decision making:

What is critical is that we cover a spectrum of different points of view to make truly informed decisions. You need to be encouraging and diplomatic and facilitate the conversation rather than rule it, and allow board members to express themselves freely within a well-defined framework around specific objectives (White 2019, p. 3).

Christine Stewart, former Board Chair of VicSuper previously one of Australia's largest industry superannuation funds (which merged into Aware Super on 1 July 2020) also articulated the importance of collaboration and enabling board members to all have an opportunity to share their views and listen. In Christine's views this enables boards to make informed decisions:

After years working through issues with many stakeholders, I do believe that consensus drives better outcomes than a majority vote. Whilst this may not always be possible it's important for everyone to have the opportunity to be heard and to challenge and ask questions to help make informed decisions (Uribe 2019, p. 3).

These comments link to the themes explored in this research. Namely, whether boards composed of directors who use emotional intelligence personality traits (Petrides and Furnham 2001) in board discussions, experience greater

effective group decision making processes as a board. From the above observations made, this is important to appreciate and value as an asset of the board to the organisation. Emotional intelligence trait skills help directors and boards overcome 'groupthink' and 'domineering behaviour' whilst facilitating quality decision making processes.

Boards were established to serve as an effective governance mechanism to resolve conflicts of interests resulting from the separation of ownership and management (Berle and Means 1932). Central to this is the trust placed in the board by owners (the shareholders or members of the entity). To achieve the objectives and purpose of an organisation, boards are required to make informed decisions as a collective body in the best interests of the company (Arnwine 2002). Setting the company's purpose, strategic direction and risk appetite by the board serves as a governance framework for making decisions and overseeing the executive management group to implement and execute. Directors form the collective board all add value to the effective governance of an organisation with their different skill sets, experience and diversity of perspective. To develop a cohesive culture of effective decision makers, 'directors should be specially trained in measuring an ethical culture and have the demonstrated ability and moral courage to take responsibility for mistakes and to call out suspicious behaviour' (Bagley et al 2017, p. 3). This research explored the association between emotional intelligence personality traits of directors, their approach to utilising emotional intelligence personality traits in the boardroom and whether this played a role in effective decision making behavioural processes of boards within the Australian financial services sector. In other words, whether using emotional intelligence traits in boardroom decision making processes increases the quality of the decision making process.

2.8 Board Governance Theories

There are a number of theories underpinning board governance. Agency theory (Jensen and Meckling 1976 and Fama and Jensen 1983) considers the board is the ultimate internal monitor and governance mechanism to align executive management and the company's best interests. Stewardship theory (Donaldson and Muth 1998) suggests that boards should promote unity with executive management as 'executive management can be trusted and ... [are] intrinsically motivated by desire for accomplishment, acknowledgment...and affiliation' (Lawal 2012, p. 23).

The promotion of unity and strategic oversight by the board aligns with corporate social responsibility (Deegan 2004) upon which effective governance behaviours are founded and encouraged in the Australian regulated financial markets. This is consistent with the views expressed from the Royal Commission (Thomson 2018), which is, the strategic decisions of boards impact the broader community of stakeholders; therefore, boards have a broader social responsibility to consider in discharging their duties (APRA 2016, ASIC 2017 and Thomson 2018).

2.9 Corporate Social Responsibility

In Australia, corporate social responsibility is a well-founded expectation on boards for governing organisations. Kemp (2011) performed a qualitative study of interviewing 40 directors of the top companies listed on the Australian Stock Exchange (**'ASX'**) and analysed their insights shared on corporate governance with the story of the Wizard of Oz. Namely, to posit that good corporate governance goes beyond control and management which is common sense. Rather, boards have a broader obligation to balance courage, heart and intellect, which links to emotional intelligence skills. Following the global financial crisis, the Organisation for Economic Co-Operations and Development (**'OECD'**) introduced a revised set of Principles of Corporate Governance (**'the Principles'**) in 2015, which were implemented in Australia. The Principles make it clear that effective governance of boards is required to consider ethics, its corporate social responsibilities, risk culture and the broader relationships of the economic community and stakeholders (OECD 2015). The Australian Institute of Company Directors' (**'AICD'**) 'Good Governance Principles for Non-for-Profit Organisations: Principle 6 Board Effectiveness' is another example of the governance expectations for boards to be effective (Australian Institute of Company Directors 2018). The expectations on boards are more than just the Australian legislative framework of director's duties in sections 180 to 184 of the *Corporations Act 2001* (Cth), sections 52 and 53 of the *Superannuation Industry Supervisory Act 1993* (Cth) for trustee directors and the prudential regulations and guidance issued by the external regulators. Australian boards must also consider the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. For listed ASX companies which includes Australia's largest banks, insurers and fund managers, this is on an 'if not, why not' basis. The fourth version of Australia's existing Principles was released on 27 February 2019 after industry consultation intended to include a new concept in the Principles phrased as

a 'social licence to operate' to take effect from 1 July 2019 (ASX Corporate Governance Council 2019). Following extensive consultation and the finalisation of the Royal Commission, the proposed new principle was not included. Rather, phrases such as 'reputation' and 'standing in the community' were adopted instead. In its communique, the ASX Corporate Governance Council acknowledged there had been many concerns expressed by key stakeholders regarding this proposed concept of a 'social licence to operate'. This included the Governance Institute of Australia's chief executive officer Megan Motto whom expressed that the concept 'meant different things to different people' (Mather 2019, p. 1). The replaced terminology adopted by the ASX Corporate Governance Council was considered to reflect the wider group of stakeholders that listed ASX entities were required to consider within their governance frameworks and board operations.

Similarly, the scrutiny from the Royal Commission of the trust and confidence placed in boards of Australian financial services entities highlights that a board's culture and responsibilities encompass many things. These include a high level of morality, ethics, social responsibility and expectations of community standards, and to be fully informed to make independent, unbiased and cohesive decisions. Prior to releasing the Final Report in February 2019, once the Royal Commission completed its rounds of consultation in December 2018, the overall climate of shareholders and the Australian community's views on board performance of the large four Australian banking institutions was clear. This was particularly apparent in the immediately following Annual General Meetings of shareholders for late 2018 and early 2019. A new tone and sentiment had been set by the informed Australian public and shareholders, most of whom were also customers of Australia's largest banks. The shareholders had observed and experienced the misuse of the trust and credibility placed in these boards whom had the responsibility to act in the best interests of the company and their customers. The boards of three of the four of Australia's largest banking institutions Westpac Banking Corporation Limited ('**Westpac**'), National Australia Bank Limited ('**NAB**') and CBA received a first strike by shareholders voting down the remuneration reports which then enabled these boards to be spilled in the event of a second strike on the remuneration report the following year. The board chairs and executive management of Australia's large financial institutions, in particular the banking and funds management organisations, acknowledged the boards had a significant amount of work to do in the coming years. Their primary

focus would be to turn around the governance and culture of these organisations and shift the focus back to a customers and members first value system. Significant actions were taken by Australia's financial institution boards as a result. This included the resignations of IOOF Holdings Limited's ('**IOOF**'), AMP Limited's ('**AMP**') and NAB's chair and CEOs as clear signals to shareholders that a cultural shift was underway. During the Royal Commission and upon the Final Report being tabled in Parliament on 4 February 2019, the resignations of AMP, IOOF and NAB's board chairs and CEOs highlighted the heightened sense of awareness and accountability for directors. It was always there, but largely left unaccountable and out of the spotlight. This research is relevant to the Australian financial service industry's boards and directors facing these challenges. The coming years ahead presents the boards and management of organisations in Australia's financial system with the opportunity to look inward at the mindset of directors, the culture of the board and the effectiveness of decision making processes. The outcomes from this research also has practical value in terms of presenting an additional lens on proper governance practices of Australia's financial services institutions by furthering the field of emotional intelligence personality traits in board decision making processes. That is, by exploring whether directors are challenging each other with vigilant robust discussion during board decision making through greater use of emotional intelligence traits in the boardroom. This is the researcher's original contribution of knowledge in this academic area of research. Directors' use of emotional intelligence personality traits in board decision making processes should be viewed as a valued asset to organisations that contributes to good governance practices (Kiel Advisory Group 2019).

In a study on risk culture of Australian financial institutions, Sheedy and Griffin (2017) noted that much of the research conducted on risk governance and board behaviours focused exclusively on external measures rather than on examining internal risk governance practices of the board. To date, there has been little academic research conducted on the internal cultures of boards in the context of the Australian financial services sector. However, APRA and ASIC's recent initiative programs in 2019 of introducing behavioural psychologists into boardrooms of Australia's largest banks and wealth organisations has started to change this. The publication of reports from these initiatives was based on research conducted on the internal workings of boards (APRA 2018 and Kiel Advisory Group 2019). This has

supported the need for the further research to be conducted in order to address part of this gap in the existing knowledge on the effective governance cultures of boards in the Australia financial services industry.

2.10 Board skillsets

In Australia, of the top 200 ASX listed entities which include some of Australia's largest financial institutions (banks, insurers, wealth managers and retail superannuation), 25% of these entities are financial entities. This is based on the Global Industry Classification Standard ('GICS') system as at 1 June 2020 (ASX200List 2021). As discussed above, the effective board governance practices of ASX listed entities are required to adhere to the ASX's Principles on an 'if not why not' basis. Where an Australian listed entity does not adopt aspects of the governance principles in the ASX's Principles, the entity is required to explain why they have not. This includes having an aggregated board director skill set matrix (illustrating the board's make up of skills collectively across the directors) (Adams et al 2018) to support the chairperson's function of selecting a capable board to lead the strategy of the organisation of the long term period. A board skill set matrix canvases the areas and skills required by the board set for the future which also assists boards identify gaps in the anticipated skills required of the board of directors. This is an important tool which highlights board skills needed as boards' strategy, risk appetite and the economic environment continues to change in the short and long term for organisations. In Australia's financial services sector, Jonathan Armitage, the Chief Investment Officer of MLC, one of Australia's largest retail wealth providers previously owned by NAB and subsequently sold to IOOF in August 2020, discussed the importance of board skills including behavioural traits. He outlined that for a board's governance practices and decision making processes for managing risk, a board committee should firstly define the ideal 'skills, experiences and psychological characteristics that is most conducive to a committee being outstanding in achieving its goals' (Uribe 2019, p. 1). Armitage also shared his view that following a board skills audit, the board and directors should recognise that even board committees with a rich diversity of experience, perspective, cultural backgrounds and skills with the right psychological tendencies will still be subject common behavioural biases. This acknowledgement highlights the value to directors of having a greater awareness of this and being skilled in using emotional intelligence traits in board discussions to minimise and counter common behavioural

biases. Armitage also stated that it is 'valuable to incorporate processes to lean against these biases' (Uribe 2019, p. 1). This perspective further supports this research, which explores whether directors whom use emotional intelligence traits in the board's decision making processes, supports better quality decision making processes.

Pronounced in Principle 2.2 of the ASX's Principles is the requirement that 'a listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership' (ASX Corporate Governance Council 2019, p. 13). The ASX considers that by disclosing the board's skills matrix, this assists to inform investors whether the board is skilled and capable of developing a culture and effectively leading the organisation in its strategy. The board skill set matrix published by Australia's largest top 200 ASX listed entities covers four key areas of (1) industry knowledge; (2) technical skills and experience; (3) governance competencies and (4) behavioural competencies (Kiel et al 2012). Within the behavioural competencies, the skills that can be usually sited across the varying board skills matrix include collaboration, listening skills, verbal communication, understanding of effective decision making processes, common sense, ability and willingness to challenge, interpersonal relations, integrity and mentoring capabilities (Kiel et al 2012). The similarities with the behavioural skills common across board skills matrices and the personality facets which make up the emotional intelligence traits suggests that directors' emotional intelligence is important and necessary for a highly functioning board and quality decision making processes. It is critically important to note that the purpose of a board skills matrix is not to design a perfect board that canvases all the requisite skills desired for the organisation. The skills matrix does not provide any indication of how the directors interact and behave dynamically as a collective board. Far more important than the 'what' is 'how' directors use their skills and their style of directorship (Australian Institute of Company Directors 2016). The 'how' isn't something that can be easily mapped in a matrix or identified from a skillset. This suggests that directors with competencies of using a high degree of emotional intelligence personality traits in boardroom decision making processes will enable the board to achieve quality decision making processes and a valued culture. This is regardless of their divergence in backgrounds, culture, diversity and experience.

The financial services sector of Australia operates in a knowledge based economy. As directors of Australia's largest financial institutions navigate through significant economic uncertainty and risk, their primary role is to make quality and good decisions (Milkman et al 2008). Although a board is unable to manage all extrinsic variables whilst maintaining the integrity and stability of Australia's financial services system, the:

identification and management of human variables [on the board] such as emotion and logic are pivotal in the effort to increase the quality of decisions and decision making processes (Hess and Bacigalupo 2013, p.203).

Accordingly, this research explored this concept in the context of board decision making processes of large Australian financial services institutions. The primary objective was to understand whether directors' use of emotional intelligence traits skills has a positive impact on the effectiveness and quality of board decision making processes. The research case study was facilitated during January to June 2020, amidst the global Coronavirus pandemic. While the global Coronavirus pandemic was unforeseen at the time the research was conducted, it presented unique opportunities and challenges for the boards of Australia's financial services entities during the uncertain economic and health conditions that the world faced. This is discussed further in section 4.7.

2.11 Cohesive Board Culture and Trust

This research focused on the behavioural personality traits of directors and effective processes of decision making of the board as a collective group of directors. As discussed above, there has been little research conducted on behavioural processes and emotional intelligence traits of boards in general (Feng 2017). To some degree, academic research explored this quantitatively based on analysing the data in financial reports of U.S. and Chinese companies and looking at whether gender diversity and independent directors' networks influenced board behaviour processes (Feng 2017). The research findings of Mills (2009) and Hopkins (2007) in the education and public school systems context and nursing health care system (Prezerakos 2018) across multiple countries (including the United States, Australia and Europe) supports a relationship between effective governance behaviours and emotional intelligence competencies. Further, there have been some commercial studies recently undertaken by APRA and ASIC in 2018 and 2019 in

Australia (APRA, 2018 and Kiel Advisory Group, 2019). This indicates this area is a growing trend of academic interest and commercial value. The research literature review suggests cohesiveness of a board's culture and effective governance behaviours is likely to be interrelated. Boards with directors possessing high emotional intelligence which demonstrate 'self-awareness, self-management, social awareness and relationship management' (Hopkins et al 2007, p. 687) are likely to display effective governance practices. However, there has been insufficient academic research conducted focusing on the impact of emotional intelligence personality trait theory and board decision making processes. Further, there has been little prior academic research performed in this area within the Australian financial services industry.

The dynamics between directors as a governing body are more effective at making decisions when the directors have developed a trusting culture through an increased use of their emotional intelligence personality traits and using these effectively in board deliberations (Kiel Advisory Group 2019). Tuan posited that through identifying 'a relationship between high levels of emotional intelligence and identity-based trust or knowledge-based trust' (Tuan 2013, p. 163), this related to ethical corporate social responsibility initiatives and positively correlated with effective corporate governance behaviours. The research conducted by Tuan was based on empirical quantitative analysis conducted over a short period of time in Vietnam. Vietnam is acknowledged to have less sophisticated systems of corporate regulation compared with Australia. Therefore, this research conducted on boards in the highly regulated Australian financial services sector helps validate the significance of these findings. Extending on themes pronounced in Kemp's research in 2011 and Sheedy and Griffin's research in 2017, findings from a recent Australian qualitative research study conducted by Cooke highlighted that when reflecting on their practice of governance, 'directors primarily focused on three main areas: relationships, risk and the process of remuneration' (Cooke 2019, p. 60). Cooke's research was a qualitative study based on interviewing 40 directors on boards of entities within the top 200 ASX listed companies. From the interviews conducted, it was consistently emphasised by the directors that they needed to exhibit transparency, honesty and trust to perform their role as a functioning board. The effectiveness of the board's decision making process was considered to depend on 'there being strong relationships that facilitate dependency, reciprocity and trust'

(Cooke 2019, p. 64) between board directors, and the complex relationships with management and external stakeholders. In Cooke's research, the role of the board chair was seen by the ASX 200 directors interviewed as important in facilitating the effectiveness of the team and fostering relationships between board members. This was consistent with the existing research literature which emphasises the increasing importance of the emotional intelligence traits of directors and board chairs (Dulewicz and Higgs 2003). In Cooke's research, the directors noted the:

chair requires strong interpersonal, social and leadership skills in order to facilitate discussion and be able to manage the complex nature of relationships between directors and executives (Cooke 2019, p. 64).

Furthering Cooke's research, ASIC's research study in 2019 as previously discussed, broadened their approach by exploring the influences of board directors' mindsets and behaviours on effective non-financial risk oversight of twenty entities within the top 100 ASX listed corporate entities. Of these twenty large Australian top 100 ASX listed corporate entities, seven were financial services organisations comprising of:

- (1) CBA;
- (2) NAB;
- (3) Westpac;
- (4) Australian and New Zealand Banking Corporation ('**ANZ**');
- (5) AMP;
- (6) Insurance Australia Group Limited ('**IAG**'); and
- (7) IOOF.

ASIC engaged Kiel Advisory Group ('**Kiel**') to facilitate the research and conduct interviews with directors, surveys and live observations of boardroom meetings of these entities performed by behavioural psychologists. ASIC and Kiel's research acknowledged that their review observed boards with both high and lower levels of cultural maturity. It was acknowledged in this research that a board with a high level of cultural maturity was considered to be a board 'with a high degree of emotional intelligence, and transformational leadership that optimises the dynamics of both board and management to avoid blind spots and achieve successful outcomes' (Kiel Advisory Group 2019, p. 16). Of relevance to this research, ASIC

and Kiel acknowledged that most of the boards of these Australian large ASX listed entities exhibited (both financial services entities and non-financial services corporations) a sound level of cultural maturity with opportunities for improving self-awareness and development. Importantly, ASIC and Kiel observed that many of the board members whom voluntarily participated in the research perceived themselves as ethical role models and displayed a serious and attentive attitude towards fulfilling the expectations of their role, such as challenging management with a range of questions. Further, ASIC and Kiel considered that while these basic characteristics of individual conscientiousness were necessary to facilitate effective board-decision making processes, they were not sufficient to achieve distinctive collective performance. Rather, ASIC and Kiel Advisory considered '[this].. relies on far deeper group dynamics involving alignment of purpose, trust and respect between board members and with management' (Kiel Advisory Group 2019, p. 16). The observations made in this research of some of the board directors' of Australia's largest financial services institutions made it clear that conscious effort by directors in developing a growth mindset of building on the purposeful use of emotional intelligence traits is important. By doing so, this will help facilitate more effective board cultures, particularly cultivating a deep level of trust between the directors and enabling richer oversight in non-financial risks and decision making processes.

Understanding how to overcome natural interpersonal responses and challenges within a group – such as fear, defensiveness, avoidance of conflict, blind spots and unconscious bias – may come naturally to some, but usually requires dedicated investment of time and attention. It is likely that such commitment will go a long way to strengthening the mindset and behaviour challenges (Kiel Advisory Group 2019, p. 16).

This research by ASIC and Kiel in 2019 and Cooke's research findings in 2018 highlights that the three important focus areas of Australia's directors, being risk, relationships and remuneration, were highly interrelated and dependant on each other. The directors in Cooke's research noted four common characteristics (values, trust, judgement and rigour) in order to operate as the board in discharging their directors' governance duties effectively (Cooke 2019). Where this occurred, the board's oversight of these three key focus areas for directors of risk, relationships and remuneration were most optimised and supported from a risk mitigation and

effective decision making perspective. Particularly in the context of remuneration, one director interviewed in Cooke's research (2018, p. 176) noted: 'It's the most emotive part of any organisation.' The insights shared from Australian directors in Cooke's research in 2018 and the research conducted by ASIC and Kiel supports the value of emotional intelligence to organisations as an intrinsic asset. Therefore, importance of emotional intelligence trait skills of directors in Australian financial institutions should have a positive relationship in contributing to the effectiveness of board's group decision making processes.

2.12 Effective Group Decision making

The effectiveness of a board's group decision making culture was studied in this research from an internal perspective. This was achieved through interviewing and surveying 18 participating directors from 16 Australian financial services entities in a case study environment. Group decision making can be effective or ineffective. In an earlier study conducted on group decision making behaviours in the United States, Hirokawa and Rost established findings based on a critical examination of vigilant interaction theory. Vigilant interaction theory posits that the quality of the group as a decision making team is dependent upon the group's attentiveness during interaction (Hirokawa and Rost 1992) in each of the four stages depicted in Figure 2.4 below. The four stages of the group decision making process applies within the context of the available options for decision by the group.



Figure 2.4 Board Decision making process

Rigorous discussion and critical thinking at all stages of decision making (Figure 2.5) are important to group members in order to come up with an optimal decision (Papa et al 2008). Therefore, it is plausible to suggest that rigorous discussion and critical thinking between a group of directors is optimised at each stage when directors use emotional intelligence traits to a greater extent during

board decision making than boards that do not. Further, that the use of emotional intelligence traits facilitates a business currency of trust in the interrelationships between directors, which enables an optimal board decision making culture. Through enabling a trusting environment, directors are more open to having frank robust discussions with each other, allowing a diversity of thinking and perspectives to be heard and being open to being persuaded otherwise. This in turn facilitates better decision making.

A research case study conducted in 2010 by Petri and Soublin on a top Fortune 50 company in Norway explored this concept. The company faced complex strategy execution obstacles. The case study was conducted using 360 degree surveys and interviews with the board's directors to gather the research data to identify necessary ways in assessing and improving the effectiveness of the board of the Norwegian company. From the directors' collective input, it was considered that for a board to be a differentiating asset to the organisation which added value, three key aspects were identified. These were separate to the board's formal processes in place to manage reporting on compliance and effective corporate governance. The three key aspects identified were:

- (1) Directors and the board need to have a process of reflection and self-review. This should be facilitated by the board chair designed to identify ways that the board can improve the quality of debate amongst the board or interaction with management.
- (2) Continuous development of directors and as the collective team as a board. This is important to review the quality and value the board adds through interaction and their relationship with the management team.
- (3) The contribution of individual board members and extent to which well-embedded processes facilitated the board's engagement as a team with key business issues (Petri and Soublin 2010).

These three key aspects highlighted above support this research. The support is linked to the recognition from the directors interviewed in Petri and Soublin's research that the board needs to have specific characteristics. They need a process of reflection, self-review, quality interactions in their relationships with management and contribute in board discussions and decision making processes. All of these aspects are considered to be optimised when using emotional intelligence

personality traits in board decision making processes (Petri and Soublin 2010). It is important for directors to continue to work on sustaining a growth mindset approach to developing techniques that strengthen the use and engagement of their emotional intelligence traits. Further, that this is done by directors with a view to improving the quality and vigilance of board discussion and decision making processes. Thus enabling greater board governance effectiveness in decision making.

2.13 Practical application of emotional intelligence traits in a board's decision making process

There has been a focused level of academic research conducted on the emotional intelligence traits of individuals who are positioned as leaders and at the top of the hierarchy of an organisation. This included positions of directors, the executive C-suite and board chairs, which highlights that the importance of emotional intelligence as a valued skill increases as one progresses through to higher levels of leadership (Dulewicz and Higgs 2003). However, there has been limited research progressed in terms of the utilisation and practical application of emotional intelligence traits of directors in board decision making processes. A research study conducted in 2013 on not-for-profit organisations in the United States, highlighted the theoretical background of this. Hess and Bacigalupo's research study conducted in 2013 supported the proposition of emotional intelligence traits of leaders and CEOs of not-for-profit organisations and the value of these skills in decision making processes (Hess and Bacigalupo 2013). The research explored how emotional intelligence traits of leaders and decision makers in not-for profit organisations were used to support effective decision making processes. Based on a review of the existing research, Hess and Bacigalupo contended that emotional intelligence traits used in decision making processes of not-for-profit organisations would support more effective and valued decisions being made. Based on Hess and Bacigalupo's (2013) literature review, they developed a short-form decision making checklist as a proposed model and practical way of implementing greater awareness of the use of emotional intelligence traits in decision making processes to promote in the not-for-profit sector. However, as noted by the researchers, a key limitation of their research was that 'additional research was warranted on the utilisation of emotional intelligence' in the leadership setting (Hess and Bacigalupo 2013, p. 215). Particularly in terms of exploring whether performance differences existed relating to a CEO's utilisation of emotional intelligence and thus demonstrating the

effectiveness of their checklist tool in practice. Hess and Bacigalupo had not put their checklist tool to practice as part of their research.

In this research paper, the research has been conducted based on a case study which addresses some of the gaps in the existing academic knowledge highlighted above as the contribution to furthering this field. This research explores using emotional intelligence traits in the boardroom by directors of Australian financial services institutions to understand whether the conceptual theory which supports that this facilitates effective decision making is displayed in practice.

2.14 Assessing the value of emotional intelligence traits in effective board decision making processes

The following discussion further proposes how the use of emotional intelligence traits in decision making processes supports better quality decision making. The model outlined at Figure 2.4 was part of Hirokawa and Rost's study of board behaviours and critical examination of vigilant interaction theory. As discussed at section 2.12, vigilant interaction theory posits that the quality of the group as a decision making team is dependent on the level of attentiveness of the group during interaction in forming the decision at each stage of the process. The use of emotional intelligence traits optimises the quality of the group's interaction in each stage of the decision making process. Each component of the decision making process as articulated by Hirokawa and Rost's study in 1992 is explored in further detail below and linked to the framework of emotional intelligence trait theory:

(1) Assessment of the task:

An assessment of one's emotional intelligence traits of 'well-being' and self-awareness (Petrides et al 2007), enables a director to self-evaluate whether they have the sufficient level of confidence, expertise and are the right person to be involved in the making of the decision (Goleman 2001). By having greater self-awareness of self-esteem, confidence and happiness, this enables a director to be able to continually evaluate their own abilities. Having self-confidence and leveraging on other director's skills around the boardroom and collaboratively enabling others to lead the discussion and assessment of the task, supports a trusting culture of high morals with lower tendencies to be selfish and desire control. It displays trust and confidence in others. By having a greater ability of foresight and

tendency not to rush decisions, allowing for time and reflection, this enables directors to reflect and engage in a deeper level of perspective of the matter and assessment of the task (Hirokawa and Rost 1992).

(2) Assessment of the valuation criteria:

Directors that display greater self-emotional management and control their tendency to express their point of view first, and instead listen to the views expressed by others, enables a better quality of assessment of the valuation criteria for the decision. A tendency to express opinion and take control of the discussion limits the board's sharing of diverse perspective and openness to consider the perspectives of all directors around the boardroom in the assessment of the valuation criteria of the decision. A critical part of assessing the valuation criteria is to understand whom will be impacted, the key stakeholders and anticipating the emotional responses of others. By having clear and rational communication skills, control of one's emotions and empathy to anticipate and understand other's emotions, this enables the board of directors to have an open discussion. This in turn enables the board to undertake a quality assessment of the valuation criteria of the decision to communicate well in advance and engage all relevant stakeholders (Hirokawa and Rost 1992).

(3) Assessment of the positive qualities:

Directors that display behaviours of empathy, social awareness, low impulsiveness and positiveness and facilitate discussion rather than acting to their own agenda, enables greater openness and constructive vigilance in discussions during board decision making. This provides directors with an open mind set on the bigger picture. This can also create a greater appreciation for not focusing solely on profits as a key criterion (as an example) and rather, focus on the satisfaction of the end user, the customer or member being impacted by the decision. In the longer term, this leads to a greater reinforcement of trust, retention and long term profitability of the organisation (Miller 2009).

(4) Assessment of the negative qualities:

Having a greater ability to manage stress, being good at managing external pressures, the ability to gauge the emotions of others, control one's own emotions, social awareness of others and ability to foster good listening skills and relationships with others, enables directors to assess the positive and negative qualities of the decision. By doing this, directors can step away from common biases and myopia of short term thinking and critically evaluate the short falls of a decision with greater perspective (Hirokawa and Rost 1992).

Directors who work at developing behaviours to use emotional intelligence personality traits, helps them develop a greater sense of self awareness in the boardroom. This enables directors with a greater ability to honestly and openly assess their unique strengths and value in the particular discussion compared to other directors and have the advantage of knowing when to leverage the attributes of other directors in the decision making process (Hess and Bacigalupo 2013). The ability to constructively challenge management, manage conflict which can arise in board discussions, and facilitate vigilant discussions whilst having the ability to assess the potential reactions and emotional outcomes from others that will be affected by the outcomes allows an emotionally intelligence director to better engage with the participants in the decision making process. This helps to ensure all stakeholders are brought along for the journey. This in turn is likely to increase the probability of achieving a better quality outcome from the decision making process (Hirokawa and Rost 1992). Accordingly, it is considered that directors whom have an open mindset to use emotional intelligence traits and experience greater quality in the decision making process as a result, will be motivated to continue utilising emotional intelligence traits in the board decision making process and maintain a growth mindset throughout their directorship(s). Directors whom have a closed mindset and lower emotional intelligence traits are not likely to hold a view that these skills can be developed nor valued as an asset to the organisation in order to experience a greater quality of decision making processes in the boardroom.

2.15 Assessing Effective Board Decision making

Whether a board chair of an Australian financial services entity has facilitated effective board decision making between the directors to formulate a team design

and organisational design fit for purpose in achieving the organisation's strategy can be measured in two key ways. Internally, through board performance assessments and externally, based on the output of decisions (Leblanc 2016). A key external determinant of whether board decision making is effective can be assessed on the responses of external regulators, its shareholders, particularly the largest institutional shareholders (Institutional Analysis 2010) and proxy voters (Ramsay et al 2010). Whether a chair of a trustee board of a large Australian superannuation fund has facilitated effective board governance can be determined by the responses from its members, rating agencies and external regulators. This research literature review, which has explored the association of emotional intelligence traits of directors and effective board decision making processes of Australia's large financial services institutions is designed to contribute new findings with meaningful insights for directors to apply in their boardroom discussions. The intended purpose of this is to provide value to boardroom decisions that will make a meaningful and positive impact to the culture of large Australian financial institutional entities. Importantly, to add a level of additional resilience and empathy in board decision making processes through the use of emotional intelligence personality traits to uphold the confidence and trust in Australia's boards of institutions operating in Australia's financial system into the future.

2.16 Conclusion

As outlined in this research literature review, the theory to this research is based on emotional intelligence personality trait theory and implicit theories of intelligence within the five-factor model of personality traits. This is in the context of decision making processes of boards of Australian financial institutions and vigilant interactive theory. Accordingly, this research explored whether directors of Australian financial institutions that use emotional intelligence traits in board discussions leads to greater vigilance and interaction between the board as a group and effectiveness of the board's decision making processes. This serves as the original contribution to the knowledge in this area. Based on the research literature review discussed in this chapter, this is suggested to be so. As such, it is posited that a board of directors who make greater use of emotional intelligence personality traits around the board table are likely to demonstrate greater vigilance and robustness in the board discussions resulting in more effective board decision making facilitated by the board chair. Set within this theoretical framework, it is posited that the emotional stability

and emotional maturity of directors supports the alignment and stability of the board and the effectiveness of a board's group decision making processes through their open, vigilant and respectful interactions. This facilitates a business currency of trust amongst the board and enables the collective board to have confidence in setting goals and motivation towards achieving goals once set. Where directors can utilise a higher degree of emotional intelligence traits in the board's decision making processes, this can enhance the trusting and collegiate culture of the board, the board's governance practices, and the quality of the decisions made by the board. This ultimately reinforces the trust and confidence of the Australian community and key stakeholders in the ability of the financial organisation to conduct itself in accordance with the best interests of its members or the company whilst delivering a customer experience focused on the best outcomes for their financial needs. Chapter 3 steps through the overall research framework and structure to this research.

Chapter 3. Framework to the Research

3.1 Chapter outline

'...If you are searching for sacred knowledge and not just a palliative for your fears, then you will train yourself to be a good sceptic...' (Jude 2014, p. 1)

This chapter outlines the overall framework to the research to provide meaningful guidance behind the structured approach taken to this research. A mixed methods approach was applied to explore the relationship between directors' use of emotional intelligence and effective board decision making processes. The outline of the mixed methods methodology used in this research informs how the framework to the research was designed to conduct the research. Applying a structured framework to the research in a prudent manner, optimised the credibility of the research findings and observations drawn.

Accordingly, this chapter progresses as follows:

- (1) The Research Framework
- (2) Concurrent mixed methods: Qualitative and Quantitative analysis
- (3) Connection between the research design and research outcome
- (4) Research Theory and Hypothesis

The research framework discussed in this chapter also serves to provide the context of the researcher's paradigm to knowledge, and discusses at a conceptual level, the reasons concurrent mixed methods were chosen as the applicable research methodology. This research was fuelled by the researcher's observation of the paucity of existing research conducted in this area, and the researcher's sense of the importance of exploring the research question in this thesis paper. The objectives of this research was to add to the understanding of the interactions between directors and the use of emotional intelligence personality traits, and whether this has a relationship with provision of effective board governance practices. In particular, this study investigates the behaviour and interactions of, and between, directors of Australia's large financial services institutions who are involved in the decision making processes by the board .

As outlined in the introduction in section 1.1, the context of the research and motivation is to focus on highly regarded and trusted ASX listed Australian financial

services entities and wealth institutions not listed on the ASX (i.e. superannuation funds). This focus arose from the broader question posed by Commissioner Hayne to many of these significant Australian financial services entities during the Royal Commission which was: How do boards and cultures of such listed entities demonstrate sound governance and a culture of trust, where they have been considered to have lost their focus and purpose as suggested based on the findings from the Royal Commission? (Hayne 2019). It is acknowledged that boards of directors of Australia's largest financial institutions operate in an environment of complexity, uncertainty and risk whilst also being responsible and accountable for upholding the integrity and well-being of Australia's financial system. This context adds to the importance and value that the Royal Commission had on influencing and changing the governance processes of the boards of Australia's financial services sector.

A key theme that can be drawn as an inference from the findings in the Final Report (Hayne 2019) handed down by Commissioner Hayne was of great interest to the researcher. This report suggested that there was insufficient vigilance occurring within the board discussions. The scope of this insufficient vigilance was suggested to exist amongst directors as a group, between the directors and management in challenging events, and when management report to the board. Further, the suggestion of insufficient robustness in board discussions could be extended to suggest this contributed to the failures of these boards. Unless the boards of Australia's largest financial services entities stay informed and make the most appropriate decisions, optimal decisions will not be made in the best interests of the company, its members and its customers.

The primary responsibility of the directors on these boards is to set the strategy and risk appetite of a large Australian financial services entity within the economic environment (Australian Institute of Company Directors 2017). However, while this may not be easy to achieve, setting the entity's strategy and risk appetite informs the organisation of the risk culture acceptable by the board. The board's responsibility to formulate the strategy and the risk appetite of an entity requires serious robust discussion and decision making processes within the board, and as a collective body allows responsible discharging of the directors duties. Accordingly, the lack of existing research in this area and the findings from the recent Royal Commission

invoked the researcher’s curiosity surrounding existing board governance practices. The researcher’s curiosity was focused on exploring whether engaging the use of a director’s emotional intelligence personality traits would lead to improvements in the effectiveness of the board’s decision making processes and enhance effective governance practices in Australia’s financial services industry. This curiosity also led the researcher to purposefully choose a research design based on a mixed methods framework in order to approach this overarching research question and objective.

3.2 Research Framework

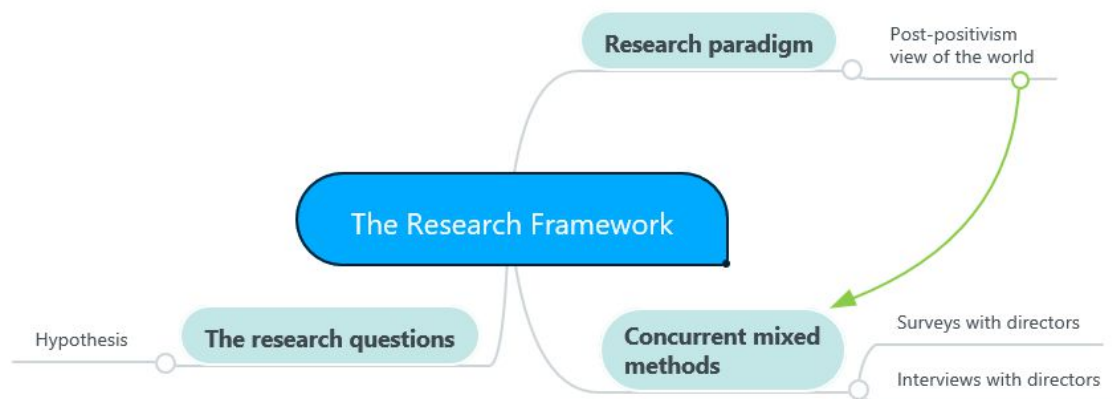


Figure 3.1 Discussion Structure of Chapter 3

This chapter outlines the research framework and research theory underpinning the research methodology and methods employed in this research. Outlining the research framework and researcher’s paradigm to the research serves several purposes. The first purpose is to inform how and why the research data has been gathered. The second purpose is to analyse the data based on the outcomes and results of the case study in pursuit of addressing the research question as part of the original contribution of knowledge to this field. As discussed during the research literature review in chapter 2, a review of the existing literature on emotional intelligence and effective board governance practices highlighted some of the limitations from the existing research. Namely, that empirical analysis has not provided sufficient insights on behavioural processes of boards (Feng 2017) to reach general deductive conclusions (Kemp 2011). Further, the views espoused in the existing research findings have been inconclusive in evaluating the links between effective board culture and emotional intelligence (Lawal 2012). Often the research conducted has sought to explore emotional intelligence and the impact on decision

making or board governance practices remained at a conceptual and theoretical level. An example of this was research study conducted by Hess and Bacigalupo (2013) which focused on exploring the existing research literature on emotional intelligence in the context of decision making in the United States' not-for-profit organisations. Based on Hess and Bacigalupo's review of the existing research literature, they developed an emotional intelligence checklist designed for directors in non-profit organisations to use as a tool to enhance decision making processes in non-profit organisations distinct from for profit organisations. In this context, they acknowledged the abstract theoretical nature of the output of their research. Further, Hess and Bacigalupo encouraged further testing of their decision making tool in practice, stating 'additional research is warranted to provide clarity on the impact of the behaviours associated with emotional intelligence on successful outcomes within the non-for-profit sector' (Hess and Bacigalupo 2013, p. 215). Their research was conducted based on a review of literature, whereby inferences were drawn to design a checklist which wasn't tested in practice. Finally, to date there has been little research in this area conducted in Australia and nor a great deal of research focused specifically within the Australian financial services sector.

The study of human behaviour, which in this research investigates the psychological aspects of directors' actions, directors' perceptions of the effectiveness of boards and existing board group dynamics cannot be approached in a wholly empirical way (Azouzi and Jarboui 2013). Other common limitations noted of past research studies was that they were based largely on quantitative empirical analysis with different foci. Some research studies focused only on either bivariate relationships, or relationships with organisational performance, or were 'cross-sectional [in] nature, use perceptual measures and the findings from empirical questionnaire surveys' (Tuan 2013, p. 163). The fact that most of the research conducted to date on boards has used quantitative analysis (i.e. based on publicly available financial reports or surveys) suggests that existing academic investigations have been limited or lack a depth of richness which may be achieved through different forms of analysis. Adding to the depth of richness in this area may be achieved through employing qualitative analysis of interviews with directors. This approach is suggested based on similar observations expressed by prior research in the literature review discussed in chapter 2. For example, Feng (2017) argued that there are limitations with empirical analysis. First, externally available financial

statements and reports does not seem to enable a sufficiently in-depth academic understanding. Second, such empirical analysis does not produce the richness of intimate insights desired on the behavioural processes of boards in different corporate governance contexts. Feng (2017) argued that such limitations do not permit authors to reach general deductive conclusions. More specifically, Kemp (2011) also maintained that the limitations of empirical analysis prevented an in-depth understanding and insights into board decision making processes. The methods used to research the behavioural psychology of board behaviours in the corporate governance context could and should be explored further (Feng 2017). In this context, as noted in the research literature review, there had been little research in this field conducted in the Australian corporate industry and little research of this kind conducted in the Australian financial services industry.

Accordingly, the purpose of this research's further examination is to develop an understanding of the emotional intelligence and personality trait dynamics of board directors and the relationship this has on the board decision making processes in the Australian financial services industry. From the researcher's review of the findings and suggestions of prior studies, the following approach should provide a more appropriate means to achieve this desired outcome. First, the application of a more intimate research methodology approach, using a concurrent quantitative and qualitative approach. Second, this mixed method approach involves interviewing and surveying directors over a period of time. Too often previous research was conducted at a theoretical level and conclusions then recommended further research to examine the use of the research concepts developed in real life practice (Hess and Bacigalupo 2013).

These limitations suggest there is a significant gap in this field of research, which motivated the researcher to investigate what seemed impossible at the outset. Namely, to undertake the task and challenging feat of seeing whether the researcher could gain access to personally interview and survey directors on the boards of Australia's largest financial services institutions. This was required in order to gather the desired research data, to be able to present findings based on the inside views of existing board governance practices. In addressing the research question, there was a clear need to explore these variables (emotional intelligence personality traits and board decision making processes) and the appropriate unit of analysis (human

action of the directors demonstrated in group decision making processes). In a research case study, these variables create a setting to examine the likelihood of causality (Tuan 2013 and Sheedy and Griffin 2017). This research explored this area by drawing upon the experiences of 18 directors, during their board meetings, from 16 different large Australian financial services entities over a six month period. Interviews and surveys were conducted to enable the formulation of research findings and to provide rich insights based on the directors' shared perceptions of the value of using emotional intelligence personality trait skills in the board decision making processes. A key distinction worth noting is that the focus of this research was to understand and explore the relationship between the use of emotional intelligence traits by directors (not their social intelligence) and the effectiveness of board decision making processes of large Australian financial services institutions. As noted in section 2.5, this is because prior research proposed that it was likely to be observed that directors have higher social intelligence skills (Goleman and Boyatzis 2008) than emotional intelligence. Therefore, it is possible that perhaps directors either did not utilise or potentially use effectively, their emotional intelligence personality traits. As a result, decision making processes of boards could be at risk of not optimally facilitating comprehensive discussions in the process.

3.3 Concurrent mixed methods

To address the limitations of existing research conducted in this field highlighted above, concurrent mixed methods were applied as the methodological approach to this research. Based on the earlier work of Smith (1983), mixed methods draw upon quantitative and qualitative research methods in the approach to the research design to accommodate greater flexibility and depth (Creswell 2014). For the context of this research, mixed qualitative and quantitative methods were concurrently applied. Namely, the research was based on the analysis of data gathered from the research case study through a combination of an interview process and conducting surveys over a six month period. Mixed methods analyses the research data collected through different methods (survey results and interviews in the case of this research). This has the purpose of identifying quantitative relationships between data variables and rich qualitative patterns and themes from the data 'for the broad purposes of breadth and depth of understanding and corroboration' (Johnson et al 2007, p. 123). A mixed methods approach enabled this research to be conducted in such a way that drew upon the experience and insights

shared by the participating directors in the Australian services financial industry during their interviews. The quantitative analysis performed on the survey data using bi-variate Excel and SPSS software analysis techniques served to provide targeted and measured insights which complimented and validated the insights drawn from the experiences shared by the participating directors during the interviews. This formed the basis of the researching findings (discussed in chapter 6) and served as a method of triangulation to the research data and knowledge gathered through the interview process.

As highlighted above, if a purely quantitative approach had been taken to this research, this would fail to meet the researcher's objectives of contributing new and meaningful research towards understanding the relationship between the emotional intelligence personality traits of directors and the quality of decision making processes of the board. Drawing from the literature review, it was considered that the traditional academic contributions to board governance practices had been predominantly based on quantitative analysis from externally available extrinsic information. From the researcher's perspective, this felt like an externally removed approach which failed to truly understand the inner workings and behaviours of boards and their governance practices. Therefore, by combining quantitative and qualitative methods, the intimacy of interviewing board members of Australia's largest financial institutions and having the appropriate research setting to ask the 'why' questions will enable a more rich and unique original contribution to this area of academic research. Post the Royal Commission conducted by Commissioner Justice Kenneth Hayne in 2018 and 2019, it was believed the time was right, for board members to be in an appropriate state of mind to discuss the implications of this report within the surveys and during the interviews. The insights and discussion from the participating directors serves as an additional layer of triangulation to the research analysis and data produced, with 18 contributing directors sharing their perspectives of the board decision making experience beyond the researcher's own observations.

3.3.1 Qualitative analysis

Qualitative research is an effective way of studying groups of people (for example, through a case study and interviews). This approach is commonly used to explore and understand the behaviours of the group and phenomenon of a particular

culture or practices of that group. The research and knowledge is developed through a co-creation style between the researcher and group, which is achieved through the sharing and discussion of different perspectives of the phenomenon being researched. The data is gathered from the setting of the group and inductively used to draw out observations and explanations. This type of approach is often able to be replicated in similar ways but not necessarily to the same extent that quantitative research approaches can be performed. The data and rich insights elicited from interviews and studying a group of people in a case study provides contextual and individual meaning to the importance of the complexity of the group dynamics (Creswell 2014). Qualitative research often helps provide deeper explanations and observations to research. Qualitative research disciplines have been applied in this research as part of the concurrent mixed methods approach employed as the research design framework.

3.3.2 Quantitative analysis

Quantitative analysis is an approach applied to research for examining the relationships and occurrences between data, variables and testing hypothesis (Neuman 2006). This approach, in part, premises the objectives of the research to be explored. Quantitative analysis produces measured data that is insightful and used to identify the existence and strength of relationships between data sets once certain variables have been controlled. Quantitative analysis as a research methodology is often used to assist in research to identify, explain or suggest occurrences and can be replicated by applying the same quantitative method steps to different participants or occurrences in a research study. An example of this is the use of a survey based on theoretical research and a literature review conducted. A survey can be designed to elicit data to support or reject a researcher's hypothesis and outcomes predicted. Meaning is deduced from the relationships and results of quantitative analysis which is often based on the researcher's informed view and interpretation of the data. Quantitative research disciplines have been used and are applied in this research to address the hypotheses outlined at section 3.5 as part of the research design framework. The detailed discussion of how the quantitative research method was applied in practice in this research case study is discussed in chapter 4. The survey tool was chosen as the ancillary quantitative method of collating the research data and to serve as a method of triangulation to the research

observations made from qualitative co-creation of knowledge between the researcher and participants during the interview process of the case study.

3.3.3 Mixed methods analysis

Given the complexity of board dynamics in decision making processes and the intricacies of personality traits of directors, a concurrent mixed methods approach was warranted. This enabled the researcher to gather rich insights from the interviews with board directors providing an inner look at the boardroom decision making processes. The interview process also provided an opportunity to garner information regarding the rich and diverse experiences shared by directors, which then provided context related to the survey results from their self-reported use of emotional intelligence personality traits in decision making processes. As the research employed a qualitative case study and interview approach to examining the boards of Australia's financial institutions, meaningful analysis from the survey data collected was applied as a quantitative method to inform the qualitative research data analysis. This was to compliment and corroborate the observations and insights shared by the directors in the interviews.

3.4 Connection between the research design and research outcome

There was a clear connection between the research paradigm and applying concurrent mixed methods in the research design to this research (Bryant and Charmaz 2007). Approaching the research question pragmatically through this design aligned with the researcher's post-positivism epistemology and critical realism ontological beliefs to constructing knowledge (Sipe and Constable 1996). Concurrent mixed methods methodology and the data collection methods outlined for the research design were consistent with this research paradigm. The overarching research inquiry was to understand where there is a relationship between emotional intelligence personality traits of directors and effective board decision making processes. The research framework and design for this research was approached from a research paradigm perspective of post-positivism epistemology (Bhaskar 1978). Post-positivism inductively reasons that there is a likely, but not absolute, truth to the research inquiry based on probable circumstances. Critical realism ontological beliefs hold that a reasonably objective truth is likely to exist to form a generalisation of reality to the research inquiry (Somekh and Lewin 2011). The

reasonable objective truth can be inducted from empirical findings and qualitative analysis conducted based on the thematic analysis of the research insights shared by participants in the interviews and the surveys (discussed in detail in chapter 4). Therefore, using a mixed methods research methodology was appropriate (Phillips and Burbules 2000) for this research.

3.5 Research Theory and Hypothesis

As outlined above, this research was conducted across the Australian financial services sector. The research explored the use of emotional intelligence personality traits in boardroom decision making processes through structured surveys and interview with 18 participating directors whom voluntarily participated in the project. The research inquiry was premised on the research framework and theories outlined above. The design of the TEIQue short form survey, based on Petrides' research (Petrides and Furnham 2001) operationalised emotional intelligence personality trait theory in a manner which tests the series of hypotheses outlined below. Furthermore, the structured survey (refer Appendices A, B and E) and interview questions for the research case study (refer Appendix C) were adapted for this research from the ASX Corporate Governance Council's Principles. The surveys were designed to gather relevant data to explore whether observations could be made which showed a relationship demonstrating the use of emotional intelligence personality traits within board decision making processes. It was explored whether directors' experience, through their use of emotional intelligence personality traits in board decisions over six months, could be linked to vigilant interactive theory (Hirokawa and Rost 1992) and growth mindset (Dweck 2016). Section 2.4 of the literature review research articulated how Petrides' emotional intelligence trait theory had been operationalised using the TEIQue survey instrument. Section 2.12 outlined Hirokawa and Rost's vigilant interactive theory operationalised through an effective decision making model, and how the emotional intelligence framework enabled this experience through the use of emotional intelligence behaviours by the group of decision making participants. It is this aspect of effective board governance practices that was the focus of this research study. Section 2.6 discussed Dweck's implicit theories of intelligence and highlighted the difference between the growth mindset approach to learning new skills and the concept of continually working on harnessing strengths. This was contrasted with the competing closed mindset approach of some individuals based on an assumed high level of intelligence. Dweck's research

indicated that such individuals, with a closed mindset, would remain too conservative or have a greater propensity to cheat to achieve results based on a lack of willingness to take risks and try new things due to the fear of failing and appearing incompetent. As such, the following hypotheses were posed as the sub-parts of this research sort to be explored:

H1a: Directors with a motivated growth mindset will work on developing skills and behaviours over time to improve their ability to use emotional intelligence personality traits in social interactions during board meetings and will display greater use of emotional intelligence personality traits over time.

H2a: Directors who work on developing skills and behaviours over time to improve their ability to use emotional intelligence personality traits in social interactions, will experience greater effectiveness in cultivating decision making processes that have quality vigilance and interaction with fellow directors.

H3a: Directors who demonstrate higher levels of emotional intelligence personality traits will have a greater tendency to increase their use of emotional intelligence personality traits in social interactions.

H4a: Directors who demonstrate a greater tendency to use emotional intelligence personality traits in social interactions will perceive their board cultivates effective decision making processes.

H5a: Directors who demonstrate greater vigilance in discussions and interactions between fellow directors will perceive their board utilises effective decision making processes.

The hypotheses outlined above provides a purposeful framework for this research and was designed to achieve the research objective. Namely, the primary objective and outcome of this research was to establish whether directors that use emotional intelligence personality traits positively enable Australian boards to be more effective in collective decision making processes. Chapter 4 discusses the research methodology in detail at the practical level by stepping through the design of the research methods and how the design of the quantitative and qualitative methods were applied. Chapter 4 also outlines how the knowledge gained from the

literature review in chapter 2 informed the design of the mixed methods approach applied to the research and the methods applied in gathering the research data.

3.6 Conclusion

This research has been designed based on credible research theory and methodology to explore whether the interactions between directors and their use of emotional intelligence personality traits has a relationship with effective board governance practices. Further, if there is found to be a relationship, how meaningful and positively correlated the relationship is. In particular, the behaviour and interactions of directors of Australia's large financial services institutions in the decision making processes of the group of board directors. The backdrop to this research saw the conclusion of the Royal Commission in 2019 which provoked much discussion in the industry. As a result, board dismissals occurred, share prices were impacted and Australia's financial regulators and the Australian Federal Government introduced new regimes and legislation to help support effective governance practices and culture into the Australian financial system's future. As outlined in this chapter, the research framework underpinning the concurrent mixed methods methodology employed in this research reflected the researcher's post-positivism epistemology and view towards the creation of research knowledge based on the literature review. The literature review served to inform the researcher when designing the appropriate data collection tools and conducting the research, through applying the methods chosen in pursuit of addressing the research question. The data collection methods that were employed for the concurrent quantitative and qualitative methods applied are discussed in detail in chapter 4 in terms of how the methods were put into in practice during the research case study.

Chapter 4. Research methodology approach: putting it into practice

4.1 Chapter outline

...'We keep moving forward, opening new doors, and doing new things, because we're curious and curiosity keeps leading us down new paths...' (Disney 1966, p.1)

This chapter discusses in detail the research methodology at the practical level by stepping through the design of the qualitative and quantitative methods applied which were based on findings from the literature review (refer to Figure 4.1). The basis for exploring whether there is a relationship between directors' use of emotional intelligence personality traits and the effectiveness of the board's collective decision making processes in Australia's financial services institutions has been established and discussed in the literature review conducted in chapter 2. This research explored whether there was a relationship between a director's self-reported use of emotional intelligence personality traits during boardroom decision making and the effectiveness of the board's decision making process based on the directors' self-reported perception and experiences. The crux of the research case study's purpose was to explore the use of emotional intelligence personality traits with directors. Further, to determine if developing an understanding from the directors that developed a growth mindset approach to building techniques and changing their behaviours led the directors to having a greater tendency to use emotional intelligence personality traits in the boardroom decision making processes. Further, in doing so, to see whether this had a positive impact in facilitating greater effectiveness in the collective board decision making processes. This served as the original contribution to new knowledge in the academic areas of emotional intelligence personality trait theory within effective board governance practices in the context of Australia's financial services industry. As discussed in sections 2.5 and 3.2, the emphasis of this research has focused on emotional intelligence traits of directors rather than their use and effectiveness at using their social intelligence skills. The reason for this is because the researcher considered it would be likely that directors, having reached positions of leadership, may have developed high social intelligence skills but perhaps did not utilise emotional intelligence personality traits as effectively as they could. As a result, the decision making processes of boards in the Australian financial services sector, and more broadly in corporate Australia and globally, may be at risk of not optimally facilitating quality and vigilant discussions in

the decision making process through the use of engaging with emotional intelligence traits as a group in board discussions.

This chapter steps through the following:

- (1) The structure of the case study interviews
- (2) The data coding analysis and use of qualitative research themes
- (3) The construct of the six month 'pre' and 'post' surveys
- (4) The regression analysis and quantitative modelling

The analysis of the data from the surveys and interviews were designed to elicit the level of use of emotional intelligence traits by the participating directors and assess whether or not this positively correlated and linked to the directors' perceived effectiveness of the board's decision making processes. This is outlined in greater detail in chapters 5 and 6. The discussion from the data analysis in chapters 5 and 6 provides a beneficial contribution to new knowledge, and meaningful insights into how the board governance practices of Australia's largest financial services institutions can explore ways to consider and support these practices in the boardroom.

4.2 Research methodology



Figure 4.1 Mind map of Chapter 4

A concurrent mixed methods approach was employed to the research case study in a twofold manner. This was applied to overcome some of the past research limitations, acknowledged in the literature review, in this field of research. As discussed in chapter 2, this field of research remains a largely unexplored territory in the academic investigation of board psychology, emotional intelligence of Australian directors and board governance practices in the Australian financial services industry. The research methodology applied was designed to provide meaningful data upon which research findings could be developed. This was designed to be achieved from developing a greater understanding of the board decision making experience through investigation of the shared insights of board directors from an internal perspective. The uniqueness of this research is the fact that the original contribution of knowledge is based on the co-creation of the insights and data gathered from the case study between the researcher and the participants as part of the mixed methodology approach. This research differentiates its self from existing research in board governance practices by engaging directly with an 'elite' group of niche directors on the boards of Australia's largest financial institutions as part of the research data gathering exercise. This approach was taken because, it was noted from the literature review, that of the limited amount of existing research on board governance practices and emotional intelligence, the research had been predominantly quantitatively and performed based on externally available information or surveys. The researcher considered this was a significant shortfall and gap in the existing research as the actual experience and insights shared by directors in the Australian financial services sector had not previously been obtained in relation to this field of investigation. Hence, this presented the opportunity to the researcher to take up this research challenge.

Accordingly, the use of emotional intelligence personality traits by directors in board decision making processes was researched qualitatively and quantitatively in a complimentary manner to test the hypotheses outlined at section 3.5. The hypotheses were framed in such a way to see whether the quantitative data analysis performed validated the qualitative data of the rich insights provided from participating directors in order to prove or disprove the hypotheses. Further, the quantitative data was used to triangulate and provide greater robustness to the qualitative themes and observations drawn out in chapters 5 and 6. This twofold approach, using both quantitative and qualitative methods, served to induce meaning

to the board decision making environment and whether emotional intelligence personality traits were being used by directors which added value and effectiveness to board governance practices. This approach also served to assess whether developing a greater understanding of emotional intelligence trait skills led the directors to make greater use of emotional intelligence skills. This was achieved through exposure to the pamphlet content at Appendix D. The use of this brochure in the case study was designed to instil a greater awareness in the directors and encourage greater use of emotional intelligence personality traits in decision making processes over time. Whether this approach had a positive and correlative impact on the effectiveness of board decision making processes was investigated based on the directors' experience shared during the case study. If the research data analysis showed and supported such observations, this would go towards supporting that a relationship does exist. This would help form the original contribution of knowledge to this field of research. Although the findings are discussed in detail at chapters 6 and 7, even if a relationship was not found, or if found, was shown to be a negatively correlated relationship, this still served as the original contribution of knowledge to this field.

The context of this research was the governance practices of boards of Australia's large financial institutions. As illustrated in the literature review at chapter 2, Australia's financial services industry and the boards of financial institutions are highly regulated by laws and external regulators. These boards are considered to have mature existing board governance practices. Therefore, it was expected that directors on the boards of these organisations already had a diverse range of skills and experience in the discipline of board decision making. It was also expected they would be attuned to the importance of the emotional dynamics of board decision making processes and their own emotional intelligence skills given the magnitude of the risks and market reputations of these organisations, the impact on Australia's economy and integrity of Australia's financial system. Further, the board governance practices were considered to be quite sophisticated and mature which operate in an environment of high regulation, reporting and legislative frameworks. The findings of the Final report released by Commissioner Hayne and the Australian Government in February 2019 at the conclusion of the Royal Commission highlighted these given responsibilities of directors. That is, in their positions of office they held, their roles in the decision making processes of boards was very important. The subsequent

market reactions of Australia's shareholders in the immediately subsequent Annual General Meetings and various board decisions to the Royal Commission highlighted the key tenets from these findings and continue to do so. Some examples included NAB, AMP, AMP and QBE Insurance Group Ltd all resulting in board members, chairs and executive management leaving their roles. The importance of rebuilding a culture and reputation of trust, obeying the law, a clear understanding of directors' duties, accountability, conflicting interests and putting customers and members' best interests should be at the forefront of every board decision (Hayne, 2019). Using a concurrent mixed methods case study approach as the research methodology was considered to achieve an appropriate and considered balance between gaining insights shared from the participating directors and validating these experiences with measurable quantitative data analysis. The purpose of the concurrent approach was also to enable triangulation of the research findings and the researcher's thematic observations from the data collected through the interviews and surveys over the six month period of the case study.

4.3 Designing the research informed by the literature review

Sections 2.3 and 2.4 of the literature review research articulated how Petrides' emotional intelligence trait theory had been operationalised using the TEIQue survey instrument. Section 2.12 outlined how Hirokawa and Rost's (1992) vigilant interactive theory was operationalised. Hirokawa and Rost's (1992) theory was operationalised through developing an effective decision making model premised on the concept of having robust discussion in a group which enabled in depth consideration of the relevant matters and options. The likelihood of resulting in a better decision being made was likely to occur as result of greater vigilance and robustness. This experience in the effective group decision making model was enabled through the use of emotional intelligence behaviours by the group of participants. In particular, as outlined in Tuan's research in 2013 on corporate governance practices, the use of emotional intelligence traits was considered to facilitate a greater culture of trust and trusting relationships amongst groups of directors in board decision making. It was this aspect of effective board governance practices that was posited as the focus of this research study. Section 2.6 discussed Dweck's implicit theories of intelligence and highlighted the difference between the growth mindset approach to learning new skills and the concept of continually working on harnessing strengths. This was contrasted with the competing closed mindset approach of some individuals based

on an assumed high level of intelligence, which was shown to indicate that such individuals would remain too conservative, based on a lack of willingness to take risks and try new things due to the fear of failing and appearing incompetent.

The basis of these theories served to inform how the research design would be built to identify and develop valid data collection tools. The data collection tools operationalised these theories and collected relevant research data from the participating directors in this case study to address the overarching research question posed at section 1.1. The interview questions applied in the research case study, were designed based on these theories for the research (refer to Appendix C). The survey data collection tool applied in this research used the short form TEIQue format with a second part to the survey and was designed to gather insights on vigilant interactive theory. The second part of the survey was adapted from the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations: Principle 2 Structure the Board to Add Value' (ASX Corporate Governance Council 2019) 'Corporate Governance Principles and Recommendations', and the AICD's 'Good Governance Principles for Non-for-Profit Organisations: Principle 6 Board Effectiveness' (Australian Institute of Company Directors 2018) (refer to Appendices A, B and E). These two methods of collecting the research data, one qualitative (the interviews) and the other quantitative (the surveys) were chosen as the most appropriate methods to operationalise and research the independent variable (trait emotional intelligence) and dependent variable (effective decision making processes). These two methods are discussed in further detail below in sections 4.4 and 4.5 within this chapter. The participating directors were also exposed to content which described Trait Emotional Intelligence (Petrides and Furnham 2001) after the first survey was completed, and before their interview (refer to Appendix D). This also served to help identify, during the course of the six month case study period, whether there was a relationship between the directors' use of emotional intelligence traits during board meetings, whether their TEIQue quotient improved, and their perception of whether their boards' effectiveness in decision making also improved. The purpose of qualitative and quantitative methods is discussed in the following sections 4.4 and 4.5 to help provide an understanding why these methods were applied to the research.

4.4 Qualitative methods

Qualitative research utilising a case study method centralises around gathering data in the environment being studied and relying on the researcher as the primary instrument for gathering the data (Creswell 2013). Critical to this process is the researcher's understanding and analysis of what the participants' mean related to the matter being discussed. Not the meaning that the researcher conducting the case study brings to the research. The key to preserving the participants' meaning is the reflexivity and evolving nature of the emergent design to the case study. The researcher was mindful of managing this risk during the research. The research design and interview questions should not be rigidly prescribed, as the case study evolves where the designed questions may need to be modified as the participants express and share their meaning and observations to the matter being researched. This occurred in this research. The researcher must continue to reflect and manage their role in the case study to continue to identify whether their background, culture, experience and values may also have an impact in how the case study is shaped.

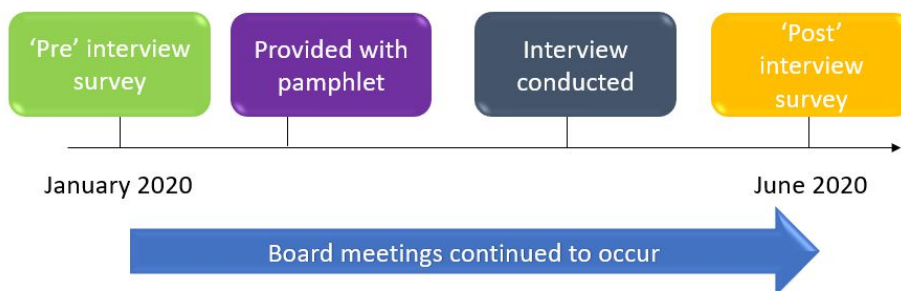


Figure 4.2 Case study design

The interviews were conducted over a six month period with each of the 18 participating directors between January to June 2020 (refer Figure 4.2). At this time in Australia, the country and the world also coincidentally faced an unforeseen Coronavirus global pandemic which had significant health and economic consequences to the Australian financial services industry. The purpose of the qualitative interview approach was to provide a unique opportunity to gain insights through an academic examination of board decision making processes and the behavioural interactions of board directors from an inward-looking perspective.

Particularly given there had been little research previously conducted on emotional intelligence trait theory and board governance practices of Australia's large financial services institutions. A large amount of the existing academic research on board governance practices had been drawn from externally available information such as quantitative analysis on financial reports. A significant portion of research conducted on emotional intelligence behavioural traits was also based on quantitative analysis from survey data.

As such, for this research 18 participating directors across 16 different financial institutions involved were interviewed over a six month period. In applying such qualitative method to the case study as part of the mixed methods design, this enabled the co-creation of knowledge between the researcher and the participants in these fields. During the six month case study the participating directors shared their knowledge, experience and perception of the use of emotional intelligence personality traits in board room decision making processes. Making the distinction between emotional intelligence personality traits and social intelligence was important during the interview process (interview question 1). This was to ensure the focus of the survey process and interview questions gathered research data relating to behaviours of emotional intelligence personality traits and rather than social intelligence. This was crucial to the research, as the distinction between emotional intelligence and social intelligence is the presence of empathy (Goleman 2001 and Goleman and Boyatzis 2008). Emotional intelligence not social intelligence skills was the underlying inquiry of the research. This was to better understand whether directors who used emotional intelligence personality traits and extended their use of empathy in board decision making processes, felt they experienced more effective board decision making practices or not. The directors discussed their perspective on the effectiveness of the decision making processes and shared their personal views on whether, and what impact, developing habits and behaviours designed to increase their use of emotional intelligence personality traits in board decision making processes had on their perceived level of effectiveness of the board's decision making. Four directors interviewed (Director 3, Director 7, Director 9 and Director 11) explicitly discussed the use of empathy as a key part to emotional intelligence and the use thereof in the boardroom.

The qualitative research data was collected from 18 participating directors, of which 9 were currently or had been a board chair and all previously had careers in executive management at the time the research was conducted. The personal and unique interviews from the participating directors, provided rich insights on the emerging themes observed of the board behavioural processes (Feng 2017) and the demonstrated an impact on the quality and level of effective decision making behaviours and trends over the study period (Leavy 2017). Prior to participating in the research, each of the directors signed a consent form and was informed that the research had been granted ethical clearance from the University of Southern Queensland which was to be conducted in accordance with the University's ethics research guidelines and the Australian National Code for the Responsible Conduct of Research. The data gathered from the interviews is discussed in chapters 5 and 6 in greater detail. To research emotional intelligence personality traits from an internal perspective, the data collected from the 18 participating directors at the beginning and end of a six month study period included:

- Their understanding of emotional intelligence personality traits;
- Whether the directors considered they utilised emotional intelligence personality traits effectively in social interactions;
- Their experiences of the effectiveness of the board's decision making behavioural process (quality interaction and rigorous group discussion);
- The board's group efforts to analyse the task, assess valuation criteria and identify the positive and negative qualities of alternative choices (Hirokawa and Rost 1992);
- Their perception of their own level of use of emotional intelligence personality traits (Dabke 2016);
- Would they be open to considering or be motivated to learn and develop habits and techniques to increase their use of emotional intelligence personality traits in the board room;
- Their perception of fellow directors' use of emotional intelligence personality traits in boardroom discussion and decision making processes; and
- Did they believe emotional intelligence personality traits had an impact on the effectiveness of the board's decision making processes.

The interview questions are provided at Appendix C.

Emerging themes from the qualitative research coding process which was applied to the data gathered from the interview transcripts is discussed in detail in chapters 5 and 6. The synthesised concepts developed from the coding process and relationships observed are explored in these chapters. The concepts developed from this process formed the basis of the conclusions drawn and whether the research conducted was able to establish a relationship and link the research observations to known behavioural theories of emotional intelligence trait theory (Petrides and Furnham 2001), vigilant interactive theory (Hirokawa and Rost 1992), self-determination theory (Deci 1971) and growth mindset incremental theory (Dweck and Legget 1988 and Mangels et al 2006). The researcher's views and opinion based on the research themes which emanated from the findings are discussed in chapters 6 and 7.

4.5 Quantitative methods

Quantitative research methods are designed to collect measurable static data for analysing relationships in the data and testing hypothesis which supports or does not support the researcher's inquiry. The instrument used to collect the quantitative data is not centrally the researcher. Rather, the design of the instrument must be capable of demonstrating that it has operationalised the research theory posed or gathered the relevant data to the inquiry that will provide meaningful analysis to address the research (Creswell 2013). One other characteristic of qualitative research is that it is easily replicable. To provide triangulation to this research, a quantitative survey was chosen as part of the concurrent mixed methods design. This was used as a secondary and ancillary method of collecting research data with the 18 participating directors. The surveys were conducted concurrently with the interview process as part of a 'pre' and 'post' interview experience to the six month case study period (refer Figure 4.2). The participating directors completed a survey at two different intervals during the case study. Once at the beginning of the six month period and again at the end. The surveys were conducted during the period of between January to June 2020, which, as noted in section 4.4, was unexpectedly during the Coronavirus global pandemic that significantly impacted Australia's financial services industry and the economy.

To support the qualitative co-creation of the knowledge and research data gathered in the interviews in a defensible manner, the academically supportable short form TEIQue survey was applied as the first part of the survey. The TEIQue survey was designed by Petrides in 2009 which operationalised trait emotional intelligence theory (Petrides 2009) and was based on based on Petrides earlier research of trait emotional intelligence theory (Petrides and Furnham 2001). The second part of the survey was designed to gather relevant board governance and decision making insights from the directors. The questions to the second part of the quantitative survey were adapted from the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations: Principle 2 Structure the Board to Add Value' (ASX Corporate Governance Council 2019) 'Corporate Governance Principles and Recommendations', and the AICD's 'Good Governance Principles for Non-for-Profit Organisations: Principle 6 Board Effectiveness' (Australian Institute of Company Directors 2018). The views shared by the directors in the interviews presented common themes and aspects that led the second survey 'post' interview to be modified. During this period whilst the research was being conducted, the researcher reassessed the survey questions, interview questions and themes identified after the involvement with the first four directors. The initial results from the first survey were assessed to challenge the currency and relevance of the interview and 'pre' survey questions based on the initial research data and responses provided from the first four directors. This was to ensure the research remained relevant and reflexive in capturing and reflecting the meaning provided by the directors and not the researcher. This also helped managed any subconscious bias from the researcher during the conduct of the field work. As themes and commonalities in the directors' interviews began to emerge (discussed in greater detail in chapters 5 and 6), the 'post' interview survey to be conducted at the end of the six month case study period was modified to better explore and substantiate these themes (discussed at section 5.9). The 'pre' interview survey conducted at the beginning of the case study is at Appendices A and B. The post interview survey conducted at the end of the six month case study period is at Appendices A and E. The short form TEIQue part of the survey (Petrides 2009) remained static and unchanged (Appendix A). Whereas the part of the survey which focused on the directors' self-assessment of the effectiveness of their boards' decision making

processes was modified over the course of the case study (Appendices B and E, refer to questions 7, 11, 13 and 17).

The survey was the preferred type of data collection procedure to use as the ancillary quantitative data collection tool and as a triangulation method to the co-created research knowledge from the interview process. Access to the surveys was delivered by an electronic email to the directors nominated address which they voluntarily provided to the researcher. This enabled the survey responses to be gathered and stored on the USQ Survey Tool survey data platform. This instrument was chosen because it a convenient, cost effective and an efficient method for the directors to complete. The first survey captured each of the directors' understanding and level of using emotional intelligence personality traits at the beginning of the case study and their perception of the effectiveness of the board decision making processes of the board(s) they sat on. At that point in time, the directors were not yet provided with the information pamphlet describing emotional intelligence personality trait theory and a detailed explanation of the TEIQue survey. Rather, directors were provided with the information pamphlet (refer to Appendix C) after completing the 'pre' interview survey (refer Figure 4.2). This served to inform the directors about emotional intelligence traits theory and how this could be considered in their upcoming board meetings during the case study. This was an intentional part of the research design with the purpose of assessing whether the directors experienced greater effectiveness in their board's decision making processes over the six months after they had developed an informed understanding of emotional intelligence personality traits. The pamphlet was designed to inform the directors of what emotional intelligence trait theory was. The intention of this was to increase their awareness and encourage the directors to use emotional intelligence traits more frequently in the upcoming board meetings during the case study. The experience of each director from the case study was captured in the interview process and the second 'post' interview survey results.

The purpose of using a survey instrument was congruent with the concurrent mixed methods design to the research to address the overarching research question. This is because the quantitative data could be measured over time at two intervals in the six months. The measurable aspect was whether, from the sample population of directors, it was observed that their emotional intelligence traits (TEIQue rating)

increased over the two intervals. Further, whether the directors' self-reported perceived effectiveness of their board's decision making processes changed due to a change in the directors' TEIQue ratings. This was able to be determined through quantitative modelling using bi-variate Excel and SPSS software analysis techniques. These techniques mapped the level of correlation, or strength and direction of the two data sets captured over the two intervals of the case study. The quantitative survey method served as an appropriate tool of measure. This tool operationalised emotional intelligence personality trait theory by capturing the self-reported level of use of emotional intelligence personality traits by directors over the six month period of time in boardroom decision making processes. From the analysis of the data collected, observations were able to be made and drawn from the relationships in the quantitative data and modelling analysis.

4.6 How the research question was addressed

As discussed above, the survey data was collected over a six month research period between January to June 2020 with 18 participating directors from 16 different Australian financial services institutions. The relationships and trends were observed between the development of an increased use of emotional intelligence personality traits, and directors' perception and internal experience of the change in effectiveness of the board's decision making processes (Azouzi and Jarboui 2013). The analysis and observations from the data is discussed in detail at chapters 5 and 6. This served as a method of triangulation to the qualitative data analysis performed on the insights shared by the directors during the interviews conducted over this period. This approach helped identify and assess any correlation and significance of relationships observed between the variables in the quantitative modelling. This in turn served to link the observations made from the research data analysis to established behavioural theories (discussed at chapter 6).

From the literature review discussed in chapter 2, the use of the TEIQue survey operationalised the theoretical framework of Petrides' emotional intelligence trait theory. The TEIQue survey has been designed based on an academic framework of the identified lower order emotional related personality traits within the personality trait theoretical framework of the Five Factor Model. Petrides' research of the use of the lower order personality facets of emotion variabilities (refer to Figure 2.3 in Chapter 2) conceptualised emotional intelligence as a personality trait

construct based on self-report. Petrides research was able to incrementally distinguished personality within the Five Factor Model once the five factors had been controlled and explained. Petrides then operationalised emotional intelligence personality trait theory through the use of the TEIQue survey questionnaire and rating scales. Accordingly, the use of the TEIQue survey measured the participating director's self-reported TEIQue ratings and change over the period of time.

In discharging the board's duties to govern and oversee management, the effectiveness of a group of directors is most effective when the directors are able to have robust discussion (Hirokawa and Rost 1992). This enables directors to share different view-points and perspectives as part of the informed decision making process as a group. Hirokawa and Rost's study of group behaviours and critical examination of vigilant interaction theory discussed at section 2.12, posited that the quality of the group, as a decision making team (a board of directors), was dependent on the level of attentiveness of the group during interaction in forming the decision through each of the four stages of the process. Vigilant interactive theory, which is essentially open attentive group discussion enabled by the use of emotional intelligence trait behaviours, was shown to support the propensity of the group to produce higher quality decision making processes and a greater likelihood of facilitating better quality decisions. Thus, the second part of the survey (refer Appendices B and E) operationalised vigilant interactive theory by adapting questions based on the ASX Corporate Governance Council's Principles. This was done in the context of Australian board governance practices and board decision making practices, which was to measure the level of the director's perceived decision making effectiveness experienced during board discussions.

The participating directors were not privy to their individual results from the emotional intelligence personality trait analysis performed based on the output (Petrides 2009). This was purposely done as an additional preventative control measure to avoid or mitigate the participants from perhaps subconsciously tainting the results between the 'pre' and 'post' interview surveys. As outlined in the research literature review at Chapter 2, the TEIQue ratings were not to be construed to indicate whether a person had high or low emotional intelligence personality traits. Rather, based on the results, the TEIQue ratings indicated whether the participating directors had a natural tendency to utilise emotional intelligence personality traits or

not in social and environmental settings based on their self-reported perspective. The purpose of providing the pamphlet on emotional intelligence trait theory (Appendix D) was to enable the researcher to capture raw data from directors of their understanding of emotional intelligence personality traits at the start of the six month period. The pamphlet contained standard information and was provided to all 18 directors after the first survey (refer Figure 4.2). The information about emotional intelligence personality traits was to enable the directors' to increase their awareness of emotional intelligence personality traits. Similarly, the directors were not provided with any instructions to prepare before their interview, allowing the researcher to determine their raw understanding and to enable a free flow conversation based on the directors personal experiences in board meetings. The purpose of doing this was to see whether there would be a change observed in the directors' self-assessment of their emotional intelligence traits and their perception of their board's effectiveness in decision making processes, pre and post the six month period. Particularly after becoming more aware of using these personality traits in board discussions in the second survey or whether this became apparent during the interview process. The information pamphlet also highlighted areas within the four quadrants of emotional intelligence personality traits that the directors could harness and focus on developing stronger skills in and habits to encourage greater use of emotional intelligence personality traits in future board meetings. The information pamphlet provided after the first survey was also intended to help directors to develop and demonstrate these personality traits in subsequent board meetings and decision making processes during a six month research study period. The surveys taken at the end of the six month period showed a second set of TEIQue ratings for each director. A sample of deidentified survey results for the 'pre' and 'post' interview surveys is provided at Appendix G as an illustrative example of the data gathered. These results and the discussion of the results is outlined in Chapter 6.

The research question has also been addressed through examining the themes observed and identified during the qualitative data coding process. The narratives and subjective perspectives gathered through the interviews were qualitatively analysed (Kemp 2011). Both the experiences and perceptions of the board's effectiveness in group decision making processes and the directors' own views on emotional intelligence (in relation to themselves and each other) were captured through the use of specific interview questions (refer Appendix C). A

sample deidentified interview transcript is also provided at Appendix F as an illustrative example of the data gathered. A thematic data coding process was applied to the survey and interview transcript data collected from all participating directors. This allowed thematic trends and concepts to emerge through the combined use of the computer software NVivo, Microsoft Excel, Microsoft Word and the researcher's own analysis without the aid of computer technology. From this, relationships between the thematic data in the interview transcripts were synthesised and formulated based on the themes observed in the coding process. These themes were used by the researcher to explore whether a link was able to be made to existing behavioural theories. The discussion around this is detailed at chapters 5 and 6. The interview questions for the research case study were designed to gather data and co-create the research knowledge with the participating directors, with the intention that themes would become apparent from the data coding process. From themes identified in this research, certain themes related to the categories of contrasting views similar to the implicit theories of intelligence. As discussed in chapter 2, Dweck's implicit theories of intelligence distilled the perspective of individuals between two broad categories. Namely, those who had a fixed mindset approach on intelligence and believe traits were fixed, and those who had an incremental growth mindset approach whom enjoyed working hard to improve their skills, abilities and perceived failures as opportunities to learn and improve. The implicit mindset of individuals was shown to govern their behaviour. Those with an incremental growth mindset approach to challenges, believed traits were not fixed and could be developed over time. It is this latter mindset approach which is considered to be linked to greater individual, team and organisational effectiveness through the promotion of mindsets with greater resilience (Dweck and Yeager 2012). This is because, according to implicit theories of intelligence, their belief is that traits and abilities are not constant over time, rather that one's level of capability and accomplishment is achieved through developing skills and behaviours that enable an individual to work hard towards attaining the desired outcome. As discussed in chapter 2, Dulewicz and Higgs' (2003) research supports this proposition of observing a likelihood that most of the participating directors in this research study would tend to have an open mindset. That is, an approach to continually working on developing soft skills that comprise emotional intelligence and enable effective decision making in board governance practices. This is because Dulewicz and

Higgs' (2003) research supported the proposition that emotional intelligence (empathy, greater awareness, openness to other's ideas, mindfulness and reflection) becomes more important at higher levels of seniority in an organisation, particularly for executive directors and board chairs, distinct from social intelligence. This is what the researcher explored in the case study, as Dweck and Yeager's 2012 implicit theory of intelligence also highlighted that individuals can shift their approach between a growth to a fixed mindset. This may be a risk to some individuals in directorship roles or executive management (Dweck and Yeager 2012) as once they've reached board level, they may become static rather than dynamic in their approach.

To address the research question and link research observations to existing behavioural theory, this research sought to provide a better understanding of the effectiveness of group decision making behavioural processes of boards based on the use of emotional intelligence traits by directors. Section 3.5 articulated the research questions and aspects of the theoretical framework which have been addressed in this research. During the course of this research, there was an evolution of natural discovery through the quantitative and qualitative research approaches. The rationale for the selection of particular methods has been well stated as the research design and approach to furthering an original contribution towards the theoretical framework of personality traits and board governance practices in this chapter. Accordingly, this research provides a more in-depth analysis of board governance of the Australian financial services industry based on insights shared by Australian directors.

4.7 Moderating factors

In seeking to address the overarching question and original contribution to this research, the impact of moderating and mediating factors on the relationship between the independent variable (use of emotional intelligence personality traits) and dependent variable (effective board decision making processes) were also investigated. A key moderating factor from this research to note was that the board governance practices of large Australian financial services institutions are quite formalised, mature, highly regulated by legislation and monitored by external regulators. Furthermore, the Australian financial services sector has experienced a significant amount of upheaval and change over the last 25 years (including through

the Global Financial Crisis) without too much going wrong. Therefore, overtime, naturally with human nature, board and management become less risk adverse in decision making. Financial risks and non-financial risks of these large institutions are assessed annually which includes factoring in pandemics. However, now, in light of the COVID-19 pandemic in Australia, the unthinkable has become thinkable in decision making of businesses at an accelerated pace. Furthermore, the researcher anticipates that in light of COVID-19, risk aversion will decrease in decision making of boards and management. One director of a large Australian financial institution made an observation of board discussions during COVID-19:

It's not easy to have the same kinds of decisions and discussions when you're not in the room. You can't read the body language, the emotion of other directors and gage whether now is a good time to bring up an issue or not. The most important parts of board meetings and decisions happen in the tea rooms and hallways (Director 7).

To this extent, new directors also have great challenges with getting integrated into the board or business without having established relationships with other directors over years of face to face discussions. This has a big impact on decision making in the COVID-19 environment. Therefore, the fact that this research was conducted during the Coronavirus pandemic, increased the likelihood of having moderating effects on the research outcomes. However, this event does not render this research illegitimate. These moderating factors are acknowledged and discussed in detail in chapters 5 and 6. Some of these moderating factors provided a level of consistency assumed in the board decision making practices from the different boards of large Australian financial services institutions. Namely, the level of sophistication, formal regulation and maturity of board decision making processes of these entities. There are also likely to have been mediating factors involved which may be of use for further research to explore. For example, whether certain aspects of emotional intelligence personality traits produced better results than others in relation to the impact on effective board decision making. These mediating factors were not explored in this research. Rather, further analysis and deeper exploration of the detailed aspects and differentiation of emotionality personality traits is something to be explored in future research.

4.8 Managing bias

The researcher's own place of employment, namely, at a large Australian financial services institution is noted as a risk which could have introduced a personal bias towards some of the data collated and seeking to construct findings that were not founded. To overcome any perceived bias of this nature, the data analysis and presentation of the findings of the research were separately reviewed by the researcher's academic research team to serve as a method of triangulation. Similarly, the use of the researcher's own personal network of board members on large Australian financial services institutions may also have had a different bias effect on the research data analysis. As with any research, it is difficult to decipher whether the data results would differ if a random population of directors was selected for the case study compared with the participating group of directors whom volunteered for the case study. The researcher considered that the participating directors were more likely to have a growth mindset and an inherent curiosity in emotional intelligence in board decision making, otherwise they would not have been interested in volunteering their time. Therefore, to mitigate any bias the researcher may have had on seeking to illicit intended results of identifying strong links in the thematic analysis of qualitative data, the quantitative regression analysis also served as a triangulation to the themes identified by the researcher from the interviews.

4.9 Research Limitations

As noted in section 4.8, there are limitations to this research. Gaining access to one on one opportunities with board directors in general is a difficult feat. Directors of large Australian listed entities on the ASX have been identified in other research as an elite group (Cooke 2018). Thus, where a researcher is not part of the 'elite group' this can present great challenges in conducting research with an appropriate group of participants that will provide relevant and meaningful research data. It was even more difficult for the researcher whom was not a director on a board of an Australian financial services institution, and therefore not easily privy to accessing this elite group. Furthermore, the niche area of this research, which was specifically focused on the Australian financial services industry further narrowed the field of elite group of directors in Australia. This being said, the researcher's success in obtaining the support and voluntary participation of 18 directors within this elite group was attributable to having a strong personal network of 'key' directors whom all had strong networks across the director groups of Australian financial services entities.

Through the snowballing effect of following up each director for referrals, the number of the participants in the case study was considered to be sufficient to conduct the quality and depth of research sought to be achieved (Vasileiou et al 2018). Had there been a larger pool of participants involved, this may have further enriched the insights and themes identified in this research. There were 31 directors of whom the researcher had identified as suitable candidates within the researcher's network were invited to participate. Of this 31, 7 were supportive and passed on referrals through their network (refer to figure 5.2 in chapter 5), and a quota of 18 directors was obtained. This quota was validated with the researcher's academic research team in order to clarify the sufficiency of the pool of participants prior to commencing the research case study in January 2020.

The directors' time was also limited. This was another respected aspect and challenge for the researcher to fit in with the participants diaries during busy board meeting schedules. Following up surveys, dates for interviews with each director and maintaining the momentum of engagement during the six month case study to manage the risk of directors not completing the full case study was not easy. To add to the challenges in obtaining access to this elite group, the context and timing of when the case study was conducted between January to June 2020 also played a role. This was during a time when Australia was grappling with the Coronavirus global health pandemic which had significant economic implications on Australia's financial system. This led to some restrictions for interviewing directors whereby 16 of the 18 interviews conducted over the phone, and two were conducted face to face. These restrictive circumstances was due to the requirement of 'social distancing' and inability to fly to locations outside Melbourne. Therefore, this reduced the researcher's ability to study and observe the participants body language during the interviews. Further insightful observations may have been obtained and added to the richness of the analysis had the researcher had the opportunity to meet with the other 16 directors face to face and observe their body language. This may be an opportunity for future researchers to consider as a limitation to this research conducted. However, the inability of the researcher to observe the facial and body language of 16 of the 18 directors was mitigated as much as could be possible. The tone of the directors' voices, their pitch, pace of speech and use of language when responding were still adequate and considered cues that the researcher took notes

of and reflected upon as part of the coding and thematic analysis conducted on the transcriptions from the interviews.

The gender mix of the participating group was considered to be only one of the diversity elements of directors which may have been considered as a limitation to the research. Of the 18 directors, the profile comprised of 78% females, 22% males. 50% of the directors were chairs of their board or committee, and 50% were not the chair of the board or committee they sat on (measured as at December 2019 before the case study commenced). The impact of gender on board dynamics and strategic change has been a separately researched in the US (Feng 2017). In Feng's research in 2017, it was found that when the board chair was a female rather than a male, the negative relationships between board gender diversity and strategic change were likely to be neutralised. Therefore, although the impact of gender in this research has been identified as a possible limitation to this research and not specifically focused on to confirm whether this has an impact on the research findings, this is something for research in the future. The findings from this research case study conducted over a six month period, may be more pronounced over a longer period of time if a research study could be conducted over a twelve month or two year period to further support findings from this research.

4.10 Managing ethical risks

To manage and reduce the ethical risks associated with the research, the researcher implemented several controls and processes to reduce the ethical risks associated with this type of research to a tolerable residual risk level. This enhanced the validity, quality and value of the research knowledge and research findings being contributed (National Health and Medical Council 2018). The key steps applied in this research by the researcher to manage and reduce the ethical risks were:

- Performing an extensive literature review in chapter 2 to ensure relevance and the research was making an original contribution to this field of knowledge;
- References have been made to all literature critiqued appropriately;
- A comprehensive Turnitin review was performed to demonstrate that the thesis was the original work of the researcher;
- The University of Southern Queensland's ethical clearance process was completed and obtained (provided at Appendix I);

- The privacy and anonymity of the participating directors was maintained throughout the research project as the research data was collected through the surveys and interviews conducted;
- All participating directors were invited to be involved in the research on a voluntary basis in the surveys and interviews;
- A consent form was provided to each participant to sign prior to any research being conducted;
- Triangulation was applied to enhance the robustness to the research (Creswell 2013) through the use of the quantitative analysis on the survey data which was collected using validly constructed instruments (namely Petrides' short form TEIQue survey (Petrides 2009) unmodified by the researcher) and the qualitative analysis from the interviews conducted;
- The research findings were objectively reviewed by the research supervisors Professor John Sands, Doctor Gregory Jones, Doctor Claire Beattie;
- Anticipated bias and how this was considered was articulated in chapter 5;
- The use of analysis of aggregated and anonymous data from the case study was applied;
- The research findings have been submitted to the University of Southern Queensland's academic panel review as part of the completion of this research paper to enhance the validity and quality of the views put forward;
- None of the members of the academic panel are known or affiliated with the researcher.

By applying all of the above as controls and checks to the research process, the researcher believes the ethical risks have been appropriately and respectfully managed. Working with the research participants during the research presented ethical considerations. The participants were assured that their input was anonymous and that the research findings (positive or adverse) would not impact their roles. De-identifying the participants' responses from the survey documents collected through the USQ Survey Tool was undertaken to ensure the anonymity of the participants. Data collection was performed and undertaken in accordance with the University of Southern Queensland's ethics committee's ethical approval clearance (refer to Appendix I). The researcher's position and place of employment at a large Australian financial services institution was not considered to present a significant ethical risk to the research or any association nor influence on the

participants that were involved in the research case study. The participants had all been approached through the researcher's personal network as part of this research and the snowball effect of the participants' personal networks of referrals also assisted in gathering the required 18 number of participants in the research. The subjective views towards the research topic, personal bias, existing knowledge and the researcher's conjecture on the findings in the analysis were also ethically managed through the support and collaboration of the researcher's research team. This was performed to ensure this research is as objective as possible.

4.11 Conclusion

The basis for exploring the relationship between directors' emotional intelligence personality traits and the effectiveness of the board's decision making processes in Australia's financial services institutions was established as part of the literature review. This chapter outlined in detail, at a practical level, the research methodology adopted and applied to the research in terms of how the exploration of this relationship was undertaken and achieved. The design of the qualitative and quantitative methods and how the design of the research methods were informed by the literature review findings was discussed. This served as the framework underpinning how the research data was gathered and how the research analysis was supported in an academically defensible manner to address the overarching research question. As illustrated in this chapter, the maturity of board governance practices of Australian financial entities was a moderating factor. Further, the practical challenges of gaining access to the niche elite group of directors on boards of large Australian financial services entities also highlighted some of the limitations to the research and opportunities for further research in the future. Chapter 5 progresses into the data collection methods and research analysis.

Chapter 5. Data collection methods and Data analysis

5.1 Chapter outline

'...Research is formalised curiosity. It is poking and prying with a purpose...'
(Hurston 2020, p. 1)

This chapter outlines the data collection methods to illustrate the robustness of the approach taken to the field research. By explaining the data collection methods applied in the field research, this validates the reliability and relevance of the data collected. This also clarifies why the data collection methods were chosen for the quantitative and qualitative research analysis undertaken. The research analysis serves as the basis for supporting and challenging the research propositions

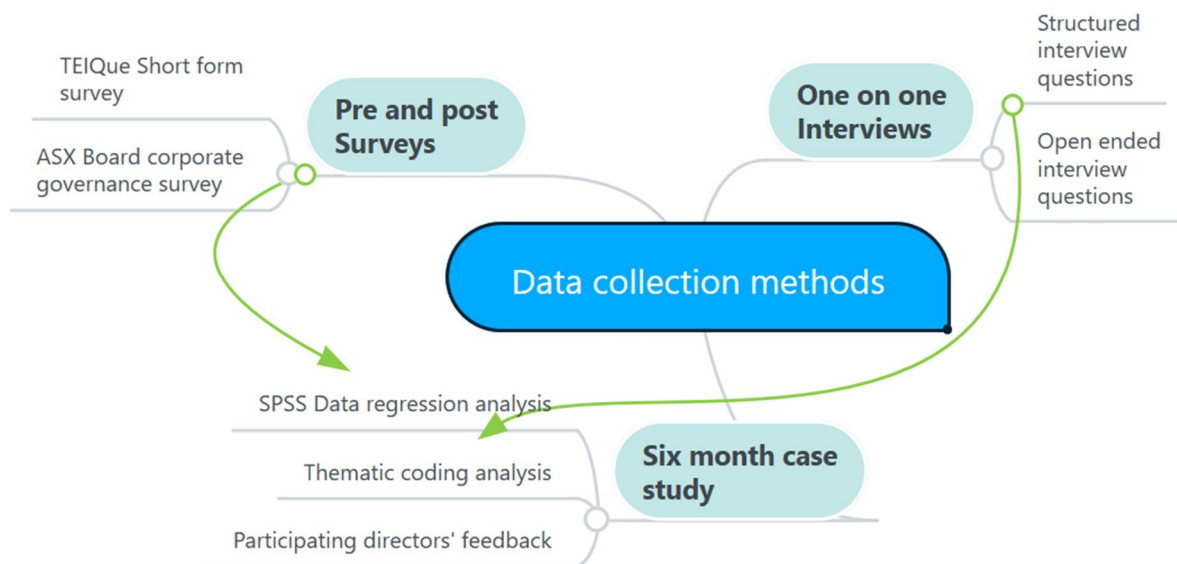


Figure 5.1 Field Research Data Collection methods

Accordingly, the chapter steps through the following:

- (1) The structure of the case study interviews
- (2) Observations from the data coding analysis and qualitative research themes
- (3) The construct of the six month pre and post surveys
- (4) Observations from the regression analysis and quantitative modelling

A detailed analysis of the research data observations is provided in chapter 6 which forms the basis of the researcher's opinions. The researcher's findings of the use of emotional intelligence personality traits by the participating directors and the

directors' perceived effectiveness of their board's decision making processes is also provided in chapter 6. The researcher's opinion and discussion from the data analysis is intended to provide a beneficial contribution to new knowledge. The meaningful insights provided by the researcher to be considered by others for possible further research on emotional intelligence personality trait theory and the board governance practices of Australia's largest financial services institutions.

5.2 Summary outline of findings

As an overview, the research observations from the data collected from the interviews and surveys conducted in the case study were:

1. The trait emotional intelligence of the directors did improve over the six month period;
2. The directors' assessment of their board's effectiveness in group decision making did indicate there was a positive impact and improvement of the quality of effectiveness over the six month period;
3. The directors' assessment was premised on their views that the board chair plays a pivotal role in the effectiveness of board decision making;
4. There was a positive correlation observed between the directors' emotional intelligence traits quotient and the effectiveness of the board decision making;
5. Emotional intelligence traits were highly valued by directors;
6. The directors considered emotional intelligence traits did facilitate better quality decisions and rigorous discussion as a collective board; and
7. Boards should take the opportunity to better understand and develop a greater consciousness of how diversity of directors' emotional intelligence in board compositions helps facilitate success in strategic decisions.

The data analysis and preliminary observations are discussed below. The researcher's substantive opinions and reflections are detailed in Chapter 6.

5.3 The interview process

Thirty minute interviews comprising of 20 questions were conducted with all 18 participants across 16 different Australian financial institutions. The directors were located in Melbourne, Victoria or Sydney, New South Wales. This reflects that Melbourne and Sydney are two of Australia's cities recognised as 'financial hubs' of Australia. Melbourne is considered to be the superannuation capital of Australia and

Sydney is considered to be the banking capital of Australia by the superannuation industry. The participating group comprised of independent directors, board chairs and executive managing directors. The interviews were either conducted over the phone or in person, all of which were transcribed by the researcher. Seven of the eighteen interviews were recorded with the consent of the participating directors. The researcher transcribed detailed notes of all responses provided to each of the questions during all twenty interviews. The researcher also took additional notes shortly after the interviews were conducted to contemporaneously capture the researcher's reflections of each participant. A set of questions was asked to each participant (refer Appendix C) which were designed to capture the perspectives and insights of the participants in the transcript data. The questions were designed to assist the researcher distil meaningful patterns of observations and themes emanating from the discussions. The questions were formulated by the researcher to address the research hypothesis (introduced at section 3.5). The interviews conducted in this case study provided an inner look into the boardroom decision making processes based on the personal experiences shared by directors. The directors shared insights from their perspective of:

- the board's effectiveness of decision making processes and level of interaction amongst directors;
- their views on whether emotional intelligence personality traits were a valued and effective skill set for board directors;
- whether they considered and had observed a change in the effectiveness of their board's decision making which related to the use of emotional intelligence traits; and
- on their own use of emotional intelligence personality traits in the board decision making processes.

The de-identification of each participant in this research has been achieved with the use of a unique generic reference for each participating director (for example 'Director 1' and 'Director 2'). The qualitative data collection method selected by the researcher in this study was interviews. This was designed to gather data of internal indicators of the directors' perspective of their own emotional intelligence and awareness thereof during the research study. The descriptive narratives from the interview process elicited intimate insights from the directors of their perceptions

of the effectiveness of the board with group decision making processes. This enabled the researcher to gather insights shared by the directors on whether they anticipated the effectiveness of board decision making processes would change as a result of increasing their use of emotional intelligence traits over the six month case study period. The subjective data from the survey transcripts with the directors and board chairs was used for the data coding process and thematic analysis to identify common themes across the interview data from the participants. This approach was inspired by the qualitative methods approach in Kemp's research in 2011 and Cooke's research in 2018 on Australian corporate governance practices. The coding analysis was facilitated through the use of the computer software programs NVivo, Microsoft Excel, Microsoft Word and the researcher's own analysis unaided by technology. Each interview was conducted one on one with the researcher either in person or by via phone for ease of convenience to the directors. The researcher transcribed each of the participants responses during the course of the 30 minute interview and through the use of the recordings afterwards where they were taken (six were recorded with the permission of the interviewees).

A sample de-identified interview transcript is provided at Appendix F and samples of de-identified 'pre' and 'post interview survey results are at Appendix G. The use of interviews as a qualitative data collection tool was chosen to capture the perspective of the participants and to enable the researcher to analyse their narratives to induce meaning from the participating directors. This was a co-creation of knowledge process between the researcher and the participating directors. Each of the directors acknowledged during the interviews that this exercise really did make them stop and reflect on their board's decision making practices and how emotional intelligence traits played into the behavioural psychology of the board as part of broader governance and board culture. Through this process, the researcher was able to gain a greater understanding of the directors' experiences and views from these discussions. This provided the researcher with better context to see different observations from the survey output and quantitative modelling. The greater depth of insight shared intimately from each director in the co-creation of knowledge removed the need for the researcher to speculate and externally deduce meaning from the quantitative analysis. The use of interviews was also chosen to enable the researcher to better understand and explore through personal one-on-one conversations to what extent each director utilised emotional intelligence personality

traits in the board decision making processes and gain greater insights of the inner workings of board behaviour in decision making. Through these conversations, the directors discussed whether they considered their approach to developing these skills had a relationship with their perceived effectiveness of the board's decision making processes. They also discussed whether developing emotional intelligence trait skills provided greater quality and vigilance of the interactions amongst other collegiate board members during the decision making process. Through the co-creation of knowledge with the participating directors, this assisted the researcher form a view of the credibility of any relationship identified between the use of emotional intelligence traits by directors and the effectiveness of the board decision making processes. The findings and researcher's observations to address the overarching research question are discussed in detail in Chapter 6.

Interviewing the directors as a data collection method in the qualitative case study as part of the concurrent mixed methods design to the research was an appropriate strategy employed to overcome some of the moderating factors. The governance framework for board decision making processes of Australia's largest financial services institutions is considered by the financial services industry to be matured, formally structured, sophisticated and relatively standardised. This is by virtue of the comprehensive Australian corporate governance legislative framework and requirements set by the external market regulators APRA, ASIC and the ASX. Further, in light that the case study was conducted between January to June 2020 amidst the Coronavirus pandemic in Australia, the results from the survey data compared at the beginning and end of the six months had the possibility of being moderated by uncontrollable events and not necessarily gathered in a static, controlled and stable context but rather under abnormal circumstances. Therefore, through the one-on-one interview process, the personal insights and narrative research data shared by the participating directors enabled a richer level of themes and common relationships to be identified across different boards. The surveys served as an ancillary quantitative measure to capture the directors' trait emotional intelligence and their board's decision making effectiveness over time to triangulate the researcher's findings from the case study.

5.4 The survey process

The literature review highlighted that the research conducted in the field of emotional intelligence supported the proposition that emotional intelligence personality trait skills can be developed over time (Goleman 1995). Therefore, the research data gathered for measuring the change in the participating directors' use of emotional intelligence personality traits at the start and end of the six month study was collected through anonymous online '360 degree' pre and post surveys. Each participant was de-identified and labelled 'Director 1' to 'Director 18'. The pre and post survey data collected was matched using a unique numbering identification system in the USQ Survey Tool to compare the two responses of each participant based on quantitative modelling. Each participant was provided with a code number in the USQ Survey Tool (which only the researcher was privy too) that served as the unique identification reference in the surveys for each participant. The unique identification codes for each participant were recorded in a separate 'register' file (maintained in an excel spreadsheet) by the researcher. The two surveys were reconciled with the register and the second survey results were able to be matched to the first survey results for each director. This coding match enabled the researcher to compare the two responses for each of the individual directors within the group of 18 taken at the beginning and the end of the six month period while retaining the anonymity of each participant. That is, only the participant's unique identifier codes were matched for the two surveys of the purpose of the research analysis and not the identity of the directors to the responses provided. Using a survey at two points in time was designed to gather the change in the participants' self-reported use of emotional intelligence personality traits, and their perception in the effectiveness of their board's decision making processes over this six month period. The relationships and correlations from the quantitative modelling performed on the research data gathered in the surveys is discussed in this chapter. The researcher's opinions from these observations are discussed at Chapters 6 and 7 in greater detail.

The use of uniquely numbered surveys for each volunteering participant was designed to de-identify the directors involved in this research case study. This was used to assist in matching the pre and post surveys conducted over the six month period. A matching 'pre' and 'post' survey for each director was required to perform

the p-statistic bi-variate ANOVA analysis. This was the quantitative modelling of the changes in the participants' emotional intelligence personality trait scores and effectiveness of board decision making processes over the six month period. The surveys were sent to participating directors by email with the details to accessing the online website access included in the email. The directors had voluntarily provided the researcher with a nominated email address. The survey included close-ended questions specifically designed to measure emotional intelligence based on the TEIQue short form test (Petrides 2009). The TEIQue short form questions were modelled based on a seven point Likert-type scale (Harsha and Knapp 1990) and are provided at Appendix A. A participant could obtain a TEIQue score from 1 to 7. 1 representing low and 7 representing high trait emotional intelligence. The survey included a second part also comprising of close-ended questions scaled from one to seven with a ranking from 'not at all' to 'always'. The second part of the survey was included for directors to complete which collected data on their perception of their board's effectiveness and governance behaviours. Their board would obtain a rating between 1 to 7 in decision making effectiveness. The set of questions included in the second part of the survey conducted at the beginning of the case study as the 'pre' interview survey is provided at Appendix B. During the course of the interviews, the researcher became more informed of common themes discussed across the group of directors in relation to the importance of the chair in facilitating effective decision making. Therefore, in conjunction with consulting with the researcher's research team, the 'post' interview survey conducted at the end of the case study was modified (Questions 7, 11, 13 and 17) to capture this relevant research data. The second survey is provided at Appendix E. Both the surveys were adapted for the research based from the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations: Principle 2 Structure the Board to Add Value' (ASX Corporate Governance Council 2019) 'Corporate Governance Principles and Recommendations', and the AICD's 'Good Governance Principles for Non-for-Profit Organisations: Principle 6 Board Effectiveness' (Australian Institute of Company Directors 2018) with scaled ratings for close-ended responses (Institute of Community Directors Australia 2018).

A direct and justifiable link between the theoretical foundations of this research discussed in Chapter 2 and the chosen measures to the research data and instruments applied in this research has been discussed above. The research

literature review highlighted that Petrides' work in developing the TEIQue survey tool has been recognised academically as a reliable, valid survey instrument and data collection method of operationalising emotional intelligence personality trait theory (Cooper and Petrides 2010). The measurement properties of the TEIQue as a psychometric instrument (refer Appendix A) is based on recognised academic empirical research methods used for emotional intelligence measurement developed by Petrides. This has been held as the most reliable survey instrument amongst a comparison of emotional intelligence models developed and used in academic behavioural research (Perez et al 2005). Again, it should be emphasised that the surveys served as ancillary data collection tools to the case study to assist the researcher in triangulating the research findings. The surveys did not serve as the primary data collection tool and method for founding this research. Therefore, as this research was conducted based on a mixed methods approach using a case study, the scale of participants in the surveys was not a hurdle condition to supporting the reliability of the results. The 18 participating directors were considered to be a sufficient pool size for the population for the quantitative analysis for these reasons (Vasileiou et al 2018).

5.5 Excel and SPSS statistical modelling software

The research data collected from the surveys was quantitatively modelled using bivariate analysis techniques between the independent variable (emotional intelligence personality trait score) and the dependent variable (perceived effective board decision making) (Olakitan 2014). The analysis is disseminated in Chapter 6 in detail. The effects of third variables and the assumption of a uni-directional relationship between the independent variable (emotional intelligence) and the dependent variable (effective board decision making processes) are acknowledged as research limitations at chapter 4.7. These limitations acknowledged are also discussed in further detail at chapter 6. There is likely to be a role for other mediating factors and third variables impacting the hypothesised relationship, which are acknowledged as limitations to the research and outside the scope of this research.

This research used statistical modelling and regression analysis with Excel and SPSS statistical computer software to determine the statistical significance of the correlation coefficient between emotional intelligence and effectiveness in board decision making processes. Analysis was performed at the beginning and end of the

six month case study period to assess changes and trends in the correlation of the data sets over time. A single factor ANOVA analysis with a significance level of 0.05 (the 'alpha') was identified as the statistical estimation strategy applied for the quantitative analysis for this research. This was chosen as it is a measure of the average mean across a group at two points in time and indicates through the p-test whether the means of the group compared at the two points in time are statistically the same or significantly different. This statistical measure was used to indicate whether or not the average emotional intelligence trait quotient across the group of directors did or did not improve over time (by a statistically significant difference). Likewise for the effectiveness of the board decision making as a group over the same six month period of time.

A p-test statistical analysis was applied and conducted as part of the quantitative analysis of the 'before and after' perspective of the same group of participating directors. It is noted that the p-test was just one of the statistical analysis tools used to assess the data. The correlation co-efficient between the data sets was also used to assess the strength and direction of the relationship between the data sets over the period. This analysis was conducted over the six month study period to identify any significance and trends observed. The relevance of measuring change in emotional intelligence was based on the concept and empirical research conducted that emotional intelligence personality trait skills can be developed and improved over time. Whereas intelligence quotient is considered a static trait of individuals. The research conducted has been to focus on understanding whether emotional intelligence personality traits influences or provides any quality to the decision making processes of the boards of Australia's large financial services institutions. Additionally, if there was shown to be an increased use of emotional intelligence personality traits by the participating directors over the six months (demonstrated through a positive change in their TEIQue scores) whether there was also an improvement or change in the effectiveness of decision making processes of these boards based on the survey results at the end of the six months. Finally, some of the results from specific survey questions in both the 'pre' and 'post' surveys were analysed by the researcher through the use of overall averages and rankings as part of identifying some key themes and observations in the research data. These results are discussed at section 5.9.

5.6 Data collection and methodological approach

The data collection methods described are congruent with addressing the research question and applying mixed methods methodology in the research design approach. The different sets of data collected in the research are both statistical and descriptive and the analysis performed is drawn on the mixed disciplines of quantitative and qualitative research methods (Somekh and Lewin 2011). The quantitative and qualitative data collection methods were undertaken concurrently and sequentially during the course of the six month research study period. Through modelling the correlative co-efficient data sets over time, the identification and analysis of the relationships and changes observed during the study period would test the hypothesis outlined chapter 4. The testing of the hypothesis serves as part of the academic framework to this research. The descriptive narrative research data gathered through open ended survey questions and the 18 interviews conducted provided further explanations of the correlative relationships observed from the quantitative data analysis, based on the detailed narratives provided by the directors (Kemp 2011). The information gathered included the participating directors' sharing their evolving experiences and self-awareness of emotional intelligence. In addition, the directors discussed the perceived effectiveness of the board and its culture, and how this is impacted and changed during a six month study period (Yin 2012).

The rationale for selecting the sample size of 18 board members within the Australian financial services sector and the characteristics of their relevance to the research question was based on catering for providing a sufficient diversity of views in the case study. The sample size of 18 was as a result of the challenge of accessing the elite group of directors on boards of Australia's financial services entities. Given the research case study focused predominantly on the qualitative methodology and research data collected through the interviews with the 18 directors, the risk of having an insufficient sample size for quantitative modelling to draw academically robust generalisations was alleviated (Vasileiou et al 2018). Rather the quantitative methods applied to the data based on the 'pre' and 'post' surveys conducted with the sample size of 18 board directors served as a method of triangulation to the qualitative analysis conducted.

5.7 Appropriateness of data collection methods

The data collection methods used in this research were appropriate. The use of email systems were considered to be unobtrusive and convenient for participating directors to complete (Fowler 2009). The surveys were easily accessible, intuitive, and able to be provided through mass distribution (i.e. email to link). There was a 100% successful participation rate achieved for the 'pre' interview survey and a 100% successful participation rate achieved for the 'post' interview survey from the entire sample population of 18 in the case study. All 18 directors voluntarily participated in an interview with the researcher, which generally spanned between 30 minutes to an hour with each, depending on how much discussion was generated by the 20 interview questions. The interviews were conducted at times which were convenient and chosen by the participants which catered around their board schedules. The data collection methods were aligned with the research design and mixed methods methodology. These methods have allowed research data and information to be collected that is measurable and meaningful data from directors of boards of Australian financial services institutions. The data collected was reliable, valid, and based on the relevant unit of analysis (Yin 1994), namely human action demonstrated through use of emotional intelligence traits and practices of directors that supported effective board decision making processes. The data collected was reviewed thoroughly by the University of Southern Queensland's academic personnel supervising this research. The research data using these collection methods was able to be collected in an efficient manner (reducing the risk of missing data) given the limited time directors would have to provide for a research study. The surveys were set up with mandatory fields within the USQ Tool Survey which required completion and of only one response to each question so that the surveys (comprising 49 questions in total over two parts A and B) and all 49 questions were required to be completed before participants could progress to the next question and enabling the data sets to be complete and consistent across all participants for the 'pre' and 'post' survey for the quantitative analysis.

The email communication used was an appropriate medium for facilitating access to the surveys for collecting the close-ended and open-ended research data. The data from the case study participants was collected through University of Southern Queensland's Research Online Survey eResearch Tool ('**RoSeRT**') using Limesurvey (a web-based software application), also known as the USQ Tool

Survey. In total, of the 18 participants in the research case study, all 18 participants voluntarily partook in thirty-minute interviews conducted (the estimated size of two boards). The interview participants included independent directors, board chairs, and executive managing directors of Australian financial services institutions. The participants whom voluntarily expressed interest in participating in the case study, were unrelated, did not all necessarily know each other and were initially drawn from the researcher's personal network (refer to Figure 5.2 below). The participants in the case study whom volunteered grew from the snowballing effect across each other's networks. Through informal conversations with these existing personal relationships, the prospective participating directors confirmed their willingness to complete the research surveys and interviews over the six month study period.

5.8 The participating directors

The 18 participating directors from 16 different Australian financial services entities were not all known to the researcher from the outset of the research. In light of the niche field of focus for this research, gaining access to the elite pool of directors on the boards of Australian financial services institutions presented the researcher with the challenge of ensuring voluntary participation of the 'target' ideal director group. Furthermore, the field research and data gathering phase was conducted between January to June 2020 inclusive, which was during the global Coronavirus pandemic that impacted Australia. Thus, this presented a further challenge in gaining access to the elite group of directors (Cooke 2018) of Australian financial services institutions during a time when boards of Australia's largest banks, wealth managers, superannuation funds and insurers were vigilantly focussing on managing the economic risks posed to the Australian financial system and to these organisations faced, how to best support their customers, shareholders and members whilst working closely with the Australian Government to stabilise the economy. Rather, through the use of the researcher's personal network, 7 of the directors were separately known to the researcher and the remaining 11 directors were connected to each other and volunteered through referral from one another (as illustrated in Figure 5.2 below).

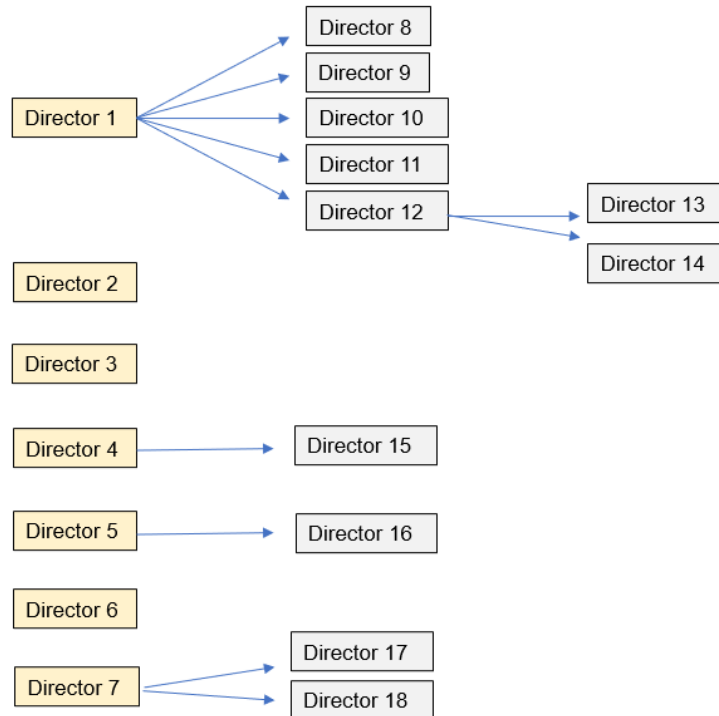


Figure 5.2 The Director network

Of the 18 directors, the profile comprised of 78% females, 22% males, 50% of which were chairs of their board or committee, and 50% who were not the chair of the board or committee they sat on (measured at December 2019 before the case study commenced). Of the 18 directors, two of them sat on the same boards as each other. Therefore the participating directors represented 18 organisations. The organisational mix of the 16 Australian financial services entities was 11% insurance, 33% superannuation (both industry and retail superannuation funds), 28% banking and 28% wealth management of which 7 of the 16 Australian financial services entities are listed on the ASX. Collectively the 16 entities managed over \$620 billion in funds under management and market capital (based on publicly available 30 June 2019 and 2020 financial reports).

5.9 Survey Data Analysis

The data gathered from the USQ Survey Tool from each of the participating directors comprised of two sections and 49 questions. The first 30 questions was adopted from the TEIQue Short form survey (Petrides 2009) to measure the directors' emotional intelligence trait quotient. The remaining 19 questions focused on the self-assessed effectiveness of the director's board governance practices

designed based on the ASX Corporate Governance's Principles. The survey data was analysed in four ways:

1. The relationship between the TEIQue scores and self-assessed effectiveness of the board's decision making processes from the pre-interview survey data taken at the start of the 6 month case study period;
2. The relationship between the TEIQue scores and self-assessed effectiveness of the board's decision making processes taken from the post interview survey data taken at the end of the 6 month case study period;
3. The relationship between the two sets of data to understand whether there was a correlation between and/or change in the TEIQue scores over the 6 month case study period and the self-assessed effectiveness of the board's decision making processes; and
4. A focus on certain questions and the response rate provided by the directors to identify key themes within the survey questions.

The first 30 responses (refer to Appendix A) from the surveys 'Part A of the survey' were used to calculate the short form TEIQue scores using Excel and SPSS software formula provided (refer Appendix H) as prescribed by Petrides (Petrides, 2009). Five results were provided for each director for the short form TEIQue output (ranked between 1 to 7 with 7 being considered most effective):

1. Global emotional intelligence quotient;
2. Well-being;
3. Self-control;
4. Emotionality; and
5. Socialability.

The responses to three of the remaining 19 responses (refer to Appendix B) of 'Part B of the survey' for the 'pre-survey', which were questions 7, 14 and 17, required the result to be reversed (i.e. if the response provided was a rating of 7, this was required to be changed to a 1). The total of these 19 responses was then summated and divided by 19. The result of this arrived at an average score to determine the overall self-assessed effectiveness of the board's decision making process (ranked between 1 to 7 with 7 being considered most effective). For the 'post-survey', the responses to only one of the remaining 19 responses (refer

Appendix E) of ‘Part B of the survey’, which was question 14 (as per above), required the result to be reversed (i.e. if the response provided was a rating of 7, this was required to be changed to a 1). The total of these 19 responses was then summated and divided by 19. The result of this arrived at an average score to determine the overall self-assessed effectiveness of the board’s decision making process (ranked between 1 to 7 with 7 being considered most effective). This second part to the survey was designed based on the ASX Corporate Governance’s Principles.

5.9.1 Relationships between TEIQue scores and board decision making ‘pre’ survey results

The average of the self-assessed outcomes from the two-part ‘pre’ survey for the 18 directors is portrayed below at Table 5.1.

	Average self-assessed outcome
Board decision making effectiveness ('BDME')	5.4561
Global EI	5.8666
Well-being	6.3148
Self-control	5.4722
Emotionality	5.8958
Socialability	5.5555

Table 5.1: Pre-interview survey average self-assessed outcomes

The averages of the self-assessed outcomes for the ‘pre’ survey conducted at the start of the 6 months was relatively high for each of the areas assessed. A few observations can be drawn from this. The directors’ self-assessed effectiveness of the boards’ decision making processes and governance practices has been labelled ‘**BDME rating**’ (an acronym of board decision making effectiveness rating) for the purposes of this research discussion. As can be seen, this was relatively high (average per Table 5.1 of 5.4561). This correlates with the interview discussions in which the directors reflected that they considered their boards to be effective in decision making and have collegiate and trusting cultures (discussed at section

5.10). It also been noted previously, that the maturity of the governance practices of Australian financial services entities are highly regulated by APRA, ASIC, the Australian Competition and Consumer Commission ('**ACCC**'). The directors are also subject to the BEAR regime and soon to be implemented FAR regime whilst also adhering to the ASX's Corporate Governance Principles which supports that this outcome is likely to be expected. In other words, the decision making processes of the boards of these Australian financial services institutions are mature and have sophisticated and structured governance frameworks in place to support formal decision making process facilitated with robust procedures. Further, the directors frequently noted in the interviews that they considered their boards to be effective in decision making and would only be on boards that were effective in their culture and execution of their board duties, rather than sit on ineffective boards.

The average emotional intelligence trait quotient of the directors from the short form TEIQue survey was high (per Table 5.1 above the Global EI of 5.8666). This suggests a couple factors of the group of participating directors. Within the group, fifty percent of the directors were currently board chairs or had been in the role of a board chair in of an Australian financial services institution. As a collective group of directors, each participant had progressed to their board roles through their long standing careers, most of whom had previously been in executive management and worked their way through organisations. Therefore, it is reasonable to expect that the average TEIQue result of 5.8666 measured at the beginning of the case study was high. In section 2.4, it was proposed that individuals with high trait emotional intelligence are more likely to behave '... in socially effective ways, which will ultimately be reflected in higher scores on personality facets like friendliness, dependability, and sociability.' (van der Linden et al 2017, p. 45). Furthermore, emotional intelligence traits focus on observing '...the extent to which [a person] uses emotional knowledge and skills in order to cooperate with others and obtain personal goals' (van der Linden et al 2017, p. 46). As noted earlier, based Dulewicz and Higgs' research in 2013 conducted in the United Kingdom, it was shown that the higher up individuals progress in an organisation, the importance of behaviours that utilise personality traits to manage emotions effectively and interact socially with others (managing people) increases. Therefore, the researcher considered that emotional intelligence is critical at the board level (Dulewicz and Higgs 2003), and

the high average TEIQue global emotional intelligence of the directors observed from these results supported this.

The correlation co-efficient for the self-assessed Global EI outcome for the directors based on the short form TEIQue survey, and each of the four sub-parts of the TEIQue survey were calculated with the directors' self-assessed BDME rating in Excel to understand whether there was a positively or negatively correlated relationship. The results of this are below in Table 5.2:

	Correlation Co-efficient with BDME rating
Global EI	0.30121
Well-being	0.02806
Self-control	0.15190
Emotionality	0.21046
Socialability	0.39064

Table 5.2: correlation coefficients with board effective-decision making (BDME rating)

The relationship between the overall trait emotional intelligence of the directors and their self-assessment BDME rating was positive (per Table 5.2 above of 0.30121). This shows that there is a positive relationship between directors' emotional intelligence measured by the TEIQue rating and the board's effectiveness in decision making measured by the BDME rating. Interestingly, the sub-factors of emotional intelligence traits, namely the two which relates to engaging with others (Emotionality and Socialability) were more highly positively correlated with the self-assessed effectiveness of the board's decision making processes than the sub-factors of trait emotional intelligence which focus more on the individual's ability to self-control their emotions and well-being. Each of these items are discussed in turn and postulated with how these fits in with the effectiveness of the collective board in the decision making process.

Emotionality is focused around an individual's perception and belief that they can express emotions effectively and use these traits to develop close relationships with others important to them. Socialability measures an individual's perception of their ability to have social influence and social relationships in the context of acting

as an agent in different settings. These two factors relate more to social intelligence in the TEIQue model which the researcher expected to see. In light that these two factors were more highly positively correlated to the directors' self-assessment of board decision making effectiveness, this seems logical in that the decision making process is a group interactive process that brings together differing ways of thinking, diverse experience and backgrounds of other directors with the purpose of collectively making decisions. Group decision making does tend to draw on individual directors' ability to listen, clearly communicate, and be open to being persuaded by others without having a closed mindset to other options. Thus, the results from the 'pre' survey seem to support this.

Well-being is focused around an individual's sense of positivity, fulfilment and comfortableness with future expectations of achievement based on past experience. This factor relates more to emotional intelligence in the TEIQue model. This was still positively correlated with the effectiveness of board decision making processes but was relatively lower compared to the other three quadrants. This could be due to the board decision making processes of Australian financial services entities being quite mature and such entities are in a highly regulated and resilient industry (having survived the global financial crisis in 2009, recently being subject to the Royal Commission and currently navigating through COVID-19). Therefore, directors could be considered to be reserved in their views and maintain a level of conservatism, or healthy scepticism about feeling positive about future success and growth of the organisations they govern. This result may also have been impacted by the uncontrollable external factor of the fact that the Coronavirus pandemic was starting to take effect in Australia during the time the case study was conducted (January to June 2020). Self-control reflects an individual's ability to healthily manage and balance their impulses, rationality and external pressures or stresses. This factor also relates more to emotional intelligence in the TEIQue model. This factors still had a positive but lower correlative relationship with the directors' self-assessments of the effectiveness of their boards in decision making. Perhaps the emotional intelligence traits that relate more to an individual's ability to manage themselves rather than when engaging with others effectively is not as impactful on the effectiveness of the board as a group in decision making. This would be something to explore in future research.

Chart 5.1 shows the results of the positive correlation between the two parts from the 'pre' survey for the directors' global trait emotional intelligence quotient TEIQue scores (the independent variable) and their self-assessed board effectiveness BDME rating of the effectiveness of their boards in decision making (the dependent variable).

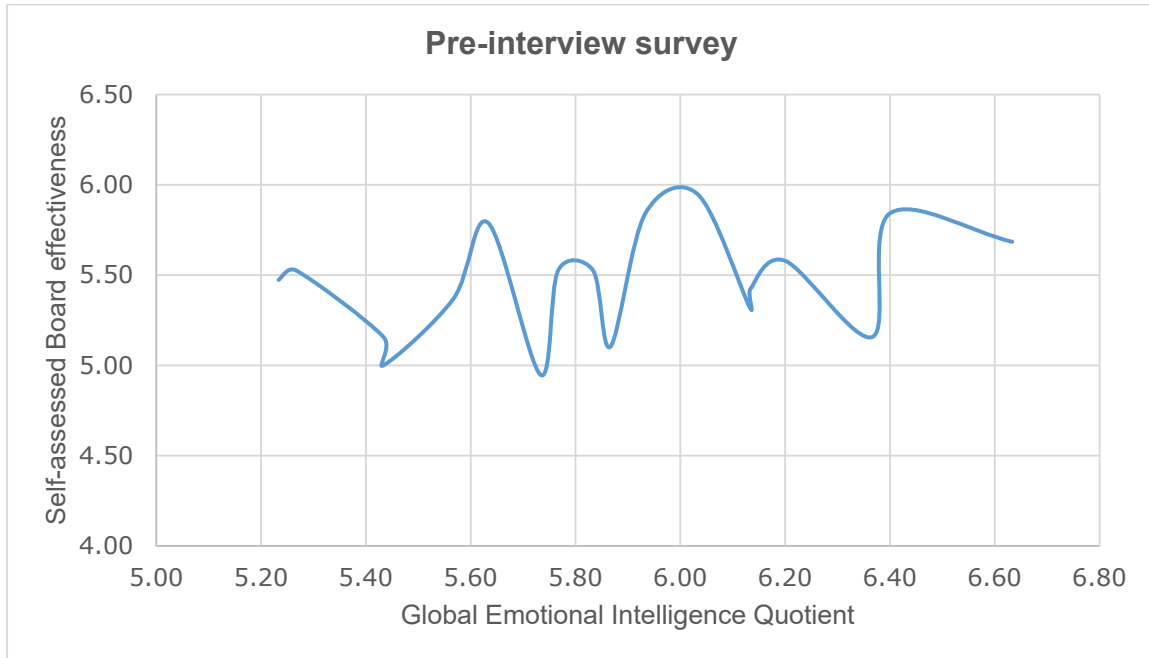


Chart 5.1: Pre-interview survey output

5.9.2 Relationships between TEIQue scores and board decision making 'post' survey results

The average of the self-assessed outcomes from the two-part 'post' survey for the 18 directors is portrayed below at Table 5.3.

	Average self-assessed outcome
Board decision making effectiveness	5.7865
Global EI	5.9407
Well-being	6.3889
Self-control	5.5278
Emotionality	5.9028
Socialability	5.7315

Table 5.3: Post-interview survey average self-assessed outcomes

The difference between the 'pre' and 'post' survey averages of the self-assessed outcomes from the two-part survey for the 18 directors is portrayed below at Table 5.4.

	'Pre' survey results (Table 5.2)	'Post' survey results (Table 5.3)	Difference (+ / -)
Board decision making effectiveness	5.4561	5.7865	+0.3304
Global EI	5.8666	5.9407	+0.0741
Well-being	6.3148	6.3889	+0.0741
Self-control	5.4722	5.5278	+0.0556
Emotionality	5.8958	5.9028	+0.0070
Socialability	5.5555	5.7315	+0.1760

Table 5.4: Differences in the 'pre' and 'post' surveys average self-assessed outcomes

The average of the self-assessed outcomes in Table 5.3 from the 'post' survey conducted at the end of the six months after the interviews had been completed and in light that the participants had been provided with the information pamphlet which provided a summary overview of trait emotional intelligence (refer to Appendix D) shows changes in the results. Tables 5.3 and 5.4 show that there was a positive improvement in the overall average global trait emotional intelligence and across all of the four factors of trait emotional intelligence (Well-being, Self-control, Emotionality and Socialability). The largest increase of the average outcomes for the factors was Socialability which increased by 0.1760. The overall outcomes for the directors as a collective group was high. Similarly, the average overall self-assessed effectiveness of the board decision making (the BDME rating) remained high and had improved in the 'post' survey (by 0.3304). This indicates there is a relationship between the trait emotional intelligence of the directors and the effectiveness of the board's decision making processes. This is supported by the observations shared by the directors in the interviews. The analysis of the relationship is discussed further at section 5.8.3. This section is focused on the 'post-survey' results. Interestingly, the Well-being, Emotionality and Socialability factors, on average, were higher than Self-Control. There are a couple observations that can be made from this.

As noted in the analysis of the 'pre' survey results, the directors were anticipated to be relatively high with trait emotional intelligence measured from the TEIQue rating based on the previous research conducted. As discussed above, the prior research suggested that board chairs and directors are likely to have higher emotional intelligence as this becomes an increasingly important and valued skill the further up people progress in leadership roles (Dulewicz and Higgs 2003). Further, during the six months between the time when the first survey was conducted a lot had occurred for these directors. They'd become more informed about trait emotional intelligence and participated in the one-on-one interview process with the researcher. In these interviews, they articulated their views on emotional intelligence traits and expressed the value this played in decision making of boards and what makes their board effective with decision making. Further, over the six month period, the directors had the opportunity to reflect on this and apply their greater awareness of emotional intelligence traits in board meetings prior to the final survey. Accordingly, it is considered that their awareness and opportunity to make use of their trait emotional intelligence skills at the board meetings that took place between the pre and post surveys is likely to have had an influence on these results. The directors also consistently noted during the interviews that they were open to learning and considered that emotional intelligence traits could be developed and improved by directors. This is consistent with Dweck's open mindset and implicit intelligence theory (Dweck and Legget 1988). This also suggests and supports the proposition, as discussed with the directors in the interviews, that directors can work on developing their trait emotional intelligence skills which can have a positive influence on their perceptions of the effectiveness of their boards in decision making.

The correlation coefficients between the 'post' survey results for the overall average global trait emotional intelligence of the directors (measured by the TEIQue rating) and the overall average effectiveness of the board decision making (measured by the BDME rating) is shown at Table 5.5 below. This also shows the correlation coefficients between the four factors:

	Correlation Co-efficient with BDME rating
Global EI	0.38188
Well-being	0.35862
Self-control	-0.16996
Emotionality	0.35058
Socialability	0.39467

Table 5.5: Post-interview survey correlation coefficients with board effective-decision making

Table 5.6 shows a comparison of the correlation coefficients with the overall group average TEIQue ratings and BDME ratings from the 'pre' and 'post' surveys conducted at the beginning and end of the six month case study period.

	'Pre' survey results (Table 5.4)	'Post' survey results (Table 5.5)	Difference (+ / -)
Global EI	0.30121	0.38188	+0.0807
Well-being	0.02806	0.35862	+0.3306
Self-control	0.15190	-0.16996	-0.3220
Emotionality	0.21046	0.35058	+0.1401
Socialability	0.39064	0.39467	+0.0040

Table 5.6: Differences in the 'pre' and 'post' surveys correlation coefficients

Similarly, overall, the correlation co-efficient between global trait emotional intelligence (TEIQue rating) and their self-assessed effectiveness of board decision making processes (BDME rating) was positively correlated (0.38188). Emotionality, Socialability and Well-Being were positive and higher in the 'post' interview survey results conducted six months later. These findings indicate that there is a relationship between emotional intelligence of directors and the effectiveness of board decision making processes. As discussed in section 5.10 and chapter 6, this is also suggestive and supports the directors' views shared in the interviews that they considered emotional intelligence traits, in their experience, did have a positive impact on the quality of the board's decision making processes. Emotionality and

Socialability are the two factors of trait emotional intelligence which focus more towards engaging with others as discussed in section 5.9.1. These two factors had relatively high relationships with the effectiveness of the board decision making, which suggests that the effectiveness of the board in decision making does depend on the well-functioning group dynamic of the directors, which can be facilitated and enhanced with well-developed trait emotional intelligence skills of directors.

Further, the indication that the trait emotional intelligence skills of directors did improve over time aligns with the discussions with directors during the interview process and that board decision making is an iterative process whereby directors deliberate and appreciate the value in engaging in rigorous discussion to develop the optimal outcome over time. Well-Being also ranked quite highly with a positive correlative relationship with the effectiveness of the board in decision making (of 0.35862 in Table 5.5). This suggests that the directors are likely to have a positive mindset for growth, and an instilled level of confidence in the board's decision making processes. The boards of Australian financial services institutions are well developed, structured and mature. Therefore this does lay the foundation for a methodical way of making decisions and facilitating open vigilant discussion with confidence that the directors' views and opposing ideas will be heard and respected. Interestingly, Self-Control was shown to not necessarily have a positive relationship with the directors' assessment of the effectiveness of their boards in decision making (refer Table 5.6). Rather, perhaps a negligible relationship with the effectiveness of board decision making. Perhaps, upon reflection, this may be impacted due to the context of the case study being conducted during the COVID-19 pandemic. As APRA's chairman Wayne Byrnes stated, 'for the industry and APRA, COVID-19 has been a case of all hands on deck' (Frost and Eyre 2020, p. 1).

Chart 5.2 shows that there was a positive and correlative trend between the global trait emotional intelligence of directors (the TEIQue scores) and their self-assessed effectiveness of the board in decision making (BDME rating). Noting there was an outlier which digressed in views of the effectiveness of their board in decision making compared to the 'pre' interview survey. This could be the case for many unknown reasons or moderating factors that occurred in the case study. As the 'post' interview survey was taken at the end of the case study, the researcher was unable to obtain any further reasons or insights into this outlier. Two possible factors are

hypothesised here. One could be that through the director's greater awareness and appreciation of trait emotional intelligence, as discussed in the interview and informed in the pamphlet provided, upon reflection, the director considered that their board was not as effective in decision making as initially perceived in the 'pre' interview survey at the beginning of the case study. Alternatively, perhaps the board of the Australian financial services institution this director sat on had many competing factors to grapple with under pressure during the Coronavirus pandemic. For example, all board meetings were conducted at odd hours of the day via Zoom or Skype remotely and the technological environment had distorted the collective board's experience in the board meetings and ability to emotionally engage with each other as effectively in the decision making process as they did in person together.

Chart 5.2 shows the positive correlative relationship between the results of the two parts from 'pre' survey for the directors' global trait emotional intelligence TEIQue scores (the independent variable) and their self-assessment of the effectiveness of their boards in decision making measured through the BDME rating (the dependent variable).

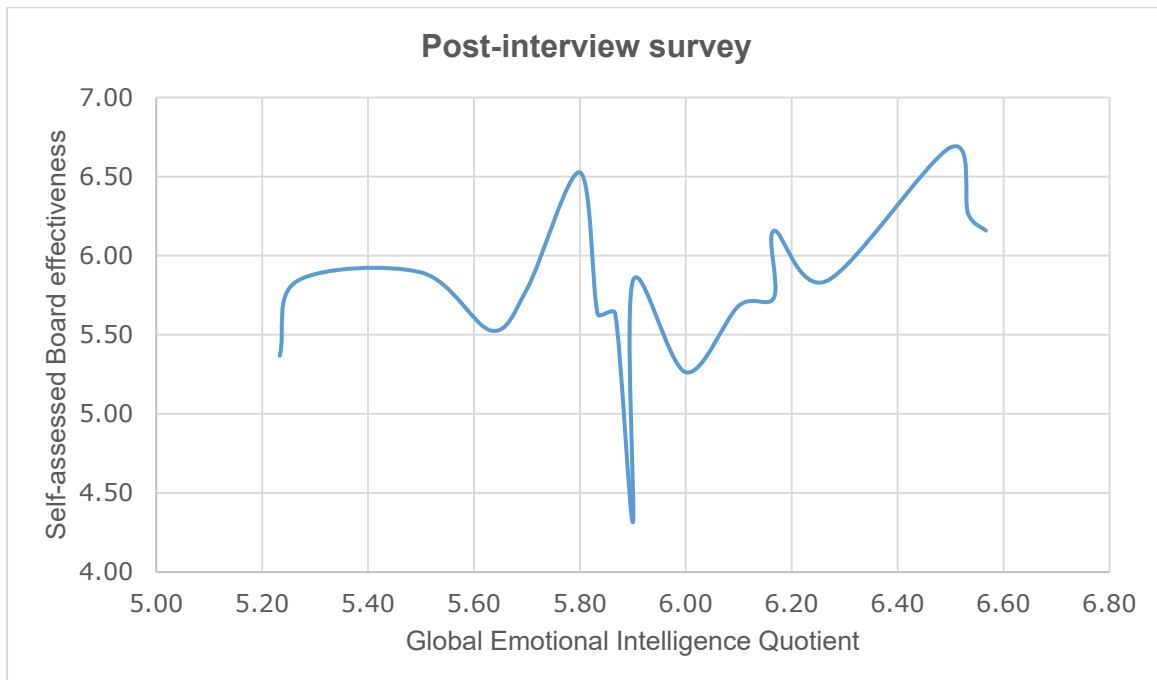


Chart 5.2: Post-interview survey output

The combined results between the 'pre' and 'post surveys are discussed in the following section.

5.9.3 Relationships between the 'pre' and 'post' survey results of the TEIQue scores and board decision making effectiveness (BDME rating)

The discussion in this section focuses on observations made between the 'pre' interview survey and 'post' interview survey conducted at the beginning and the end of the six month case study period. The analysis is further broken down based on separating and comparing the director participant group that are or have been chairs in their directorship careers and those in the director participant group that had not ('non-chairs'). This has been done to draw out whether there are some themes emanating from the survey data that aligns with some of the observations made in the interviews. The main theme arising from the interviews in relation to the effectiveness of the board decision making process was that the effectiveness in the chair, and emotional intelligence of the chair was pivotal in facilitating robust discussion and enabling a structure approach to the decision making process of the board. It is worth noting that the TEIQue scores of the directors trait emotional intelligence quotients is not a static outcome and can be impacted by many different variables over time. Again, whether the length of the case study, being six months, or the context upon which the case study was conducted (during the Coronavirus pandemic of 2020) had any impact on the outcomes has not been able to be tested in this research. These are limitations to this research and possible moderating factors. Whether more informed directors, armed with the trait emotional intelligence trait pamphlet (refer Appendix D) had a positive or negative impact on the results is also unknown as there was no separate pool of directors that underwent the same case study experience that were not provided with the trait emotional intelligence pamphlet to provide this comparison. This could be an opportunity for future research. Finally, whether the interviews, and the opportunity for the directors to articulate their views on trait emotional intelligence and their views of the effectiveness of the board decision making process had any subconscious or conscious impact on the outcomes, is also a research limitation here. Something to consider for future research.

As noted in sections 4.4 and 4.5, the short form TEIQue part of the survey (Petrides 2009) remained static and unchanged (Appendix A) whereas the part of the survey focused on the directors' self-assessment of the effectiveness of their boards' decision making processes was modified over the course of the case study

(Appendices B and E, refer to questions 7, 11, 13 and 17). The purpose of doing this was to further explore and understand whether the directors' perceived that the effectiveness of the board chair had a positive impact on their views of the effectiveness of their boards in decision making. Following consultation with the researcher's research team, the decision was made to do this as it was considered that this would provide greater insights into this theme which had begun to emerge during the interview process of the case study. A comparison of the board decision making questions that were modified is shown below in Table 5.7 below:

Survey Question	Pre 'interview' survey	Post 'interview' survey
7	Directors think that involving stakeholders to generate solutions can make the process more complicated	The effectiveness of the chair in facilitating discussion amongst directors is critical to the functioning of the board.
11	In a group decision making process, directors tend to support management's proposals and try to find ways to make them work	In a group decision making process, the chair is effective in engaging the views of the directors
13	Some of the options chosen have been much more difficult to implement than expected	The chair takes into account the traits of the directors in managing the board.
17	Directors emphasise how confident they are in a decision as a way to gain support for the decision	The chair makes a significant contribution to the functioning of a well-run board and the way forward on decisions

Table 5.7: Modified questions in 'post' interview survey

The distinction between the themes of these four questions was the focus more towards stakeholder involvement and execution of decision making in the 'pre'

survey whereas the focus was more towards the contribution of the chair in engaging directors and the value of the chair’s effectiveness in facilitating effectiveness amongst the board of directors in the decision making process in the ‘post’ survey. Of the four questions above for the ‘post’ survey, the director group rated each of those questions with a high rating (averaging at 6.78, 6.22, 5.89 and 6.61 out of 7 respectfully). The remaining 15 questions in the board decision making component of both surveys remained the same. An overall average of the effectiveness of the board decision making was compared in the ‘pre’ and ‘post’ surveys taking into account all 19 questions. The overall average of the ‘standardised’ effectiveness of the board decision making was also compared in the ‘pre’ and ‘post surveys taking into account the 15 questions that remained consistent during the case study. The results are in the Table 5.8 are discussed in turn.

	Role	Global EI (TEIQue)	Board decision making effectiveness (BDME)	Board decision making effectiveness (standardised)
Pre interview survey (averages)	All	5.87	5.46	5.67
	Non-chair	5.99	5.42	5.72
	Chair	5.74	5.49	5.61
Post interview survey (averages)	All	5.94	5.79	5.63
	Non-chair	6.11	5.83	5.69
	Chair	5.77	5.74	5.57

Table 5.8: Comparison of population averages

Over the six month case study period, the directors (both chair directors and non-chair directors) demonstrated an increase in the average trait emotional intelligence of each group. These groups were selected because two skills of the behavioural competencies identified by Kiel et al (2012) were collaboration and understanding of effective decision-making processes. This grouping provides evidence from both the sender (the chair) and the receiver (the non-chair). Further, over the six months, the directors perceived there was also an overall increase, on average, in the board decision making effectiveness based on their self-

assessments. This indicates that there is a positively correlated relationship between the trait emotional intelligence of directors and the effectiveness of board decision making, which is underpinned by the directors' perception of the effectiveness of their chair in this process. Between the six months, the directors participated in an interview to discuss their understanding of emotional intelligence and were provided a summary pamphlet of trait emotional intelligence (Appendix D). This was intended to help instil great consciousness and awareness of using emotional intelligence traits in upcoming board meetings during the six months. During the interviews, all 18 participating directors described their learning style as open, curious and that they had a great level of engagement to learn (survey question 7 at Appendix C). As such and as noted above, this appears to be supportive of Dweck's open growth mindset and implicit intelligence theory (Dweck 2016).

A slight distinction should be made between both measures of the averages of board decision making effectiveness. As the research case study progressed through the interviews with participating directors, a key theme of the board chair being critical to the effectiveness of the board's decision making helped inform the researcher to make modifications to the second survey part on board decision making effectiveness (as noted at Table 5.7). This was intended to further explore this theme arising from the interview process. Therefore, a standardised board effectiveness decision making measure was also calculated to exclude the four questions that were modified in the pre and post surveys for both groups. On overall average, these results between the pre and post surveys show a slight decrease in the directors' self-assessed effectiveness of their boards' decision making processes. This suggests perhaps that further research could be conducted by removing questions focused around the board chair and the emotional intelligence of the board chair which, from this research was shown to have a positive impact on the directors' assessment of their board's effectiveness in decision making. This could also be a moderating factor which has impacted the results. However, this is consistent with the interview responses, whereby the directors consistently acknowledged that the emotional intelligence traits of the chair play a critical role in the board's effectiveness in group decision making.

The correlation co-efficient results for the 'pre' and 'post' surveys show that there is a positive relationship between the trait emotional intelligence of the

directors and the effectiveness of their boards in decision making based on their self-assessments of their boards for both the directors that were non-chairs, and the directors that were chairs (per Tables 5.9 and 5.10 below). At the beginning of the case study, the strength in this relationship for non-chair directors was lower at 0.14980 than for chair directors at 0.56216. However, at the end of the six month period, this position had reversed with the strength of the correlation co-efficient for non-chair directors being higher at 0.77416 and chair directors being 0.20274. All results were still positive correlation coefficients between the directors' global emotional intelligence traits (TEIQue scores) and the effectiveness of board decision making processes (BDME ratings). Perhaps, an observation can be made that as non-chair directors became more aware and conscious of their use of emotional intelligence traits in board meetings, their experience of the effectiveness of their boards in decision making improved. This is consistent with their discussions and responses provided in the interviews. For chair directors, as their role is considered to be critical in the effectiveness of the board in decision making (a key theme that emanated from the interviews), having greater awareness of this may have changed their assessment. For example, becoming more aware of using emotional intelligence traits and considering the impact on decision making could have heightened their awareness that their boards were developing greater emotional consciousness in deliberations. This is an iterative process which would develop over time. This was also a key theme arising from the interviews with directors, which, was also noted as not being something that wasn't done as frequently or at the forefront of boards of financial services entities as should be in this era following the Royal Commission.

Non Chairs	Correlation Co-efficient (pre)	Correlation Co-efficient (post)
Global EI	0.14980	0.77416
Well-being	0.04993	0.54792
Self-control	-0.07031	0.28165
Emotionality	0.09801	0.70986
Socialability	0.18481	0.52730

Table 5.9: Comparison of coefficients for non-chair directors

Chairs	Correlation Co-efficient (pre)	Correlation Co-efficient (post)
Global EI	0.56216	0.20274
Well-being	0.07151	0.24847
Self-control	0.42881	-0.53020
Emotionality	0.46857	0.22599
Socialability	0.60352	0.32043

Table 5.10: Comparison of coefficients for chair directors

A single factor ANOVA analysis with a statistical significance level of 0.05 (the 'alpha') was conducted between the two groups (chairs and non-chair directors) to consider whether the TEIQue scores for each director in these groups and their self-assessed views of the effectiveness of the board's decision making process (BDME Ratings) was statistically significantly different or not. This quantitative measure was applied as it tests the mean between two population groups to confirm whether they are statistically significant or not. In other words, the results (the 'P-value') would show whether the mean in the group of directors between the 'pre' and 'post' results were statistically significant, such that a demonstrable difference had occurred over the six month case study period. These outcomes for each group were compared over time between the pre and post results for each. This analysis was performed for the board decision making effectiveness results in two ways to show the impact of the modified questions in the post survey. The analysis was performed for the survey results on board decision making effectiveness for the pre and post results as they were (which included the four modified questions in the post survey). The analysis was also performed for the standardised board effectiveness survey results of the 'pre' and 'post' surveys for the static 15 questions over the time period to remove the moderating factor of the differences in the questions that were modified in the post survey (questions 7, 11, 13 and 17). It is noted that for the single factor ANOVA analysis, all of the 18 participating directors in the case study completed the 'pre' and the 'post' survey. The results are below in Table 5.11, Table 5.12 and Table 5.13.

TEIQue Scores: Chairs						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Pre	9	51.7	5.74444	0.14639		
Post	9	51.9667	5.77407	0.17915		
ANOVA						
Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	0.00395	1	0.00395	0.02428	0.87814	4.49400
Within Groups	2.60395	16	0.16275			
Total	2.60790	17				
TEIQue Scores: Non chairs						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Pre	9	53.9	5.9889	0.1597		
Post	9	54.9667	6.1074	0.0877		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.06321	1	0.06321	0.510914	0.485043	4.493998
Within Groups	1.979506	16	0.123719			
Total	2.042716	17				

Table 5.11: Comparison of single factor ANOVA analysis for TEIQue results

Board decision making effectiveness Scores: Chairs						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Pre	9	49.42105	5.49123	0.10249		
Post	9	51.68421	5.74269	0.39781		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.28455	1	0.28455	1.13750	0.30201	4.49400
Within Groups	4.00246	16	0.25015			
Total	4.28701	17				
Board decision making effectiveness Scores: Non chairs						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Pre	9	48.78947	5.42105	0.08587		
Post	9	52.47368	5.83041	0.17505		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between Groups	0.75408	1	0.75408	5.78001	0.02868	4.49400
Within Groups	2.08741	16	0.13046			
Total	2.84149	17				

Table 5.12: Comparison of single factor ANOVA analysis for Board decision making effectiveness results

Board decision making effectiveness Scores: Chairs						
(Standardised)						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Pre	9	50.5333	5.61482	0.15531		
Post	9	50.1333	5.57037	0.48790		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between						
Groups	0.00889	1	0.00889	0.02764	0.87004	4.49400
Within Groups	5.14568	16	0.32161			
Total	5.15457	17				
Board decision making effectiveness Scores: Non chairs						
(Standardised)						
SUMMARY						
Groups	Count	Sum	Average	Variance		
Pre	9	51.8	5.7556	0.3044		
Post	9	51.215	5.6906	0.1930		
ANOVA						
Source of Variation	SS	df	MS	F	P-value	F crit
Between						
Groups	0.0190	1	0.01902	0.07645	0.78571	4.49400
Within Groups	3.9798	16	0.24874			
Total	3.9988	17				

Table 5.13: Comparison of single factor ANOVA analysis for the standardised Board decision making effectiveness results

It can be seen from above that the P-value for the source of variation between groups over time is greater than 0.05 across all groups (chairs and non-chairs) for both the trait emotional intelligence scores and the board decision making effectiveness scores, with one exception. This means the null hypothesis is not rejected and that the differences between the means of the trait emotional intelligence and board effectiveness in decision making processes for both groups, compared over the 'pre' and 'post' surveys were not statistically significant. Therefore, although an increase in trait emotional intelligence over the six months for both groups (chairs and non-chair directors) was observed, it was not statistically significant. Therefore based on a statistical quantitative analysis alone, the results were unable to support from the proposition that directors can work on improving their trait emotional intelligence over time. Although there was an improvement over the case study period (Table 5.11) the quantitative results were not statistically significant to support either way with 95% confidence. However, there was a statistically significant and positive improvement in the directors' assessment of their board's effectiveness in decision making for non-chair group of directors as the P value of 0.02868 was less than the alpha of 0.05 and therefore the null hypothesis could be rejected (per Table 5.12). This result statistically showed that the mean of the non-chair directors' assessment of their boards' effectiveness over time was statistically significant and had improved over the six month period on average. Based on the standardised 15 survey questions for assessing the effectiveness of the boards in decision making processes, there was a slight decrease over the six month case study for both the chair director group and the non-chair director group (Table 5.13), which was not statistically significant. Therefore, based on an assessment of the observations of the output from the ANOVA analysis and quantitative analysis alone, the results are inconclusive. This is why, using a mixed methods approach in this case study was a superior design approach to the research. The qualitative analysis would assist to give meaning and greater insights to the quantitative analysis.

However, of interest from the results, Table 5.7, highlights the BDME rating for the 'pre' survey results and results with the modified questions in the second 'post' survey (Questions 7, 11, 13 and 17), which show that an emotionally intelligent board chair played an important role in facilitating the effectiveness of the board in decision making. The directors' assessments of the effectiveness of their boards, on

average, improved in the post survey results. It is fair to say that these results indicate this is a mediating factor which strengthens the relationship between the emotional intelligence traits of directors and the effectiveness of their boards in decision making processes. The standardised 15 questions show a rather stable outcome, although slightly decreased over the six months for both the chair director group and the non-chair director group at Table 5.13. This may be due to unknown moderating or mediating factors and would be the focus of further research in the future. Perhaps a factor to note was the changing environment during the Coronavirus pandemic that these boards were operating within during the six months of this case study. This may have had an impact on these results. Perhaps the directors were viewing the decision making processes of their boards in a new light and under much more stressful and constrained circumstances than would otherwise have occurred had the case study conditions remained static. What is highlighted from the post survey results is that the overall averages of TEIQue and BDME (in Table 5.8) do indicate an increase over the six months attributable to the emotional intelligence of the directors and the effectiveness of the chair in the board decision making process. This is apparent through comparing the BDME results and the standardised results of the 'pre' and 'post' surveys for board decision making effectiveness. The BDME results included the modified four questions focusing on the role of the board chair in the 'post' survey. Whereas the standardised results excluded these four modified questions in the pre and post survey results to assess how much of a statistical impact the modified questions had in the results. Therefore, the role of the board chair and their emotional intelligence in facilitating effective decision making of the board is something for future research to explore in greater detail.

5.9.4 Observations on key themes from the surveys

The discussion in this section focuses on observations made from the highly rated questions in the surveys for the Part B section on the effectiveness of the board decision making processes. Table 5.14 below shows the top five ranked survey results for the 'pre' interview survey on Part B of the survey which focused on board decision making effectiveness.

Question	Average rating
The board tries to determine the real issue and be informed before starting a decision making process.	6.1667
The board and management have relevant, robust and respectful open discussion allowing for different perspectives and views to be shared.	6.1667
The board decision making processes cultivate diversity of opinion and deliberation.	6.1111
The board considers a variety of potential solutions, negative and positive aspects before making a decision.	6.0556
Directors express confidence in sharing their point of view where it is open to the possibility of two different ideas.	6.0556

Table 5.14: Top five ranked survey results for the pre interview survey: Part B effectiveness of board decision making processes

Table 5.15 below shows the top five ranked survey results for the 'post' interview survey on Part B of the survey which focused on board decision making effectiveness.

Question	Average rating
The effectiveness of the chair in facilitating discussion amongst directors is critical to the functioning of the board.	6.7778
The chair makes a significant contribution to the functioning of a well-run board and the way forward on decisions.	6.6111
The board evaluates the strategy and risks associated with each alternative before making a decision.	6.2222
In a group decision making process, the chair is effective in engaging the views of the directors.	6.2222
Directors express confidence in sharing their point of view where it is open to the possibility of two different ideas.	6.1111

Table 5.15: Top five ranked survey results for the post interview survey: Part B effectiveness of board decision making processes

Tables 5.14 and 5.15 show a number of interesting observations. These results highlight that the directors considered their boards were very good and effective in the following:

- Facilitating relevant, robust discussion to enable all views to be shared;
- Considering a variety of potential solutions, including the negative and positive aspects of potential solutions before making a decision;
- Cultivating diversity of opinion in board discussions;
- Taking the time to consider the real issue at hand;
- Expressing confidence in sharing point of views where it is open to the possibility of two different ideas;
- The effectiveness of the chair in facilitating and engaging differing views in board decisions; and
- The chair makes a significant contribution to the effective running of board decisions and the way forward.

As shown in the survey results, the directors' confidence factor in feeling they could share their point of views where it was open to the possibility of different competing ideas in board decision making increased on overall average during the six month period from 6.0556 to 6.1111. This indicates their experience of the effectiveness of the board's decision making process improved during the case study as directors' emotional intelligence trait quotient and use of emotional intelligence in board decision making improved and increased over the case study period. This is a positive result and also serves to facilitate rigorous discussion which can result in a more optimal decision and outcome, consistent with vigilant interactive theory (Hirokawa and Rost 1992). These observations from the quantitative analysis support a link with the emotional intelligence traits of directors and effective board decision making.

5.10 Interview Data Analysis

Sixteen of the interviews were conducted by telephone conference with the participating directors. The directors were all located in Australia in either Melbourne, Victoria or Sydney, New South Wales. Two interviews were conducted face to face in person in Melbourne with the consent of the participating directors. These two interviews occurred prior to the mandate of social distancing measures and the lock down that occurred in Victoria during the Coronavirus pandemic whilst the case study had commenced. For each of the 18 interviews conducted, the researcher transcribed the responses to each of the interview questions and the additional discussions that each director shared during the course of the interviews. Further notes and observations were transcribed after the interviews contemporaneously by the researcher as soon as possible to capture the research data with as much accuracy as possible. The directors were not requested nor required to review their transcripts to the interview. The data was stored in Microsoft Excel software, a cell was populated with each director's response to each question. This enabled the data to be readily loaded into NVivo, a qualitative coding software to enable the researcher to conduct qualitative coding of the data. A word query was run over the 18 responses from each of the directors to each of the 18 questions (referred to in NVivo as a 'case'). Each question, of which there were 18, had 18 responses provided by each of the different directors. This enabled the researcher to identify themes for each question using a word query and theme mapping for identifying the top ten groups of most frequent expressions by applying a generalisation of

synonyms category. Additionally, the researcher also linked commonalities and themes without the aid of NVivo as an additional measure to enhance the qualitative coding process. The interview questions are provided at Appendix C, and a sample of responses provided by an anonymous director is provided at Appendix F.

5.10.1 Themes emanating from emotional intelligence traits and the board decision making processes

Overall, the collective group of participating directors highlighted in the interview discussions that emotional intelligence traits were highly valued by directors and they considered directors could developed and improve. Trust and mutual respect were key elements that emanated from the discussion with each of the directors. The concept of the 'business currency of trust' was also a key theme. The directors considered this was enabled through strong emotional intelligence traits, and also underpinned the environment for facilitating effective decision making processes as a collective board. Further, the directors emphasised the importance of the board chair in facilitating effective decision making processes of the board, and that an emotionally intelligent board chair was vital to the success of the collegiate culture of the boards. In light of their individual emotional intelligence quotients which were high (the overall group had an average TEIQue score of 5.87 at the beginning of the case study and 5.94 at the end of the case study), and that 50% of the participants were or had been a board chair at some point in their director careers, this was consistently held as a key theme:

We have a very good chair who is highly emotionally intelligent and good at keeping things moving, to the point. This is vital in a well-functioning board (Director 14).

Underpinning this, the directors acknowledged that they considered and valued 'having the openness and an open mind to being persuaded otherwise' (Director 3) through rigorous board discussions with their fellow directors. A common theme emanating from the interview discussions was a consensus amongst the director group that emotional intelligence traits did have a positive impact on the quality of the decision making process of the boards and the group dynamics. The directors confirmed they had experienced and observed this during the case study. It was commonly noted that the board decision making process was a journey and the

maturity of this process was iterative, within which emotional intelligence traits played a role in this:

It's about the individual directors and the collective board taken on the journey that is important. What is probably missing is more of a sense of consciousness of how we've developed as a board, its clearly evidenced on what we've done here, but how we've done it has not been as evidenced...The board has become more reflective and its investing in the need and differences of the directors, which personality types and how the board composition has influenced big strategic decisions as a result. It's an iterative process. The make-up of the board has changed and reformed in this context. In hindsight, the thinking and retrospective look of this shows that the maturity of the board as a sense of self and as a collective has gone on a journey. (Director 18).

As noted throughout this chapter, the interviews were conducted between January to June 2020 at the time when Australia and the world was facing the Coronavirus health pandemic and grappling with the changing economic responses. Although not a specific question raised in the interviews, rather, as a conclusion, some of the directors shared observations on this. They hoped broader governance practices of other boards and emotional intelligence traits of the broader director community would continue to be brought even further to the forefront of how boards operate:

I hope that COVID-19 changes a lot of directors and their appetite for risk, tolerance and hopefully even their trust as a board, given we're having to work together over extensive amounts of time through this period (Director 13).

In this context, the researcher considered that this research provided unique value and an original contribution of highlighting the importance that emotional intelligence traits would play in the future in effective decision making of boards in the Australian financial services sector. This is because, the Australian financial services sector has experienced a significant amount over the last 25 years (including the Global Financial Crisis) without too much

going wrong. Therefore, over time, naturally with human nature, board and management become less risk adverse in decision making as a result. Financial risks and non-financial risks of these large institutions were and are assessed annually in decision making which included factoring in pandemics. However, in light of the COVID-19 pandemic in Australia, the unimaginable became imaginable in decision making of businesses. Furthermore, the researcher anticipates that as a result of COVID-19, risk aversion will decrease in board decision making. Accordingly, the researcher considers that the emotional intelligence traits of directors in navigating effective decision making of boards which develop higher risk appetite will play a critical part in the success and recovery of the Australian financial system and economy ahead.

There was also a common view shared amongst directors that emotional intelligence traits hadn't been traditionally the focus as a valued skill and part of the toolkit for directors until recent times:

...there had not been a huge focus on emotional intelligence from the organisations recognised as providing directors historically (i.e. the AICD or Governance Institute). The focus has been on the hard skills. As women have stepped up on boards, there has been an increased step up on emotional intelligence and softer skills around the board table (Director 4).

The interview questions are discussed in turn in a more detail and clustered manner as follows:

- Understanding and awareness of emotional intelligence traits as valued by directors (Interview questions 1 to 3 inclusive and 5);
- Open mindset to developing emotional intelligence traits (Interview questions 4 and 7);
- The effectiveness of directors and their perception of board governance practices in decision making processes (Interview questions 6, 8 and 12 to 17 inclusive); and

- The value of emotional intelligence traits in the decision making processes of board governance and culture (Interview questions 9 to 11 inclusive and 18).

The purpose of clustering the interview questions into the themes above is to assess the relationship between the emotional intelligence trait theory (Petrides and Furnham 2001) buttressed by the TEIQue pre and post survey results conducted over the six month case study (outlined in section 5.9); and the interconnection between vigilant interactive theory (Hirokawa and Rost 1992) and the implicit theories of intelligence (Dweck and Yeager 2012) with the effectiveness of the boards' decision making processes. From this, the themes that emanated from the qualitative coding process conducted on the research data gathered in the interviews are used to meaningfully address the research hypothesis and overarching research question (as outlined in section 3.5) in chapter 6.

5.10.2 Understanding and awareness of emotional intelligence traits

There was a strong understanding of emotional intelligence traits, social intelligence and self-awareness described by each of the directors. Emotional intelligence traits were commonly expressed as '...about listening, empathy, being able to read body language and involves to some degree intuition' (Director 11). Common themes of emotion, conscious awareness of self and others, feelings, communication and understanding others were also discussed by the participating directors. In terms of acknowledging the likelihood of directors having emotional intelligence traits, the more common response provided was yes, however not all directors would have all the requisite emotional intelligence traits. Rather, perhaps what was more likely was all directors have an appreciation for the emotional intelligence traits in varying degrees of strengths and the board as a collective whole, would be expected to have all skills at the highest form at the board table. Interestingly, there were a couple observations made by directors whereby:

You would expect that for the entities in the top ASX 20 and ASX 200 they would have the highest form of these skills. However, looking at what happened in the Royal Commission, perhaps they don't? (Director 11).

This was often provided in the context that ‘the nature of the financial services sector which is heavily focused on being across the risk and regulation’ (Director 5) and that emotional intelligence traits were ‘all are vital for a chair to have.’ (Director 4). However, ‘there is a more likelihood to find directors with these skills on not for profits rather than the corporate sector’ (Director 4) was another common theme, which aligned with the directors’ views that the financial services industry was heavily focused on risk and regulation, and as such the directors were likely to be more traditional and very pragmatic. This aligns with the quantitative analysis to some degree whereby it was shown that the directors had stronger positive correlations with their social intelligence aspects (Socialability and Emotionality) of trait emotional intelligence and board decision making effectiveness than their emotional intelligence aspects (Well-being and Self-Control). Perhaps, the empathy element of emotional intelligence, as noted in the interviews, is something that will become more prevalent in the next ten years ahead as the diversity of boards continues. This being said, the directors did not dispute their views in this context that emotional intelligence traits shouldn’t also play a key or ancillary role for directors in the Australian financial services sector or more broadly in Australian or global governance practices. The critical role of the chair and value of having a highly emotional intelligent chair was consistently observed in addition to having emotionally intelligence directors at the board table. This supports the similar research findings conducted in the United Kingdom that the importance of emotional intelligence skills increased the higher one progressed in organisations, particularly for chairs and directors (Dulewicz and Higgs 2003). Furthermore, as discussed above in section 5.9, the pre and post TEIQue short form surveys highlighted that the pool of participating directors had a collective average global emotional intelligence trait quotient of 5.87 for the ‘pre’ interview survey (the ranking being from 1 to 7 with 7 being the highest score obtainable) and a collective average global emotional intelligence trait quotient of 5.93 for the ‘post’ interview survey. Both results were very high and showed an overall improvement across the six month period of the case study.

5.10.3 Open mindset to developing emotional intelligence traits

The directors commonly shared an openness to continuous learning and expressed their emphasis on reading widely as directors and doing different things:

I'm a life-long learner which is demonstrated from the different things I've done in my career. I truly believe in intelligence quotient, emotional intelligence and adaptability quotient (Director 10).

Consistently, the directors unanimously, with one exception due to uncertainty, expressed their belief that emotional intelligence traits could be developed by directors. However the directors emphasised some individuals had a more natural innateness and tendency to be stronger in emotional intelligence traits than others. This being said, the directors believed these skills could still be developed by any directors:

Yes, anyone can. It is important to appreciate and note the natural innateness and degrees of emotional intelligence in others. Such awareness and understanding is something that anyone can work on and adapt themselves (Director 2).

There was a strong sense of having an awareness of emotional intelligence traits as part of a collective motivation to ensuring each director continually challenged themselves operating in the board group environment. This was premised on the basis:

if you're going to do your directorship roles responsibly you want to know you're doing this to the best of your capability and competency (Director 11).

Therefore, overall it is considered that in the Australian financial services sector, the use of emotional intelligence traits further strengthens the functioning of an effective board in its decision making processes. This in turn facilitates the currency of trust amongst directors in board discussion which will lead to better quality decisions and outcomes. The insights shared by the directors was encouraging and highlighted to the researcher that trait emotional intelligence skills could have a greater role to play in the effectiveness of board decision making within Australia's financial sector in the future. Whereby this occurred, the vigilance and robustness of discussions around the board table in a trusting and collegiate environment would become increasingly important to facilitate effective decision making and optimal outcomes. The researcher considered, as supported by the

results in this research, that the emotional intelligence traits of the directors, and developing these skills would play a critical role in this.

5.10.4 The effectiveness of directors and their perception of board governance practices in decision making processes

Unanimously, all directors interviewed agreed and acknowledged the value in rigorous discussion amongst the fellow directors at the board table as part of good governance practices and the decision making processes of their boards. As noted:

...if you have a diverse range of people and views which discuss matters in a robust way, you'll get a better discussion rather than one opinion which is always the decision being made. It is always something that enables a better decision (Director 8).

A theme that emanated consistently amongst the directors was the pivotal role that the board chair or committee chair played in facilitating the diversity of views amongst the collective group of directors to enable the richness in discussion and better quality outcomes in the decision making process. The emotional intelligence traits of the board chair was described as:

A lot of it depends on the chair and how the chair can draw out others' perceptions, how to manage the strong minded and dominating directors on boards (Director 12).

How the chair and directors achieved this in terms of emotional intelligence traits was described in varied ways by the participants. Often the language used had common themes of 'mutual respect', 'listening', 'self-awareness' and 'open to being persuaded otherwise' (Director 3).

Synonyms of vigilance, particularly 'rigorous' and 'robust' discussion were two common expressions used to confirm the value in the board governance practices of achieving better decision making as a board:

It works differently with different boards. The board papers you get provide 90% of the assessment of the risks and strategy for most matters. Robust discussion is very useful and the chair facilitates this and suggests the way forward for a decision to be approved (Director 11).

The directors commonly acknowledged that various options were considered by the board in the discussions and the directors valued the time to reflect and think as part of their preparations for board meetings. Often directors would individually spend a couple of days on the matters and board papers ahead of meetings. They would also be involved in a lot of discussion with their fellow directors outside the board rooms as part of the process to support their decision making process as the board.

A link to the directors' sound understanding of emotional intelligence traits and self-awareness is suggested whereby each of the directors thought their perception of themselves in their capacity as directors aligned with what they considered their fellow directors perceived them to be in terms of their effectiveness in decision making in the boardroom. Similarly, there was a common view that emotional intelligence traits were considered to be a valued trait of directors in a directors toolkit. The directors felt this was valued in facilitating effective decision making of the board and being open to exploring options in decisions as part of the governance framework of the boards they sat on as 'it's about good thinking and good governance.' (Director 7).

5.10.5 The value of emotional intelligence traits in decision making processes of board governance and culture

All of the directors acknowledged and agreed that emotional intelligence traits, group discussion and effective decision making were valued traits of directors. A trend emanating from this was the prevalence and shift in focus of the increasing importance and value, or awareness as such, of emotional intelligence traits for directors, particularly over the last decade. Perhaps this was brought to the forefront in light of the recent events in the Australian financial services industry from the Royal Commission: 'Yes, these are valued skills, particularly post the Royal Commission, people are more cognisant of this' (Director 10). Further, the directors all consistently acknowledged and recognised that from their observations as directors on their boards that they considered emotional intelligence traits of directors and the board chair did have a positive relationship and positive impact on the quality of the decision making processes of the board and group dynamics:

The purpose of the board is oversight, to look at the benefits and risk and to assess how the organisation is positioned. The making of decisions is making a collective board decision which brings the most value and isn't done without these skills, such as listening and understanding, reflection. (Director 12).

The directors were in consensus on this and often used phrases including 'actively', 'emotional', 'thinking', 'made', 'changes' when describing their observations of their colleagues' engagement in board discussions and their own transformation in behaviours in effective board decision making processes. Emphasis on the collective board of directors and having an open, collegiate, trusting and mutually respectful culture was commonly noted. This was accentuated with the consistent remarks of the critical importance of the chair in facilitating this role. The directors acknowledged the value of emotional intelligence traits for directors to have in their board roles as 'yes, this is essential for directors, some attributes are essential for directors' (Director 15). Underpinning this and the success in the effectiveness of the board was the emotional intelligence traits of the chair.

There are links which can be drawn from the qualitative analysis of the interview discussions to the observations of the quantitative analysis discussed at section 5.9. In the quantitative analysis observations were made that the participating directors had a high average emotional intelligence quotient and perceived their board decision making practices to be high in governance standards. A common view expressed by the directors in the interviews was a belief that the self-awareness of directors and their understanding of their role in governing the organisation was well understood. This was considered by the directors to be more consistent in the Australian financial services sector. Part of this was noted to be likely due to the fact that financial services entities in Australia were highly regulated by APRA, ASIC, and had recently endured a Royal Commission. The happening of the Royal Commission was thought by the directors to have heightened directors awareness of behavioural dynamics and operating as a board to discharge their responsibilities:

Directors are responsible for being aware of perspectives, in terms of what the organisation represents versus their own personal views in

making decisions. I think this is more aligned, or not as varied in the financial services sector. (Director 12).

To this extent, perhaps due to the greater awareness of the responsibilities in governing large Australian financial services entities and the substantial economic impact failures can or could have on the Australian economy, (which again, was also heightened by the Global Financial Crisis in 2009 and the Coronavirus pandemic in 2020) the culture of the board, being open, collaborative, trusting and mutually respectful were emanating themes, supported by a great chair. As noted:

Yes, particularly chairs that do a lot of the working behind the scenes and the emotional intelligence of the chair to read the dynamic of the board room on issues. (Director 11)

The importance of the culture of the board was consistently acknowledged amongst all the directors and was facilitated through a collegiate, considerate, deliberate and a trusting environment:

It is so important. Culture permeates the board, and through everything within the organisation, through management and customers. It is at the heart of everything. (Director 3).

The directors did acknowledge, in this light, that the boards of Australian financial services entities were consciously assessing the composition of directors in terms of personality and emotional intelligence trait diversity, and how this was influencing the success of strategic decision making:

What is probably missing is more of a sense of consciousness of how we've developed as a board, its clearly evidenced on what we've done here, but how we've done it has not been as evidenced. (Director 18).

The board has become more reflective and its investing in the need and differences of the directors which personality types and how the board composition has influenced big strategic decisions as a result. It's an iterative process. The make-up of the board has changed and reformed in this context. In hindsight, the thinking and retrospective

look of this shows that the maturity of the board as a sense of self and as a collective has gone on a journey. (Director 18).

The timing of the interviews conducted between January to June 2020 amidst the Coronavirus pandemic in Australia (and globally) was likely to have recalled a similar heightened awareness for the directors as did the Royal Commission in the Australian financial services sector. Particularly in relation to the importance behavioural dynamics, empathy and emotional intelligence played on the culture and of operation of boards under serious and rapidly changing circumstances that required good governance and decision making. As observed:

The Royal Commission has given a lot to pause and think about. Is the customer really being treated fairly? Boards are now being challenged with - well how do you know? I think there's been a shift, there's growing awareness in how you treat your stakeholders. You've got to go deeper and understand your business not relying on making assumptions (Director 7).

As with all manners of business, significant events that occur in the financial economy such as market corrections, the Global Financial Crisis, the Royal Commission and most recently the Coronavirus pandemic, bring more focus to the behavioural dynamics and emotional intelligence of decision making of boards under heightened conditions of stress and need for action. This often causes directors, management and organisations to restock and pivot, by challenging the existing ways of doing things. By becoming more tolerant to a higher risk appetite (less risk adverse) and open to implementing significant changes in response to the economic conditions, the unimaginable was starting to emerge as imaginable and achievable by boards in the Australian financial services sectors in the changing times as a result of the Coronavirus. The openness to change and a greater tolerance of risk was as a result of the imminent need and imperative to act by large banks and superannuation funds to stabilise the economy. This had clearly been demonstrated by the significant changes and responses implemented by the Australian banks, Reserve Bank of Australia and large APRA regulated superannuation funds in conjunction with consultation with the Federal and State governments. This can be equally said about board decision making in a highly regulated industry such as

Australian financial services. The increasing value and recognition of emotional intelligence traits and empathy of directors are suggested to indeed enhance the strategic and collaborative culture of these boards and is considered to have a positive impact on the decision making processes and outcomes as a result.

5.11 Conclusion

From the discussion and analysis above, the group of participating directors demonstrated a high level of trait emotional intelligence and were involved with highly functioning boards. The social intelligence of directors and ability to interact socially with a group as part of enabling the board's effectiveness in the decision making processes was evident. The emotional intelligence and empathy of directors as part of enabling the board's effectiveness in decision making was acknowledged to be emerging and playing a greater role within the Australian financial service sector in recent times and would continue to do so in the future. Critical to the effectiveness of the board's decision making was the emotional intelligence of the chair. This was reflective of the amount of time and reflection they brought to their roles as board directors of large Australian financial services entities in a highly regulated industry which represents significant economic activity in the Australian economy. Over the six months of the case study, the directors did show an improvement and development of their trait emotional intelligence quotients. In their views, they valued emotional intelligence traits as part of their director toolkit. They considered that robust discussion and use of emotional intelligence traits in board decision making did provide value and have a meaningful impact on the outcomes and engagement between the directors as a collective decision making group and the board decision making processes. Further, the directors also assessed that the effectiveness of their board's decision making did improve over the six months. This could arguably be attributable on some part, not yet quantifiable in this research, to their acknowledgement that their chairs played a critical part and was a moderating factor in facilitating structured and effective decision making of the board. All of the participating directors considered that they did have a very highly effective chair, based on the interview and survey results.

In summary, the data analysis from the interviews and surveys conducted in the case study supported the following:

1. The trait emotional intelligence of the directors did improve over the six month case study period, although the statistical significance in this finding is unable to be indefensibly concluded;
2. The directors' assessment of the board's effectiveness in group decision making did improve over the six month period, however further work could be conducted in relation to how much of a role the board chair plays in this;
3. The directors' assessments were premised on their views that the board chair plays a pivotal role in the effectiveness of board decision making;
4. There was a positive correlation between the directors' emotional intelligence trait quotients and the effectiveness of the board decision making, however a pivotal part to this was the emotional intelligence and effectiveness of the board chair;
5. Emotional intelligence traits were highly valued by directors which they considered did facilitate better quality decisions and rigorous discussion as a collective board;
6. The calibre of the directors as a group on their boards were effective in making good and sound decisions as highly regulated and mature entities;
and
7. The boards of Australian financial services institutions can further mature as a group in developing a greater awareness and emotional consciousness of how they make their decisions using emotional intelligence traits.

The researcher's more substantive opinions and reflections are detailed in Chapter 6.

Chapter 6. Discussion of results and dissemination

6.1 Chapter outline

'...Corporate culture, like any organisational issue, starts from the top – the tone is set by the chair, the chief executive, the board of directors and senior management...' (Fry 2019, p. 1)

This chapter discusses the research observations from the case study provided in chapter 5 based on the data analysis of the interview transcripts and survey responses. The dissemination of the research observations and researcher's opinions outlined in this chapter are provided to address the overarching research question and research hypotheses outlined in section 3.5. The purpose of doing this is to link the research data and observations made with the research theory to the overarching research question to enable the original contribution of knowledge in this field to be established by the researcher in a defensible manner.

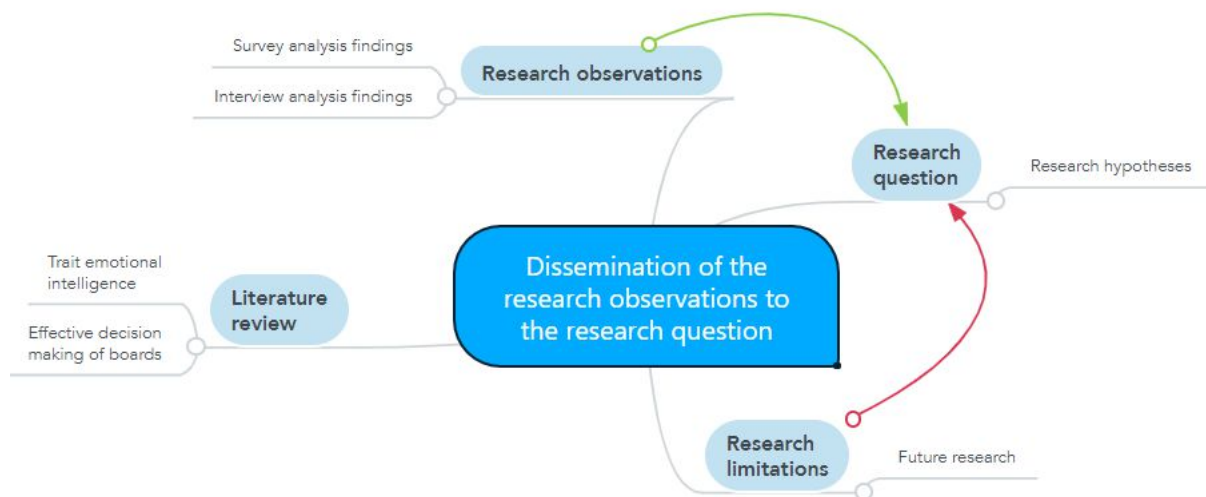


Figure 6.1 Addressing the research question

This chapter progresses through the following sections:

- (1) Discussion and dissemination of research analysis
- (2) Addressing the research question and hypotheses
- (3) Defendable research techniques

This chapter discusses the themes and research observations. This chapter also outlines the researcher's evidence in concluding that there is a relationship

between the use by directors of emotional intelligence traits and the effectiveness of board decision making processes of Australian financial services institutions. This conclusion is plausible from the qualitative analysis and co-creation of knowledge between the researcher and the participants in the case study interviews. The quantitative analysis supported the researcher's opinion.

6.2 Discussion and dissemination of research analysis

Based on the research data gathered, it was apparent that the directors had a solid understanding and awareness of emotional intelligence traits. The directors provided honest self-assessed responses to the short form TEIQue surveys conducted at the beginning and the end of the case study. The TEIQue scores for both the pre and post surveys indicated, on an overall average, the collective group were highly emotionally intelligent. Further, although not statistically significant, there was shown to be an improvement of the group's emotional intelligence trait quotient over the six month case study. This showed a promising indication of the future decision making of Australia's large financial institutions. Particularly from the views espoused by the directors in the interviews. Namely, that there was an increasing trend and level of growing maturity in the collective consciousness of these boards, which have historically been considered to be 'hard-skilled' focused. This is no surprise in reflection of the positions the directors hold as experienced portfolio directors on large Australian financial services institutions. These entities are also highly regulated entities with mature board governance frameworks and decision making processes.

Based on the views shared by the directors, a key theme emerged that the culture of the board is better facilitated through the increasing awareness and use of emotional intelligence traits by directors. Furthermore, a competent board chair underpins the effectiveness and functioning of the decision making process based on the currency of trust. This is largely aligned and was consistent with research conducted on Australia's top 200 ASX listed entities whereby, the effectiveness of the board's decision making process was considered to depend on 'there being strong relationships that facilitate dependency, reciprocity and trust' (Cooke 2019, p. 64) between the board directors, and the complex relationships with management and external stakeholders. It also supports earlier research conducted on board members of companies in the UK. The higher up one goes in the organisation, the greater the likelihood of being highly emotionally intelligent and more value and

importance was placed on having emotional intelligence trait skills as a board member and board chairs (Dulewicz and Higgs 2003). Further, the directors of these large Australian financial institutions from the case study held the view that their boards were overall, effective in decision making. This finding, that the collective group of directors are highly emotionally intelligent and were able to demonstrate an improvement of their emotional intelligence over time is logical when considering each of the directors noted the following key themes of their boards and culture:

- (1) A highly emotionally intelligent and effective board chair was considered to underpin the success of boards and directors in collective and effective decision making;
- (2) Trusting, collaborative and collegiate: the currency of trust in boardrooms and between the collective directors was critical to enabling an environment for vigilant open and frank discussion;
- (3) Directors brought a great level of respect to their roles through their diligence by taking the time to prepare and reflect on decisions ahead of board meetings;
- (4) Directors were open minded to differing views and to being persuaded otherwise by supportable and creditable opinions;
- (5) Directors were curious, sceptical and equally held a passion for the love of learning and staying across many issues;
- (6) Directors were aware of their responsibilities and value as a director to their boards;
- (7) Directors were aware of the balance between maintaining their respectful objectivity and focus as directors to the purpose of their board and own personal opinions;
- (8) There was an acknowledgement that emotional intelligence traits were valued by directors in their directors' skills toolkit;
- (9) The decision making process of the board is an iterative process, which balances a good level of push and pull between risk and strategy over board deliberations;
- (10) Directors considered that emotional intelligence traits could be developed by directors and was likely to have a positive impact on the effectiveness of the board's decision making; and

- (11) Boards were becoming more reflective and conscious of developing emotionally intelligent and aware directors in the Australian financial services industry and how this enhances the board's maturity in strategic and successful decision making.

Overall, the directors collectively acknowledged and considered that emotional intelligence traits were skills that could be developed and should be developed by directors in the Australian financial services industry and more generally. Further, that there was value in emotional intelligence traits in effective board decision making processes which was commonly noted as enabling better decisions to be made by the boards. The directors acknowledged having greater awareness of oneself and one's own biases, opinions and developing a more mature manner in how to phrase questions to illicit others' views in board discussions. The directors considered the use of emotional intelligence traits and having greater empathy and awareness of others facilitated greater levels of trust in relationships between directors. Thus, enabling more robust and frankly open discussions to be had in confidence of being heard and respected. Interestingly, the directors consistently acknowledged the importance of continuing to learn, having an open mindset and curiosity to learning new things. Directors commonly confirmed the value in having rigorous discussion amongst the board table, although not on every matter. Rather, the art to an effective board and decision making was through understanding when to have rigorous discussion on the key matters that required such collective discussion. Further, it was also noted by directors that yes, they considered through open, purposeful and vigilant discussion and examination of the options on a decision to be made did often lead to a more optimal decision being made by the board.

Over the last decade, the board's emotional journey as a collective group and directors' individual emotional awareness was considered to be something that was increasingly given focus and recognition of the value this brings. Of particular regard was an increasing trend of how this element, as part of the broader diversity discussion of boards, was contributing to the strategic success of boards in decision making. Boards were exploring this by looking back in hindsight and unpicking how this was contributing to the strategic success. This was considered by the directors to be another layer of diversity to enhance board governance practices in recent

years within the Australian financial services industry. The current thinking of these directors was that the future focus in board governance practices should be to develop and mature practices that build a greater sense of consciousness of how the board has developed. Boards should become more reflective and develop a sense of self on this journey. The directors acknowledged it was evident in the recent 10 years or so that boards had reformed and changed in this context. There was an increasing investment in the differences of emotional personality types of directors in the composition of boards and there was a greater need to understand from this of how the board composition has influenced big strategic and successful decisions as a result.

6.2.1 The role of an emotionally intelligent chair

The board chair's ability to identify the key matters that warranted rigorous group discussion and to facilitate the views of the collective directors was important. The success of a chair's role in facilitating effective board decision making was the emotional intelligence of the chair. The chair's enablement of different input and greater vigilance into the decision making process from the board so as to resolve a way forward on decisions was acknowledged as paramount in the case study. This was considered to be critical and a moderating factor to the effectiveness of decision making processes of a boards. The directors considered that the emotional intelligence of a board chair played an important role in this. 72% of the directors emphasised that the role of the chair was integral to the functioning of an effective board 'particularly chairs that do a lot of the working behind the scenes and the emotional intelligence of the chair to read the dynamic of the board room on issues' (Director 11). The observations shared by the directors canvassed the importance of the chair's role in enabling discussion amongst all directors, reading the perceptions of the directors, facilitating and leading the discussions and having good communication skills. The 'currency of trust', underpinned and facilitated by good strong relationships held by the board chair, with the directors, the CEO and management was also acknowledged as a critical framework to an effective board and the board's decision making processes. Directors considered that the currency of trust amongst the board directors enabled through good communication skills can be achieved through emotional intelligence traits of directors. Therefore, a diverse group of emotionally intelligence directors chaired by an emotionally intelligent chair

would be more likely to facilitate more effective decision making processes and quality outcomes in board deliberations.

The key theme emanating through this research was the emotional intelligence trait abilities of the board chair, which suggests this is an underpinning key part to the effectiveness of the board in decision making processes. This research shows that this doesn't necessarily mean that the board chair must be the most emotionally intelligent of the director group at the board table. Rather, that the trait emotional intelligence quotient of the chair is considered to be important in the effectiveness of the decision making process of boards. 50% of the participating directors in this case study were or had been chairs of their board and committees. During the interviews, these directors had also noted examples in their careers where, as directors, they had made a conscious effort to use emotional intelligence traits in board room discussions. They believed that in their experience over their careers, learning to become more aware of using emotional intelligence traits was thought to have a positive and effective impact on boardroom decision making processes and dynamics leading to better outcomes and decisions. Interestingly, none of the directors had formally had any training in emotional intelligence traits. They all acknowledged that they had sought out knowledge and continued to ensure they were across a diversity of topics to maintain their relevancy, currency and grow their knowledge and skillset. The directors linked this to enabling themselves to ensure they continued to add value to the board as a director. This suggests that there is an opportunity for boards to engage and facilitate in formal trait emotional intelligence training and consider increasing the awareness of valuing this skill set in a board director's tool kit and skills matrices of the board.

6.2.2 The currency of trust in board decision making processes

The participating directors in this research noted that the use and value of emotional intelligence traits as directors on boards of Australia's financial institutions facilitated their awareness of establishing trusting relationships with their fellow directors in a trusting and collegiate environment. The directors referred to this notion as the 'currency of trust' in the board environment and ecosystem of directors on the board in terms of their interrelationships with each other and management. Through this environment, the directors felt that they could have better conversations and express their views with confidence, in light that it may be an opposing view to

the options on the table. The directors acknowledged that over the course of their careers they had learnt to develop greater emotional intelligence and awareness in how they felt in board decisions and when interacting. The directors considered that through doing this, they were able to have better quality discussion with fellow directors and would often receive different responses, more richer responses than had they not engaged in a greater awareness of self and emotional intelligence:

I learnt to be aware of how I feel. The feedback I've received focused around noticing how you felt. This has been apparent when interacting and communicating with other directors and chairs: the business currency of trust. When discussing with others where I have a trusting relationship, this is more apparent, when I trust someone. The communication can be quite frank and to the point. When you don't trust someone, you are more aware of how you feel, on high alert and seeing to understand how the other is perceiving and receiving you through their cues, as you interact. (Director 5)

This was a very valued theme that was commonly noted by the directors in the interviews and aligns with the research conducted by Tuan in 2013 as noted in chapter 2. Tuan's research posited that through identifying 'a relationship between high levels of emotional intelligence and identity-based trust or knowledge-based trust' (Tuan 2013, p. 163), this related to ethical corporate social responsibility initiatives and positively correlated with effective corporate governance behaviours. This also aligned and was consistent with Cooke's research in 2018 conducted on Australia's top 200 ASX listed entities. The effectiveness of the board's decision making process was considered to depend on 'there being strong relationships that facilitate dependency, reciprocity and trust' (Cooke 2019, p. 64) between the board directors, and the complex relationships with management and external stakeholders. Therefore, this also supports the concept that the emotional intelligence traits of directors enables and helps facilitate the currency of trust in board decision making processes which supports a positive correlation with effective board governance practices of Australian financial services institutions.

6.2.3 The value of emotional intelligence traits and the board developing a sense of self in decision making

All the directors believed that emotional intelligence traits were valued skills which directors could develop overtime. Furthermore, the directors consistently commented that some directors would naturally have more of an innateness in emotional intelligence traits. Yet where directors were 'open minded about things rather than closed minded' (Director 8), any director could work on developing these skills. 'These skills are particularly useful and valuable to directors' (Director 1), which 'different people can take it to different levels, some people have greater natural empathy than others.' (Director 7). Acknowledging, this, all of the directors further concluded that they, and their boards, valued rigorous discussion as part of the board's effectiveness in decision making processes as:

...if you have a diverse range of people and views which discuss matters in a robust way, you'll get a better discussion rather than one opinion which is always the decision being made. It is always something that enables a better decision. (Director 11)

Linking to this, 94% of directors affirmed, based on their experience, that they had seen and noticed changes in the board dynamics and believed emotional intelligence traits did have a positive impact on the quality and effectiveness of the collective decision making. In particular, directors commonly noted that using their emotional intelligence traits was:

... more intuitive and another layer as you operate as a director. It's all about what is good thinking and what is good governance. In board meetings, I don't approach a meeting actively thinking I'm going to use my emotional intelligence skill set in my expressions and discussion. (Director 7).

Rather, it is was considered to be a skill that directors should place greater awareness on of its value when engaging one's emotional intelligence traits and a greater consciousness of developing such skill which becomes authentically and innately done. It was further acknowledged, in the context of the Australian financial services industry, given their boards and organisations were highly regulated entities

which were very focused on risk and compliance obligations, there as a greater likelihood of having an alignment with being aware of managing their emotions as directors. 'This is more aligned, or not as varied in the financial services sector.' (Director 12). A common conviction noted amongst the directors was that they did consider the effective decision making, group discussion and emotional intelligence skills were valued traits of directors, and linked this into a systemic issue arising from the Royal Commission:

...because you need to know how long to let a debate keep going, know how to flesh out views and areas of contention and which issues to address and how to do it. If you don't do this, you don't have the very difficult conversations, which I think is what contributed to the Royal Commission. (Director 11).

This commonly came down to the theme of the effectiveness and emotional intelligence traits of the chair in steering these conversations and facilitating the discussion amongst directors. The directors noted that in light of the Royal Commission and more likely the last decade, boards of Australian financial services entities have become more consciously aware of the value that emotional intelligence traits, and the softer skills of directors played in the effective governance practices of boards. Furthermore, that their boards could continue to mature these practices on this journey.

The board has become more reflective and its investing in the need and differences of the directors, which personality types, and how the board composition has influenced big strategic decisions as a result. It's an iterative process. The make-up of the board has changed and reformed in this context. In hindsight, the thinking and retrospective look of this shows that the maturity of the board as a sense of self and as a collective has gone on a journey. (Director 18).

There is a lot of positive optimism and value from this research which indicates that emotional intelligence traits of directors will continue to play an important part and layer to effective board governance practices and the decision making processes of Australian financial services entities as they continue to go on this journey and maturity in the future.

6.3 Addressing the research question and hypothesis

The overarching research question posed, was to seek to provide a greater academic understanding of whether and to what extent does the use of emotional intelligence traits of directors of Australia's large financial services entities facilitate greater vigilance and more effective decision making processes. Board governance practices of Australia's largest financial institutions are highly regulated by Australian legislation and monitored by several different external Australian regulators (i.e. APRA, ASIC, ACCC, the ASX). This is because Australia's financial services industry is subject to many different risks and represents substantial economic activity in the Australian and global markets. Therefore, as discussed above and from the outset of this research, it was anticipated that the boards of the directors in this case study, had mature and well developed board governance practices and frameworks in place with well-established decision making processes. Further, it was also anticipated that the directors would be more likely to have higher trait emotional intelligence quotients, as a reflection of their mature board careers as portfolio directors and through their established executive careers. It was noted during the case study that as an effective director, their reputation and presence on the board and the value they brought to the board table in good discussion and decision making is what enabled them to be referred as a director to other boards. Through this process of recommendation and referral by directors of each other within the Australian financial services industry network, this was based on the self-assessing of one another's effectiveness in decision making on boards and presence of their emotional intelligence in board discussions, and supports the research conducted.

In the context of what assesses whether a board of directors of an Australian financial services institution has gotten the balance right in enabling effective decision making, the overarching research question explored was: 'Is there a relationship between the emotional intelligence personality traits of directors and effective board decision making processes?' To further support this research inquiry, there were five hypotheses posed as the sub-parts of this research. Each of these are addressed in turn based on the observations and findings presented chapter 5.

H1a: Directors with a motivated growth mindset will work on developing skills and behaviours over time to improve their ability to use emotional intelligence

personality traits in social interactions during board meetings and will display greater use of emotional intelligence personality traits over time.

This was supported based on the research findings. Consistently, the board directors were highly motivated, curious, had an openness to learning and acknowledged that they valued trait emotional intelligence skills as directors. Extending on this, it was acknowledged that the board chair's emotional intelligence and ability to facilitate the board discussion in a structured manner that elicits the views of all directors and steer the way forward was critical in underpinning an effective board with decision making. Therefore, it was considered that directors who do have an open mindset for learning and growth would be more likely to work on developing their emotional intelligence traits. In doing so, it was also considered to be likely that, over the course of their careers, particularly in the event they became a board chair, or through recommended endorsement onto other boards by fellow directors, open minded directors would engage and display greater emotional intelligence traits in board discussions and decision making. The case study showed that the directors were highly emotionally intelligent and did work on developing their emotional intelligence traits through being more informed and aware of the value of these skills in the context of the board environment over time.

H2a: Directors who work on developing skills and behaviours over time to improve their ability to use emotional intelligence personality traits in social interactions will experience greater effectiveness in cultivating decision making processes that have quality vigilance and interaction with fellow directors.

The directors believed that they did see a change in the behavioural dynamics of the board decision making processes and interactions, particular when facilitated by a highly emotionally intelligent chair. Further, they valued rigorous discussion in board decision making and considered this did lead to better quality decisions being made. The directors also considered that having an open mindset was critical for directors. They did consider that emotional intelligence traits could be developed by directors that had an innate skill and openness or willingness to develop these traits. They also considered that emotional intelligence traits, effective decision making and group discussion were valued traits of directors. Therefore, it is concluded, that the directors did experience greater effectiveness in facilitating decision making that

would lead to better quality decisions and rigorous discussions when using emotional intelligence traits.

This was particularly believed to be so by the directors of their board chair, which they considered to underpin the effectiveness of the board as a group in decision making. The survey results showed over the course of the case study the directors perceived the effectiveness of board decision making processes to be improved with an effective chair to facilitate directors' confidence in decisions as a means to enabling a group decision to be made. An effective chair, as noted by the directors, was one that was emotionally intelligent to enable the facilitation of discussion amongst the diverse group of directors. The chair facilitated discussion that was relevant; ensured rigour and disciplined structure in discussions; and enabled the board to be open minded to being persuaded otherwise. The ability of directors to be agile and not rigid in thinking, was considered by the directors to be likely to lead to better decision making processes and arriving at an optimal decision as a collective board. Accordingly, where directors consciously develop their emotional intelligence skills and develop a social awareness as a collective board, they are likely to experience greater effectiveness in the board's decision making processes. The directors' views espoused in their interviews and based on the modified survey questions go towards supporting that where directors use emotional intelligence traits and work together as a board to develop a sense of self and consciousness of this, will experience more effective decision making as a board.

H3a: Directors who demonstrate higher levels of emotional intelligence personality traits will have a greater tendency to increase their use of emotional intelligence personality traits in social interactions.

As at December 2019, 50% of the participating directors in this case study were currently or previously board chairs, or chairs of the committee they sat on. A theme emanating from the directors' observations of the use of emotional intelligence traits in the board rooms, was that this was subconsciously done, something that wasn't necessarily an active decision. The directors agreed and confirmed that, as directors and being a good director, it was critical to be able to read the perceptions of other people, listen, understand and be open to being persuaded by other directors' views. Foremost and importantly, the board chair's emotional intelligence and ability to facilitate discussion and decision making of the

boards was integral to the effectiveness of the board in the social setting of the board decision making environment. Often the directors had acknowledged that without an effective chair, the board's decision making processes were likely to be inefficient and less effective. Further, all of the directors (with the exception of one due to uncertainty) considered that emotional intelligence could be developed and worked upon. Therefore, this supports that directors with higher levels of emotional intelligence traits will have a greater tendency to use these traits in board interactions to facilitate robust discussions amongst the directors. Over the case study, the directors demonstrated they consciously work on developing their emotional intelligence traits and demonstrated an improvement over the six month period based on their emotional intelligence trait quotients improving on an overall average basis. The 18 participating directors demonstrated a high average level of emotional intelligence traits which did increase over the course of six months in which the case study was being conducted (the overall group had an average TEIQue score of 5.87 at the beginning of the case study and 5.94 at the end of the case study).

H4a: Directors who demonstrate a greater tendency to use emotional intelligence personality traits in social interactions will perceive their board cultivates effective decision making processes.

The directors considered that they did experience an effective change in the board's decision making when observing fellow directors using emotional intelligence traits. The directors commonly acknowledged that this was something intuitively done and subconsciously performed which they had developed during their executive careers and over time as their board experience developed. The concept of the 'business currency of trust' was used by the directors as a concept to describe the environment between directors in a trusting relationship who felt confident to be able to express their views frankly in board discussions which had been cultivated through the use of emotional intelligence traits over time. The business currency of trust was considered to be important in facilitating the board's effectiveness in decision making processes. Further there was a positive correlation between the emotional intelligence trait quotient of the directors and the perceived self-assessed effectiveness of their board in decision making processes in the survey results. Emotional intelligent directors perceived their boards to be effective in decision

making. The more emotionally intelligent they were, as measured by the TEIQue results, the more effective their boards were perceived to be in decision making. The positively correlated results between the TEIQue scores and board decision making effectiveness ratings and improvement of these results over the six months of the case studies also support this. Therefore it is likely that directors who demonstrate a great tendency and openness, to be subconsciously using emotional intelligence traits in board room discussions, perceived that their board was effectiveness in decision making processes. It was emphasised that it was critical to have an emotionally intelligence board chair in the effectiveness of the board's decision making. The positive correlation between the emotional intelligence trait quotients of directors over the case study period and their self-assessed effectiveness of their board's decision making processes was attributable to their view that they had an effective and emotionally intelligent board chair. This is considered to be a moderating factor, which is a promising observation. Thus further research can be done in this regard to understand to further these results through exploring in greater detail the chair's impact on board decision making and the link with emotional intelligence traits of directors.

H5a: Directors who demonstrate greater vigilance in discussions and interactions between fellow directors will perceive their board utilises effective decision making processes.

The directors consistently confirmed that they valued rigorous and robust discussion amongst the board as enabling effective decision making. They believed that this would give rise to better decisions being made. This was believed to be the case by the directors as vigilant discussion enabled differing views to be shared amongst the directors, constructive debate, and enabling directors to be persuaded otherwise by supportable views and options presented. This was viewed by the directors as important for Australian financial services entities, to be able to have the difficult discussions through debate without the emotion or self-interested views being allowed to influence decisions. These were the learnings from the Royal Commission report and CBA's APRA report findings. Of particular note again, was the belief held by directors that an effective board is supported through the effectiveness of the chair in being able to facilitate discussions and interaction between all board members. The directors acknowledged that over the last decade it

was evident that boards in the Australian financial services industry were going on a journey in maturing. Increasing value was being given and recognition to the role that emotional intelligence traits of directors played in the development of a board's conscious self and the success in strategic decision making. Boards were continuing to reform and mature at differing paces and bring on a diversity of personalities and emotional intelligence skills in the composition of boards. This was a dimension considered to add value in the decision making of boards. Therefore, it is considered that directors of boards who demonstrate greater vigilance and group interactions amongst the board as part of the decision making processes, are considered to be more effective as boards in making better quality decisions and outcomes.

6.4 Defendable research techniques applied

The research data has been presented in different ways in this research paper to effectively present the researcher's findings outlined in the discussions above in this chapter based on the dissemination of the different research data gathered. The researcher's observations and conclusions based upon the field research undertaken and data analysis conducted over the course of the six month case study period are supported by the different methods presented by the researcher in this chapter. The ways in which the research analysis and observations have been presented are:

- (1) Qualitative data from the open-ended exploratory questions presented in the discussion of this research and applying sound data theory coupling (Golden-Biddle and Locke 2007) to coherently link quotations to the research question and themes observed.
- (2) The thematic coding process conducted by the researcher aided through the use of NVivo software technology and the proposed themes arising from this process outlined in Chapter 5 in detail.
- (3) A sample of a de-identified interview transcript and 'pre' and 'post' survey results from the case study have also been provided at Appendices F and G.
- (4) Through the close-ended questionnaires (at Appendices A, B and E) comprising of an existing academically developed model of the TEIQue short form survey, the effective board governance survey adapted from Australia's leading governance body the ASX's Corporate Governance Principles and the Australian Institute of Company Director's Good Governance Principles; and

- (5) The results of the data have also been quantitatively analysed and presented in tables in chapter 5 which showed the correlation co-efficient results and ANOVA results compared over a six month study period of the quantitative analysis conducted from the pre and post surveys (comprising the TEIQue short form survey and the effective board governance survey).

These modes of data presentation have been appropriately chosen to showcase the researcher's data analysis and observations based on the mixed methods methodological approach applied in order to address the research question. This has been intentional to support the usefulness of the data gathered to address the research and to demonstrate the thoroughness of the research analysis conducted.

6.5 Conclusion

The directors in the case study were highly emotionally intelligent and demonstrated a great level of respect for their board colleagues. They were open minded to being persuaded otherwise in board decision making rather than necessarily sticking with their own opinions and views. Based on the research conducted throughout the case study, it was shown that emotional intelligence traits are valued skills of directors and that the directors' emotional intelligence quotients did increase over the six month period based on the opened minded personalities of the directors whom were passionate and curious in their pursuit of knowledge. The directors did consider that emotional intelligence traits played a valued part in the effectiveness of board decision making and was considered to enable rigorous discussion that would be more than likely to result in better decision and outcomes being made. Three key themes that arose from the research, namely that the emotional intelligence of the board chair and their ability to facilitate discussion amongst the directors was considered to have a positive impact and played an important role on the effectiveness of a board's decision making process. Secondly, the business currency of trust was facilitated by the use of emotional intelligence traits of directors which enabled the decision making processes of the boards to be highly effective through robust conversation and providing a respectful environment for directors to share their views and persuade each other otherwise. Thirdly, that the boards across the Australian financial services industry were going on a journey. Increasing recognition of the value the role that emotional intelligence traits of

directors played in the development of a board's conscious self was occurring in the industry. Boards were continuing to reform and mature and bring on a diversity of personalities and emotional intelligence skills that was a dimension considered to add value in the effective decision making of boards. Accordingly, as evidenced through this research, there is great optimism for the future of the growing recognition and increasing investment by boards in understanding the value that emotional intelligence traits of directors plays in enabling good governance, sound and effective decision making of boards in the Australian financial services sector. Therefore, this research has produced results and evidence that supports there is a positively correlated relationship between the emotional intelligence traits of directors and the effectiveness of the decision making processes of boards. Chapter 7 presents the researcher's conclusions and implications of the original contribution this research provides in these areas of knowledge and in practice.

Chapter 7. Research Conclusions

7.1 Chapter outline

‘...Fund managers and trustees have a responsibility in particular to make boards accountable for the decisions they make on behalf of shareholders...’ (Hockey 2000, p. 1)

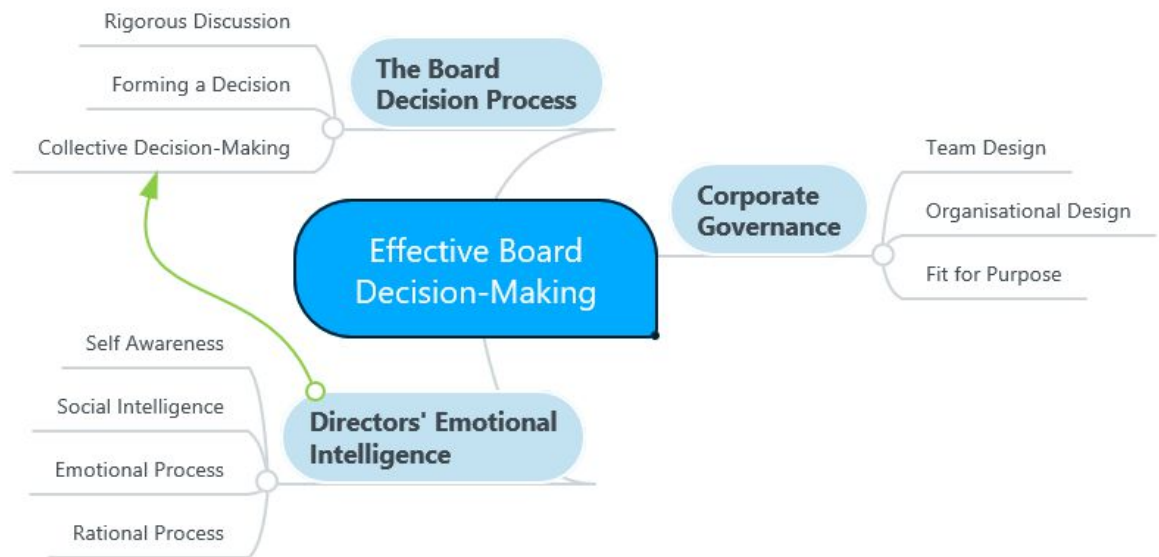


Figure 7.1 An illustration of a board's decision making process

This chapter serves to conclude the research and recap on the key findings discussed in the earlier chapters in addition to highlighting the research limitations and opportunities for future research.

Accordingly, this chapter is structured as follows:

- (1) Summary of the thesis
- (2) Conclusion based on the discussion of the findings in the earlier chapters
- (3) Discussion and implications of the original contribution
- (4) Research limitations
- (5) Future areas of research

The research findings are based on the personal experiences shared by directors during their interviews and their insights on the inner workings of their boards. Further, this research has been conducted for the Australian financial

services industry. However, the significance of the original contribution this research provides also has wider application to the governance practices of Australian listed and unlisted corporate entities and not-for-profit entities. The observations and research findings from this case study was supported by the complimentary statistical analysis conducted on the survey data taken at the commencement and the completion of the six month case study. Although some of the quantitative modelling could not show that the relationship was statistically significant, the findings demonstrated the relationship and supported the researcher's opinion that quantitative research methods are not the preferred or superior way of exploring behavioural psychology and emotional trait theory in Australian board governance practices. The purpose of retaining statistical analysis in this research was to provide a quantitative basis as ancillary support and triangulation to the researcher's observations from the qualitative analysis distilled from the interviews as part of the mixed research methodology applied to this research in the case study.

7.2 Summary of the Thesis

A mixed methods approach was applied as the design for this research by conducting a case study with 18 participating directors from Australia's largest financial services institutions. The case study was chosen in order to provide qualitative data and personal experiences from the directors in light of the research gap identified through the literature review of the existing research conducted. In the fields of emotional intelligence trait theory and research conducted in board governance practices in Australia, there had been little research conducted on the decision making practices of Australia's large financial services institutions. Nor had much research been conducted to understand whether emotional intelligence traits of directors in this industry had a relationship with the effectiveness and quality of board decision making practices. Further, of the body of work conducted on board governance practices in Australia and globally, the research had been predominantly quantitative rather than qualitative. Often the findings based on these research methods applied were more hypothetical and speculative. In the researcher's opinion, there had been little real opportunity or initiative taken by academic researchers to get into the field with the directors and gather direct insights from those being observed for the research subject. This was likely to be the case as the director network in Australia is considered to be an exclusive and elite network that can be difficult to access by researchers. By relying on the researcher's network and

seeking referrals through the snowballing effect, a broad canvas of directors from the Australian banking, superannuation, insurance and funds management areas was achieved. The directors participated in a survey, which comprised of the short form TEIQue survey instrument based on Petrides' trait emotional intelligence theory (Petrides and Furnham 2001), and questions adapted for this study. These questions were adapted to understand the directors' assessment of the effectiveness of board decision making. The board governance questions adapted for this case study were based on the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations: Principle 2 Structure the Board to Add Value' (ASX Corporate Governance Council 2019) 'Corporate Governance Principles and Recommendations', and the AICD's 'Good Governance Principles for Non-for-Profit Organisations: Principle 6 Board Effectiveness' (Australian Institute of Company Directors 2018). The survey was conducted at the beginning and end of a six month period from January to June 2020. In between the six month period, the directors attended their usual board and committee meetings and were provided with a pamphlet developed by the researcher after the first survey had been completed. This pamphlet outlined trait emotional intelligence theory and points to consider with their boards' decision making processes (Appendix D). Each of the directors were also engaged in a one on one interview with the researcher for half an hour. During the interviews, they shared their personal insights and views on the value of trait emotional intelligence to directors in the Australian financial services industry. The interviews comprised of structured questions and opportunity at the end to share further insights at their own choosing. During the interviews, they also discussed whether they had experienced any positive changes in the manner in which their boards facilitated decision making and discussion with the collective directors. The findings based on the discussion in earlier chapters of this thesis were informative, enlightening and provide a positive framework for future research in this area.

7.3 Conclusion based on the discussions of the Research Findings

Based on the discussions in earlier chapters, this research found that the emotional intelligence traits of the directors did improve over the case study period. Further, that there was a positive correlative relationship between the emotional intelligence traits of the directors and their assessment and experience of the effectiveness of their boards in decision making. The directors considered that

emotional intelligence traits could be developed by directors and was an undervalued skill that should be matured and given greater consideration in the industry. The directors acknowledged that this was changing in light of the Royal Commission, the Global Financial Crisis and more recently in 2020, the Coronavirus pandemic. The directors were curious, had an open mindset, and respected the responsibilities of their roles as directors. They considered that the culture of their boards were collegiate with a strong currency of trust amongst their fellow board directors. Further, they also considered that emotional intelligence did have a positive impact on the quality of decision making. In expressing these views, the directors had referred to their own personal experiences of learning to use emotional intelligence traits over their careers which enabled them to navigate through better experiences in board deliberations. They had found that this helped achieve more preferred and optimal outcomes from the collective board decisions as a result.

Three key themes emanated from this research, namely that:

- (1) The emotional intelligence of the chair and their ability to facilitate open and structured discussion in board decision making processes was important to the effectiveness of the board.
- (2) Secondly, the currency of trust which was enabled by directors using emotional intelligence traits and developing a deeper awareness of their emotional engagement with other directors, facilitated greater effectiveness in board decision making processes.
- (3) Finally, that boards of Australian financial institutions were on a journey of maturity in developing a conscious awareness of how directors' emotional intelligence skills and diversity of personalities in the composition of the board has a positive impact and influence on the effectiveness and success of strategic decisions.

The directors often reflected that a lot of these achievements by their boards as the collective group were able to be acknowledged by looking back with the benefit of hindsight. Therefore, there is great opportunity for boards to further explore this board journey as the collective and for individual directors, to better understand how boards are achieving this. This was evident based on the directors experiences and observations confirming their views on this. To corroborate the insights shared by the

directors, the quantitative statistical analysis on the survey results also showed support for these findings by indicating a positive correlative relationship between emotional intelligence trait quotients of directors and the effectiveness of board decision making processes.

7.4 Discussion and implications of the Original Contribution

The research conducted provides an original contribution to knowledge in the areas of exploring the relationship between the emotional intelligence personality traits of directors and board decision making behavioural processes in the context of the Australian financial services sector. The literature review of emotional intelligence and effective board governance behaviours presented varied research findings which highlighted the existing gap in this field which this research has contributed towards. The limitations of the research designs applied in the prior research conducted were acknowledged in the discussion in chapter 2. Namely that most of the research conducted on board governance practices in Australia and more broadly in other countries had been based on quantitative analysis. Further, that little research had been conducted in Australia which focused on the emotional intelligence traits of directors of large Australian financial institutions and what relationship this had with board decision making.

The purpose of this research was to explore through a case study whether there was a relationship between higher levels of emotional intelligence personality trait skills of directors and effective board decision making behavioural processes of boards. The rationale for conducting this research and presenting the research findings in this thesis paper was to build foundations from the insights gathered in this research to enable future researchers to explore the areas identified from the discussions in earlier chapters in further detail. The researcher hopes that future researchers and commercial organisations will also use the findings from this research to develop practical tools for directors in the future. These tools could be used in practice to assist directors on their boards to improve the effectiveness and quality of their decision making behaviours and processes by developing techniques to increase their use of emotional intelligence personality traits as directors in board discussions. The intended outcome of this is to work towards achieving behavioural change and trusting cultures on boards as a collective group in decision making. This can be achieved through drawing upon the open and curious mindsets of

directors to embrace using emotional intelligence traits to further cultivate a board culture of highly interactive, open and vigilant board discussion at each stage of the decision making process. The overall result would be to further support better decision making and quality outcomes for Australian board governance practices. The overarching policy intent behind this research is to make a meaningful difference to the integrity of effective board governance practices comprising of the large institutions within Australia's financial system.

7.5 Research limitations

The research was conducted over a six month period from January to June 2020. During the case study, the global Coronavirus pandemic in Australia occurred. This may or may not have had an influence or impact on the research findings. A number of limitations to this research have been identified in the discussions at sections 1.8, 4.7 and 4.9. If it were feasible, a longer period of time for this field research to be conducted and a larger population of participating directors in the Australian financial services industry may also help validate these research findings. However, as noted in the discussions in earlier chapters, it is often difficult to gain access to directors in Australia that are considered to be an exclusive elite group. It is also often difficult to identify directors that want to voluntarily participate their time and share personal insights and knowledge for research purposes. The results from the surveys could also have perhaps been distorted by uncontrollable factors such as the directors' individual circumstances when they were completing the surveys and attending the interview (time of day, competing priorities or distractions with their roles and work related matters as examples). This research highlighted the limitations of using quantitative modelling in case studies that involve human behaviour. This provides richer insights and research knowledge co-created from the desired target group or culture being researched. There may be other observations and themes drawn from the research data gathered in this research. However this research sought to address the overarching research question which was to explore whether there was a relationship between emotional intelligence traits of directors of Australia's large financial services institutions and the effectiveness of these board's decision making processes. This research has provided defensible research findings to support this proposition based on the discussions in earlier chapters.

7.6 Future Research

This research has built the foundations for identifying and establishing defensible findings of a positively correlated relationship between directors' use of emotional intelligence trait behaviours and the effectiveness of their boards' decision making processes. Accordingly, this research has provided impetus for further research to be conducted in terms of exploring different ways to use emotional intelligence trait behaviours in boardroom decision making processes of Australia's financial institutions. The findings and contribution of new knowledge this research makes also has wider application for the Australian corporate and non-for-profit sectors. Future researchers may wish to explore the themes of the moderating factors of the board chair in further detail, how the business currency of trust influences board culture and board governance practices, or to explore how the collective and conscious identity of the board in developing an 'emotional self' positively influences the strategic decisions of boards. Further, as a result of the global Coronavirus pandemic, whether boards' risk aversion has decreased in decision making, and what impact this has on the use of emotional intelligence behavioural traits in boardrooms of large Australian financial institutions and effective decision making.

7.7 Conclusion

This research supports that there is a positively correlated relationship between the emotional intelligence traits of directors and the effectiveness of board decision making processes of Australia's large financial services entities. An important part to the success of using emotional intelligence traits in board discussions and achieving effective decision making by boards is the board chair. Particularly the board chair's ability to facilitate discussion, draw out the differing views, maintain a disciplined structure to the decision making and to lead the board on the way forward to making a decision. Accordingly, an emotionally intelligent board chair is important in supporting the decision making processes of a highly functioning and emotionally intelligent board of directors. This is likely to achieve greater effectiveness in vigilant and meaningful discussion of boards which is likely to lead to better decisions and better outcomes. The collegiate culture, currency of trust and developing a sense of a collective self as a board based on the emotional intelligence traits and experience of directors, all play an important part in the directors' experiences of the effectiveness of the board decision making and rigorous discussions. By enabling

this as part of Australian board governance practices, this is likely to lead to optimal and valuable outcomes being achieved.

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Appendix A

TEIQue Short form Survey Questions

Short form TEIQue questions		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
1	Expressing my emotions with words is not a problem for me.							
2	I often find it difficult to see things from another person's viewpoint.							
3	On the whole, I'm a highly motivated person.							
4	I usually find it difficult to regulate my emotions.							
5	I generally don't find life enjoyable.							
6	I can deal effectively with people.							
7	I tend to change my mind frequently.							
8	Many times, I can't figure out what emotion I'm feeling.							
9	I feel that I have a number of good qualities.							
10	I often find it difficult to stand up for my rights.							
11	I'm usually able to influence the way other people feel.							
12	On the whole, I have a gloomy perspective on most things.							
13	Those close to me often complain that I don't treat them right.							
14	I often find it difficult to adjust my life according to the circumstances.							
15	On the whole, I'm able to deal with stress.							
16	I often find it difficult to show my affection to those close to me.							
17	I'm normally able to 'get into someone's shoes' and experience their emotions.							
18	I normally find it difficult to keep myself motivated.							
19	I'm usually able to find ways to control my emotions when I want to.							
20	On the whole, I'm pleased with my life.							
21	I would describe myself as a good negotiator.							

Short form TEIQue questions		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
22	I tend to get involved in things I later wish I could get out of.							
23	I often pause and think about my feelings.							
24	I believe I'm full of personal strengths.							
25	I tend to 'back down' even if I know I'm right.							
26	I don't seem to have any power at all over other people's feelings.							
27	I generally believe that things will work out fine in my life.							
28	I find it difficult to bond well even with those close to me.							
29	Generally, I'm able to adapt to new environments.							
30	Others admire me for being relaxed.							

Appendix B

Effective Board Decision making Survey Questions (Part 1)

Effective Board Decision making		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
1	The board evaluates the strategy and risks associated with each alternative before making a decision.							
2	A board decision once made is final – because the board has robust decision making processes.							
3	The board tries to determine the real issue and be informed before starting a decision making process.							
4	Directors tend to have a strong 'gut instinct' about problems, and rely on it in decision making.							
5	The board and management have relevant, robust and respectful open discussion allowing for different perspectives and views to be shared.							
6	The board uses a well-defined process to structure board decisions.							
7	Directors think that involving stakeholders to generate solutions can make the process more complicated.							
8	If directors have doubts about a decision, the board go back and recheck assumptions and the process.							
9	The directors take time to reflect to choose the best decision making tool for each specific decision.							
10	The board considers a variety of potential solutions, negative and positive aspects before making a decision.							
11	In a group decision making process, directors tend to support management's proposals and try to find ways to make them work.							
12	When communicating a decision, the board includes the rationale and justification.							
13	Some of the options chosen have been much more difficult to implement than expected.							
14	The board prefers to make decisions, and then inform management what was decided.							
15	The board determines the strategic factors most important to the decision, and then use those factors to evaluate.							

Effective Board Decision making		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
16	Board meetings are well prepared and run on time.							
17	Directors emphasise how confident they are in a decision as a way to gain support for the decision.							
18	Directors express confidence in sharing their point of view where it is open to the possibility of two different ideas.							
19	The board decision making processes cultivate diversity of opinion and deliberation.							

Appendix C

Case Study Interview Questions

Case Study Interview questions		Responses
1	Describe your understanding of emotional intelligence traits and social intelligence?	
2	What is your understanding of self-awareness?	
3	Have you previously had training in emotional intelligence traits?	
4	Do you consider emotional intelligence is a skill that directors can develop?	
5	Describe your understanding of the likelihood that directors have these: <ul style="list-style-type: none"> - A positive outlook and mindset for growth; - Resilience; - Compassion; - A good listener? 	
6	Do you see the value in rigorous discussions with your fellow board directors?	
7	Discuss your approach to developing skills and openness to learning new things?	
8	Discuss your experiences and perceptions of the effectiveness of your board as a group in decision making processes?	
9	Have you experienced any personal changes when using emotional intelligence traits or observed a change in the board's group dynamics in decision making processes?	
10	Do you consider that using emotional intelligence traits has an impact on the quality of the decision making processes of the board and group dynamics?	
11	Is effective decision making, group discussions and emotional intelligence skills valued traits of directors?	
12	Do you think your perception of yourself is aligned with how your fellow directors perceive you in board decision making processes?	
13	How do you and your fellow directors evaluate the strategy and risks of alternatives before making a decision?	
14	Describe the board's decision making processes?	
15	How much time would you usually set aside to prepare for board meetings and reflect on decisions before making a decision?	
16	Do you consider your fellow directors take time to reflect to choose the best decision making tool for each decision?	
17	Are a variety of potential options discussed as part of the board decision making process?	
18	Describe the culture of the board as a group in decision making and evaluating processes?	
19	Is there anything else you would like to share or discuss?	
20	May I contact you again if things change or where I may need to clarify any of your previous responses?	

Trait Emotional Intelligence information pamphlet provided to participants

What is Trait Emotional Intelligence?

Trait Emotional Intelligence comprises of 15 personality traits and focuses on your behaviour disposition to use emotional related personality traits based on your own self-perceived abilities.

This is different to intelligence (IQ) or cogitative abilities which focuses on your performance with thinking and mental processing.

A person's level of trait emotional intelligence measures whether they utilise personality traits related to emotions in situations based on a self-assessment.

Trait Emotional Intelligence canvases four different areas being:

- (1) Well-Being**
- (2) Self-Control**
- (3) Emotionality**
- (4) Sociability**

The emotional intelligence personality traits are:

- **Emotion expression:** Letting others know how you feel accurately and unambiguously.
- **Empathy:** Understanding other people's viewpoint, needs and desires.
- **Self-motivation:** Internal determination and perseverance.
- **Emotion regulation:** Control over emotions and change in moods
- **Happiness:** State of presence and optimism.
- **Social awareness:** Socially sensitive, adaptable, and perceptive.
- **Low impulsiveness:** Reflecting upon information before deciding and acting.
- **Emotion perception:** Emotional perception of others and oneself.

- **Self-esteem:** Overall evaluation of oneself.
- **Assertiveness:** Straight to the point and frank.
- **Emotion management:** Ability to anticipate and manage emotions of others.
- **Optimism:** Sense of well-being about the future.
- **Relationships:** Works on maintaining emotional bonds with others.
- **Adaptability:** Flexible approach to life and work.
- **Stress management:** Can effectively manage pressure.

Questions to consider in the boardroom or executive meetings decision making process:

1. Are you aware of your own decision making skills and communication styles?
2. Are you confident in your decision making skills?
3. Are you focused on your own interests or are you truly interested in achieving the best decision results?
4. Have you considered and engaged with the stakeholders or groups of people that will be most affected by the decision?
5. Are you willing to adapt to new decision making processes and change in the boardroom or executive meetings?

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Appendix E

Effective Board Decision making Survey Questions (Part 2)

Effective Board Decision making		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
1	The board evaluates the strategy and risks associated with each alternative before making a decision.							
2	A board decision once made is final – because the board has robust decision making processes.							
3	The board tries to determine the real issue and be informed before starting a decision making process.							
4	Directors tend to have a strong 'gut instinct' about problems, and rely on it in decision making.							
5	The board and management have relevant, robust and respectful open discussion allowing for different perspectives and views to be shared.							
6	The board uses a well-defined process to structure board decisions.							
7	The effectiveness of the chair in facilitating discussion amongst directors is critical to the functioning of the board							
8	If directors have doubts about a decision, the board go back and recheck assumptions and the process.							
9	The directors take time to reflect to choose the best decision making tool for each specific decision.							
10	The board considers a variety of potential solutions, negative and positive aspects before making a decision.							
11	In a group decision making process, the chair is effective in engaging the views of the directors.							
12	When communicating a decision, the board includes the rationale and justification.							
13	The chair takes into account the traits of the directors in managing the board.							
14	The board prefers to make decisions, and then inform management what was decided.							
15	The board determines the strategic factors most important to the decision, and then use those factors to evaluate.							
16	Board meetings are well prepared and run on time.							
17	The chair makes a significant contribution to the functioning of a well-run board and the way forward on decisions.							
18	Directors express confidence in sharing their point of view where it is open to the possibility of two different ideas.							

Effective Board Decision making		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
19	The board decision making processes cultivate diversity of opinion and deliberation.							

Case Study Interview – Sample of Anonymous Director transcript

Case Study Interview questions		Responses from Director
1	Describe your understanding of emotional intelligence traits and social intelligence?	Emotional intelligence is about listening, empathy, being able to read body language and involves to some degree intuition. Social intelligence is about reading the mood of the room and understanding an individual's perspective and where they are coming from before responding.
2	What is your understanding of self-awareness?	It is about having an appreciation of how you are coming across to others and how you are perceived, your strengths and weaknesses and not having any blind spots.
3	Have you previously had training in emotional intelligence traits?	No I haven't done any psychological or philosophical training but I have done conscious bias training and executive leadership training. It's interesting as they all rely on emotional intelligence but there is no formal training on it.
4	Do you consider emotional intelligence is a skill that directors can develop?	What I've learned over the years is that it is something good to have as a natural ability, however it is possible to train directors to some extent.
5	Describe your understanding of the likelihood that directors have these: <ul style="list-style-type: none"> - A positive outlook and mindset for growth; - Resilience; - Compassion; - A good listener? 	Based on the boards I'm on, in my experience yes, most of the directors have these traits. Often they are all highly intelligence with low ego. High egos does add to diversity on boards but often this creates a lot of emotional friction and going down rabbit holes without addressing the key issues.
6	Do you see the value in rigorous discussions with your fellow board directors?	Yes, hugely. I like to hear an argument out and allow the time to hear all the discussion. Often board members meet the day before, whether over dinner, to discuss all of the issues which enables a lot of discussion to address more than just in the formal board meetings due to time constraints.
7	Discuss your approach to developing skills and openness to learning new things?	I have a lifelong learning mindset and love learning new things all the way through to later in life. I'm a big believer of this. If you're going to do your directorship roles responsibly you want to know you're doing this to the best of your capability and competency. It is also a confidence thing to ensure you're always up to date with education and reading everything.
8	Discuss your experiences and perceptions of the effectiveness of your board as a group in decision making processes?	The role of the chair and how the chairs operate are major contributors to the effectiveness of the board. The creativity of the chair plays a big role, and the skill set around the room of the directors.
9	Have you experienced any personal changes when using emotional intelligence traits or observed a change in the board's group dynamics in decision making processes?	Yes, particularly chairs that do a lot of the working behind the scenes and the emotional intelligence of the chair to read the dynamic of the board room on issues.
10	Do you consider that using emotional intelligence traits has an impact on the quality of the decision making processes of the board and group dynamics?	Only in so much in observing chairs with high emotional intelligence, as sometimes it is difficult to differ between this and good communication skills. However I consider that low emotional intelligence and high egos makes a bad chair. The role of the chair is to listen to everybody, steer the conversations and finding a way forward.
11	Is effective decision making, group discussions and emotional intelligence skills valued traits of directors?	Yes, because you need to know how long to let a debate keep going, know how to flesh out views and areas of contention and which issues to address and how to do it. If you don't do this, you don't have the very difficult conversations, which I think is what contributed to the Royal Commission.
12	Do you think your perception of yourself is aligned with how your fellow directors perceive you in board decision making processes?	Yes, I think so, which you can only tell from the litmus test of whether other directors recommend you to other boards. I've done 360 degree reviews which have been aligned with what I was expecting. There are, however always things I can improve, such as often I delve into a line of questioning without outlining the reason why I'm doing this as a director.

Case Study Interview questions		Responses from Director
13	How do you and your fellow directors evaluate the strategy and risks of alternatives before making a decision?	It works differently with different boards. The board papers you get provide 90% of the assessment of the risks and strategy for most matters. Robust discussion is very useful and the chair facilitates this and suggests the way forward for a decision to be approved.
14	Describe the board's decision making processes?	Through the discussion, often a decision may not necessarily be the option in the paper, rather a director or chair facilitates the way forward which is based on the paper but furthered from discussions. Some of the board processes can be operations, but I've found that the better decision making processes is where the board allocates time for strategy and risk as important considerations in a decision.
15	How much time would you usually set aside to prepare for board meetings and reflect on decisions before making a decision?	There is a lot of time spent reading. At the very least I allow the same time as the board meetings or two days. Particularly with APRA regulated entities, there is a lot of reading to be done in board papers, sometimes up to 500 pages which was noted in the APRA report.
16	Do you consider your fellow directors take time to reflect to choose the best decision making tool for each decision?	Not necessarily, in terms of how they come to a decision, but board members will engage in a lot of discussion beforehand to flesh out the issues prior to engaging in the decision making.
17	Are a variety of potential options discussed as part of the board decision making process?	There are as part of strategy planning, you do often consider the strategic options and risks which takes the board on the journey and a good amount of discussion of the alternatives in the board paper.
18	Describe the culture of the board as a group in decision making and evaluating processes?	Good collaborative culture, good chairs, good skills amongst the directors and cohesiveness in making decisions. They operate quite smoothly and I think this comes down to the trust factor of the board group. The role of the chair cannot be understated in ensuring the right decision.
19	Is there anything else you would like to share or discuss?	It depends on the discussions you have at the board table and whether you have the confidence to have the difficult conversations rather than experience what was seen in the Royal Commission.
20	May I contact you again if things change or where I may need to clarify any of your previous responses?	Yes

Appendix G

Case Study Surveys – Sample of Anonymous Director responses

‘Pre’ interview survey

Short form TEIQue questions		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
1	Expressing my emotions with words is not a problem for me.							■
2	I often find it difficult to see things from another person's viewpoint.					■		
3	On the whole, I'm a highly motivated person.						■	
4	I usually find it difficult to regulate my emotions.		■					
5	I generally don't find life enjoyable.	■						
6	I can deal effectively with people.						■	
7	I tend to change my mind frequently.					■		
8	Many times, I can't figure out what emotion I'm feeling.		■					
9	I feel that I have a number of good qualities.							■
10	I often find it difficult to stand up for my rights.					■		
11	I'm usually able to influence the way other people feel.				■			
12	On the whole, I have a gloomy perspective on most things.		■					
13	Those close to me often complain that I don't treat them right.		■					
14	I often find it difficult to adjust my life according to the circumstances.		■					
15	On the whole, I'm able to deal with stress.							■
16	I often find it difficult to show my affection to those close to me.		■					
17	I'm normally able to 'get into someone's shoes' and experience their emotions.						■	
18	I normally find it difficult to keep myself motivated.			■				
19	I'm usually able to find ways to control my emotions when I want to.						■	

Short form TEIQue questions		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
20	On the whole, I'm pleased with my life.							■
21	I would describe myself as a good negotiator.				■			
22	I tend to get involved in things I later wish I could get out of.					■		
23	I often pause and think about my feelings.						■	
24	I believe I'm full of personal strengths.						■	
25	I tend to 'back down' even if I know I'm right.			■				
26	I don't seem to have any power at all over other people's feelings.			■				
27	I generally believe that things will work out fine in my life.						■	
28	I find it difficult to bond well even with those close to me.		■					
29	Generally, I'm able to adapt to new environments.							■
30	Others admire me for being relaxed.						■	

Effective Board Decision making		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
1	The board evaluates the strategy and risks associated with each alternative before making a decision.							■
2	A board decision once made is final – because the board has robust decision making processes.		■					
3	The board tries to determine the real issue and be informed before starting a decision making process.						■	
4	Directors tend to have a strong 'gut instinct' about problems, and rely on it in decision making.					■		
5	The board and management have relevant, robust and respectful open discussion allowing for different perspectives and views to be shared.						■	
6	The board uses a well-defined process to structure board decisions.						■	
7	Directors think that involving stakeholders to generate solutions can make the process more complicated.	■						
8	If directors have doubts about a decision, the board go back and recheck assumptions and the process.						■	
9	The directors take time to reflect to choose the best decision making tool for each specific decision.				■			
10	The board considers a variety of potential solutions, negative and positive aspects before making a decision.						■	
11	In a group decision making process, directors tend to support management's proposals and try to find ways to make them work.						■	
12	When communicating a decision, the board includes the rationale and justification.			■				
13	Some of the options chosen have been much more difficult to implement than expected.						■	
14	The board prefers to make decisions, and then inform management what was decided.	■						
15	The board determines the strategic factors most important to the decision, and then use those factors to evaluate.						■	

Effective Board Decision making		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
16	Board meetings are well prepared and run on time.						■	
17	Directors emphasise how confident they are in a decision as a way to gain support for the decision.		■					
18	Directors express confidence in sharing their point of view where it is open to the possibility of two different ideas.						■	
19	The board decision making processes cultivate diversity of opinion and deliberation.					■		

Case Study Surveys – Sample of Anonymous Director responses

‘Post’ interview survey

Short form TEIQue questions		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
1	Expressing my emotions with words is not a problem for me.					■		
2	I often find it difficult to see things from another person's viewpoint.		■					
3	On the whole, I'm a highly motivated person.						■	
4	I usually find it difficult to regulate my emotions.		■					
5	I generally don't find life enjoyable.		■					
6	I can deal effectively with people.						■	
7	I tend to change my mind frequently.		■					
8	Many times, I can't figure out what emotion I'm feeling.		■					
9	I feel that I have a number of good qualities.						■	
10	I often find it difficult to stand up for my rights.		■					
11	I'm usually able to influence the way other people feel.						■	
12	On the whole, I have a gloomy perspective on most things.		■					
13	Those close to me often complain that I don't treat them right.		■					
14	I often find it difficult to adjust my life according to the circumstances.		■					
15	On the whole, I'm able to deal with stress.						■	
16	I often find it difficult to show my affection to those close to me.		■					
17	I'm normally able to 'get into someone's shoes' and experience their emotions.					■		
18	I normally find it difficult to keep myself motivated.		■					
19	I'm usually able to find ways to control my emotions when I want to.						■	
20	On the whole, I'm pleased with my life.					■		
21	I would describe myself as a good negotiator.					■		

Short form TEIQue questions		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
22	I tend to get involved in things I later wish I could get out of.					■		
23	I often pause and think about my feelings.		■					
24	I believe I'm full of personal strengths.					■		
25	I tend to 'back down' even if I know I'm right.			■				
26	I don't seem to have any power at all over other people's feelings.		■					
27	I generally believe that things will work out fine in my life.					■		
28	I find it difficult to bond well even with those close to me.		■					
29	Generally, I'm able to adapt to new environments.						■	
30	Others admire me for being relaxed.					■		

Effective Board Decision making		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
1	The board evaluates the strategy and risks associated with each alternative before making a decision.						■	
2	A board decision once made is final – because the board has robust decision making processes.			■				
3	The board tries to determine the real issue and be informed before starting a decision making process.						■	
4	Directors tend to have a strong 'gut instinct' about problems, and rely on it in decision making.					■		
5	The board and management have relevant, robust and respectful open discussion allowing for different perspectives and views to be shared.						■	
6	The board uses a well-defined process to structure board decisions.						■	
7	The effectiveness of the chair in facilitating discussion amongst directors is critical to the functioning of the board							■
8	If directors have doubts about a decision, the board go back and recheck assumptions and the process.						■	
9	The directors take time to reflect to choose the best decision making tool for each specific decision.						■	
10	The board considers a variety of potential solutions, negative and positive aspects before making a decision.						■	
11	In a group decision making process, the chair is effective in engaging the views of the directors.						■	
12	When communicating a decision, the board includes the rationale and justification.						■	
13	The chair takes into account the traits of the directors in managing the board.						■	
14	The board prefers to make decisions, and then inform management what was decided.						■	
15	The board determines the strategic factors most important to the decision, and then use those factors to evaluate.						■	
16	Board meetings are well prepared and run on time.							■

Effective Board Decision making		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly Agree
		1	2	3	4	5	6	7
17	The chair makes a significant contribution to the functioning of a well-run board and the way forward on decisions.						■	
18	Directors express confidence in sharing their point of view where it is open to the possibility of two different ideas.						■	
19	The board decision making processes cultivate diversity of opinion and deliberation.						■	

TEIQue Short form Excel and SPSS formula

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EXECUTE .

*Factor scores .

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EXECUTE .

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H18REA247 University of Southern Queensland Ethical Clearance

**ResearchMaster****Human Ethics Application**

Application ID : H18REA247
 Application Title : Emotional Intelligence of Directors and the Effectiveness of Board Governance Decision making Behavioural Processes in the Australian Financial Services Sector
 Date of Submission : 08/10/2018
 Primary Investigator : Ms Jessica Elizabeth Claire Hall; Principal Investigator
 Other Personnel : Dr Claire Beattie; Co-Investigator
 Dr Gregory Jones; Co-Investigator
 Prof John Sands; Co-Investigator

Instructions**Instructions****Pre Application****1 Application Type**

Ethics category*

Human Research Ethics Application

1.1 Has this application been reviewed and approved by another Human Research Ethics Committee (HREC)?*

Yes No

1.2 Does this research project involve?

Tick all that apply.

- Direct recruitment and/or observation of human participants
- Use and/or disclosure of existing data sets and/or archival data
- Use and/or disclosure of existing biospecimen collections
- Any form of genetic testing or analysis of genetic material
- Clinical trial

Review outcome comments for **Application Type**.

This question is not answered.

2 Potential Participant Group

Does this project involve (a) the direct recruitment of participants that specifically targets, and/or (b) the use of existing data and/or tissue of participants from a project that specifically targeted.

2.1 Women who are pregnant, the human foetus, or human foetal tissue?*

Yes No

2.2 Children or young people under the age of 18 years?*

Yes No

2.3 People with a cognitive impairment, an intellectual disability, or a mental illness?*

Yes No

2.4 People considered to be a forensic or involuntary patient?*

Yes No

2.5 People with impaired capacity for communication?*

Yes No

2.6 Prisoners or people on parole?*

Yes No

2.7 People highly dependent on medical care, including a person who is unconscious?*

Yes No

2.8 Military personnel?*

Yes No

2.9 Military veterans?*

Yes No

2.10 People who would not usually be considered vulnerable but would be considered vulnerable in the context of this project?*

Yes No

2.11 Aboriginal and/or Torres Strait Islander peoples?*

Yes No

2.12 Hospital patients?*

Yes No

2.13 People in other countries?*

Yes No

2.14 People who would consider English to be their second language?*

Yes No

Review outcome comments for **Potential Participant Group**.

This question is not answered.

3 Proposed Procedures

Does this project include...

3.1 Any physical, psychological, social, economic, and/or legal risks greater than inconvenience or discomfort, in either the short or long term, resulting from participation in, or use of data in this project?*

Yes No

3.2 Application of randomised trial methods, innovations in clinical practice (interventions and/or therapies), or clinical trials?*

Yes No

3.3 Human genetics?*

Yes No

3.4 Research intended to study and/or expose illegal activity?*

Yes No

3.5 Radioactive substances and/or ionising radiation?
(e.g. DXA, X-ray)*

Yes No

3.6 Sensitive and/or contentious issues? (e.g. suicide, eating disorders, body image, trauma, violence, abortion, etc.)*

Yes No

3.7 Toxins, mutagens, teratogens or carcinogens?*

Yes No

3.8 Deception of participants, concealment or covert observation?*

Yes No

3.9 Seeking disclosure of information which may be prejudicial to participants?*

Yes No

Review outcome comments for **Proposed Procedures**.

This question is not answered.

4 Operational Requirements

Does this project involve...

4.1 Recruitment of USQ students (as participants)?*

Yes No

4.2 Recruitment of USQ employees (as participants)?*

Yes No

4.3 International travel for data collection purposes?*

Yes No

4.4 Collecting data in a rural and remote setting?*

Yes No

4.5 The collection, use or disclosure of IDENTIFIABLE personal information (e.g., names and contact details on consent forms)*

Yes No

4.5.1 Will this IDENTIFIABLE information be collected or used **WITHOUT** the consent or knowledge of the individual whose information is being used?*

Yes No

4.6 The collection, use or disclosure of RE-IDENTIFIABLE personal information (e.g., when identifying details are replaced by codes, pseudonyms, etc)*

Yes No

4.6.1 Will this RE-IDENTIFIABLE information be collected or used **WITHOUT** the consent or knowledge of the individual whose information is being used?*

Yes No

4.7 The collection of information by observing participants **WITHOUT** their knowledge?*

Yes No

Review outcome comments for **Operational Requirements**

This question is not answered.

Application Detail

5 Project Title and Summary

5.1 Project Title*

Emotional Intelligence of Directors and the Effectiveness of Board Governance Decision making Behavioural Processes in the Australian Financial Services Sector

5.2 Using plain language, provide a succinct description of the background and the potential significance of the research project.*

The aim of this research will explore whether boards comprised of directors who demonstrate higher levels of emotional intelligence are more likely to demonstrate greater effective group decision making processes as a board. The research will focus on boards of entities in the Australian financial services sector because there has been limited research conducted on effective board governance in this sector. The rationale for this research is that boards composed of directors who develop and demonstrate higher levels of emotional intelligence should demonstrate greater effective group decision making processes as a board.

The existing research conducted both in Australia and globally presents mixed views with various limitations to the findings from these studies. Thus, this research will look to address part of this gap by exploring the association between directors with higher levels of emotional intelligence and effective decision making behavioural processes by the board. Given the current focus of boards arising from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and APRA's prudential inquiry report into the Commonwealth Bank of Australia, this area is topical. Therefore, if based on this research project, there is a meaningful relationship shown between the level of emotional intelligence of directors and the effectiveness of board decision making processes, the original contribution of knowledge from this research will have practical value for boards in the future.

5.3 Clearly state the aims and/or hypotheses of the research project.*

The aim of this research is to explore the association between directors with higher levels of emotional intelligence and effective decision making behavioural processes by the board. The overarching research question is: 'Is there a relationship between the emotional intelligence of directors and effective board decision making processes?'


The research data will be collected and studied both quantitatively and qualitatively by using a concurrent mixed methodology. A single group of 20 directors will be interviewed over a six month period and participate in two surveys (beginning and end of six months) comprising questions on emotional intelligence and board decision making processes (using academically recognised and developed surveys). The interview data will be qualitatively assessed using a coding process to identify themes. The survey data will be quantitatively studied using a 'within subjects' ANOVA regression model to identify trends over time and the significance and any correlation between the EI quotient and effectiveness of decision making processes of the 20 directors over the study period.


After completing the first survey at the beginning of the six months, the directors will be provided with a booklet which summarises what is emotional intelligence, so participants can learn and understand/be more aware of emotional and social intelligence skills. The research will look to explore whether directors, by being more aware of emotional intelligence demonstrate a higher level of emotional intelligence at the end of the six months (based on results of the second survey) and experience more effective group dynamics in the board decision making process.

Review outcome comments for **Project Title and Summary**.

This question is not answered.

6 Investigators

Your Academic Organisational Unit (AOU) number is a six-digit project code, and is normally aligned to that of your business unit (i.e. school or department). The AOU entered is to reflect the business unit that will be responsible for providing the necessary resources to support this project. If unknown, you can search for your AOU by typing the name of your school or department in the box and clicking on the  magnifying glass symbol.

6.1 Enter your Academic Organisational Unit (AOU) number in the box below (if known). For example, if you are conducting your research on behalf of the School of Psychology and Counselling, enter 'psychology' and click on the  magnifying glass symbol. If the correct project code is not returned, choose the appropriate project code from the list available. The name of the chosen business unit will then appear below the AOU box line.

If you are not a USQ Staff or Student, please enter 'EXTERNAL'.

*

Commerce

6.2 Principal Investigator

Click on Principal Investigator name link and complete all required (*) fields in this chapter. There can only be one Principal Investigator per project.

1	Order	1
	RIMS Code	0000223744
	Position	Principal Investigator
	Title	Ms
	First Name	Jessica
	Last Name	Hall
	Full Name	Ms Jessica Elizabeth Claire Hall
	Student Researcher?	Yes
	Primary Investigator?	Yes
	Primary Contact?	Yes
	ORCID ID (if known)	
	Email Address	U1099828@umail.usq.edu.au
	Secondary Email	
	Mailing Address Address Line 1	
	Address Line 2	
	Address Line 3	
	Address Line 4	
	Suburb/City	
	State	
	Postal Code	
	Country	Australia
	Contact Phone	
	Mobile Phone	

6.3 Other Investigators

Add all other investigators that will be associated with this research project in this chapter.

Click on each investigator's name link and complete all required (*) fields.

Add external collaborating investigators by clicking on the 'Add External Person' button and completing all required (*) fields.

1	Order	1
	RIMS Code	0000169070
	Position	Co-Investigator
	Title	Professor
	First Name	John
	Last Name	Sands
	Full Name	Prof John Sands
	Student Researcher?	No
	Primary Contact?	No
	Person Type	Internal
	ORCID ID (if known)	
	Email Address	John.Sands@usq.edu.au
	Secondary Email	
	Mailing Address Address Line 1	
	Address Line 2	
	Address Line 3	
	Address Line 4	
	Suburb/City	
	State	
	Postal Code	
	Country	Australia
	Contact Phone	+61 7 4631 5385
	Mobile Phone	
2	Order	2
	RIMS Code	0000162621

	Position	Co-Investigator
	Title	Doctor
	First Name	Claire
	Last Name	Beattie
	Full Name	Dr Claire Beattie
	Student Researcher?	No
	Primary Contact?	No
	Person Type	Internal
	ORCID ID (if known)	
	Email Address	Claire.Beattie@usq.edu.au
	Secondary Email	
	Mailing Address Address Line 1	
	Address Line 2	
	Address Line 3	
	Address Line 4	
	Suburb/City	
	State	
	Postal Code	
	Country	Australia
	Contact Phone	+61 7 4631 1289
	Mobile Phone	
3	Order	3
	RIMS Code	0000171864
	Position	Co-Investigator
	Title	Doctor

	First Name	Gregory
	Last Name	Jones
	Full Name	Dr Gregory Jones
	Student Researcher?	No
	Primary Contact?	No
	Person Type	Internal
	ORCID ID (if known)	
	Email Address	Gregory.Jones@usq.edu.au
	Secondary Email	
	Mailing Address Address Line 1	
	Address Line 2	
	Address Line 3	
	Address Line 4	
	Suburb/City	
	State	
	Postal Code	
	Country	Australia
	Contact Phone	
	Mobile Phone	

Review outcome comments for **Investigators**.

This question is not answered.

7 Benefit and Risk

7.1 Outline the benefits to participants and/or to the community as a result of this research being conducted. *

The benefits to the community will be publishing a new and significant contribution to the field of emotional intelligence and board governance. The benefits of the research and participating will be for the directors to develop a greater awareness of their emotional intelligence. The published research is aimed to provide meaningful insights and value to boards of Australia's financial institutions. Namely, the research aims to explore whether directors whom develop higher levels of emotional intelligence, demonstrate more effective engagement as a collective board and more effective decision making processes.

7.2 Define the risks, in either the short and/or long term, of participation in this project

(e.g. physical, psychological, social, economic or legal risks greater than inconvenience or discomfort)*

No anticipated risks nor likelihood or severity envisaged greater than inconvenience. Any risks beyond this will be outlined in the Participant Information Sheet or within an explanatory statement at the beginning of the survey or consent form.

7.3 Are all of these risks outlined in the Participant Information Sheet or within the explanatory statement at the beginning of a data collection instrument, and (where relevant) on the consent form?*

Yes No

7.4 Outline the arrangements planned to minimise the risks involved in this project.*

Any risks beyond inconvenience will be outlined in the Participant Information Sheet or within an explanatory statement at the beginning of the survey or consent form.

The survey data will be collected anonymously. The invitations to participate in the surveys will be provided and facilitated through emails to link to the online surveys.

7.5 What will you do in cases where unexpected events or emergencies occur as a result of participation in this project?

For example, what facilities or services are available to deal with events such as adverse drug reaction, revelation of child abuse, illegal activities, participant becomes distressed during or after data collection.*

Not likely to be a significant risk nor likelihood of a severity in outcome of a significant risk beyond potential inconvenience from participation in the project. Emotional Intelligence and effective board group dynamics (i.e. working together as a team) are well known areas and skills for board directors to have (i.e. through the board directors Australian Institution of Company Directors course or the Australian Institute of Superannuation Trustee Directors Course).

7.6 Is an appropriate list of referral services available within the Participant Information Sheet or explanatory statement?*

Yes No Not applicable

7.7 Outline the strategies that you have in place to reduce any risks to the researchers.*

Not applicable per question 7.2 above.

This research is considered to be low or negligible risk research as it is considered there is no foreseeable risk of harm or discomfort; and any foreseeable risk is no more than inconvenience.

Review outcome comments for **Benefit and Risk**.

This question is not answered.

8 Type of Research

Type of research - 1

8.1 Are you, as the Principal Investigator, a current USQ employee or student?*

Yes No

8.1.1 Will this project be undertaken **predominately** in a student capacity?*

Yes No

8.1.1.1 Program level:*

- Honours
- Masters
- Doctoral
- Other

8.1.1.2 Program name:*

Doctorate of Business Administration Research Degree (DBAR)

8.1.2 Will this project be undertaken as a **USQ Course project**?*

Yes No

8.2

Type of research - 2

Tick all that apply.

*

- Action research
- Clinical research
- Qualitative
- Social science
- Other
- Epidemiological
- Mental health
- Public health and safety
- Quantitative
- Case study
- Clinical trial / use of drug or therapeutic device
- Medical research
- Oral history / biographical

Review outcome comments for **Type of Research**.

This question is not answered.

9 Conflict of Interest

9.1 Do any of the investigators on this project have an actual, perceived, or potential personal or financial conflict of interest in the outcomes of this research, or in any of the organisations involved with, or funding this project?*

Yes No

Review outcome comments for **Conflict of Interest**.

This question is not answered.

10 Funding

10.1 Has funding been obtained for this project?*

Yes No

10.1.1 Are you applying for funding for this project?*

Yes No

Review outcome comments for **Funding**.

This question is not answered.

11 Data Access and Security

11.1 Describe the security arrangements for the storage of the data. Include details of how and where the data will be stored and who will have access to this information.*

The researcher will have access to the research data. It will be stored on USQ secured databases (this would be Nextcloud or whichever USQ approved secured database is the technology that will be used with USQ in accordance with USQ Data Management Policy in the coming years when the research commences). The data will be stored and managed in accordance with USQ's Research Data Management Policy and Procedures to meet the minimum recommended research data storage options (i.e. 1 x primary, and 2 x back-up).

11.2 Will a non-USQ third party have access to the data during this research?*

Yes No

11.3 Will some or all of the research data be openly or publicly available at some time in the future?

Note: It is recommended that unless your data can not be shared for ethical, privacy or confidentiality matters, that you incorporate the future use of data in your research design and include a statement within the participant information sheet/explanatory statement to this effect.*

Yes No

11.3.2 Outline why the data will not be openly or publicly available.*

The data will be stored on USQ secured databases and not privy to public access. The data will be anonymous and only used in the research paper in terms of the research survey data responses which will be aggregated data for analysis and reporting purposes (also uniquely coded and de-identified).

As my DBAR research paper will be public and likely to be published in journals, for conferences and perhaps other reports to the community or for certain interested academic groups, it will only be the summary analysis of the aggregated anonymous data (which has been de-identified) that will be published. Not intending to publish any data sets.

11.4 Are the data access and security arrangements detailed in the Participant Information Sheet or explanatory statement?*

Yes No

11.5 How will the data be confidentially disposed of if it is no longer required?

Note: Whilst there is a minimum retention period for all research data (refer Queensland Government General Retention and Disposal Schedule (GRDS) - [refer disposal authorisation 1046 and 1047], USQ encourages researchers to responsibly store research data for future research use for as long as practicably possible.*

USQ is a Queensland based university so will be subject to the laws of the State of Queensland. Data will be stored on USQ secure website and my password protected laptop. Consent forms and any other hardcopy data (although not anticipated as all will be executed in electronic format) will be securely stored in cabinets for additional security control measures.

Not intending to publish a data set. I will work closely with all USQ Data management and Library Research teams in finalising the data plan for this research. All information on how the data is planned to be collected, used and stored in terms of personal information from a participant will be outlined in the Participant Information Sheet.

Review outcome comments for **Data Access and Security**.

This question is not answered.

12 Communication of Research Outcomes

12.1 Indicate in which format/s the research will be published and/or communicated.

Tick all that apply.*

- Thesis
- Journal article
- Book / book chapter
- Conference
- Dataset
- Reports to participants
- Report to organisation
- Report to community or group
- Other

12.2 How will the identity of participants be disclosed in the communication of the results?*

- non-identifiable data
- re-identifiable data
- individually identifiable data
- other

12.3 Describe how participants and/or other interested stakeholders will be able to access the results and/or request a copy of a summary of the results.*

Not applicable. The participants nor interested stakeholders will not be able to access the results of individuals or request a summary as it is not intended that the data outcomes are of the kind that would be required in the significant interest of the health (i.e. this is not medical research). A summary of the overall research observations (i.e. any correlation and trend in time) will be accessible upon publication of the research paper.

I will ensure that participants are informed within the participant information sheet that they will not be able to access a summary of the research results.

12.4 Will participants be subjected to any physiological or psychological testing during this project? *

Yes No

Review outcome comments for **Communication of Research Outcomes**.

This question is not answered.

No. of Human Participant Groups
Participant Group Recruitment

PG - How many groups of participants will you be recruiting and/or observing for this research project?*

1.00

This question is asking you to think about how many groups of participants you are likely to recruit as part of this project. The method of participant recruitment and how they will provide consent may change depending on the participant's age and how you propose to conduct that part of the project.

For example:

- If you are conducting an online survey, followed by interviews with some of the survey participants, it is likely that you will recruit '2' groups. This will be the 'survey group' and the 'interview group'.
- If you are conducting multiple focus groups with the same focus group questions, it is likely that you will recruit '1' group, but offer the same content multiple times. This can be conveyed in the next chapter.
- If you are conducting interviews with different groups, for example, students, teachers and school principals, then it is likely that you will recruit '3' groups.

The number of groups of participants you enter here will provide specific questions in the next chapter relevant to that group. That is, Group 1 = G1, Group 2 = G2, Group 3 = G3, and so on.

Sufficient space has been provided for up to **five** participant groups. If you propose to use more than five participant groups in your research, contact the [Ethics Officer](#) for further advice.

Review outcome comments for **Participant Group Recruitment**.

This question is not answered.

Group 1 - Participant Recruitment and/or Observation
G1 - Participant Overview

PG1.1 Participant group 1 working title. (e.g. student focus group; teacher survey)*

Director survey group.

PG1.2 How many participants are expected to be recruited in this group?*

20.00

PG1.3 Describe who the participants in this group are.*

Directors of companies in the Australian financial services industry.

PG1.4 Where will this group of participants be recruited from?*

Participants from relevant organisational settings will be contacted utilising existing contacts. This will be supplemented by purposive snowball sampling.

PG1.5 Are the participants in this group likely to be under 18 years of age?*

Yes No

PG1.6 Is there a pre-existing (unequal) relationship between the participants and anyone involved in recruiting and/or collecting data from this group of participants? (e.g. teachers and/or lecturers/students, doctors/patients, employers/employees, etc.) *

Yes No

PG1.7 Do these participants have any cultural needs? (e.g., specific consent arrangements or sensitivities, etc.)*

Yes No

Review outcome comments for **G1 - Participant Overview**.

This question is not answered.

G1 - Recruitment Method

PG1.8 Do you have any criteria for the selection, inclusion or exclusion of participants for this group to take part in the research? (e.g. minimum age requirements)*

Yes No

PG1.8.1 Describe the criteria for selection, inclusion or exclusion and outline why you require this for your research design.*

They will be board members (executive, non-executive, or independent) of Australian financial services entities. The participants will be the same group over the period of the research (for the questionnaires and interview parts).

PG1.9 Indicate which method/s you will use to recruit these participants:*

- Email
- Personal contacts
- Telephone
- Advertisement
- Mail out
- Snowballing
- Participants from another study
- Participants approached in person by research team
- Participants will NOT be actively recruited - they will be observed without their knowledge
- Other

PG1.10 Indicate how you will obtain the contact details of these participants.

*

- From the participants themselves
- From a public domain source
- From a private or third party source
- Other

PG1.10.1 Provide details about this source and its terms of use. Please note that obtaining identifiable personal information without consent may constitute a breach of Queensland and Australia privacy legislation.*

I will invite these participants to participate on a voluntarily basis in the research project. This will also be done through referring directors in my personal network (i.e. from their networks through the snowballing effect. A couple of my personal contacts have already offered to reach out to their network of directors whom would be interested and willing to voluntarily participate).

PG1.11 Explain who will invite these participants to be involved in this project.*

I will invite these participants to participate on a voluntarily basis in the research project. This will also be done through referring directors in my personal network (i.e. from their networks through the snowballing effect. A couple of my personal contacts have already offered to reach out to their network of directors whom would be interested and willing to voluntarily participate). An overview of the surveys, interviews and background spiel about the research will be included in the invitations (including through informal discussions with the participants) to provide the context and aims of the research.

PG1.12 Will you be offering payment or any other incentives to this group of participants?*

Yes No

Review outcome comments for **G1 - Recruitment Method**.

This question is not answered.

G1 - Data Collection Methods

PG1.13 Will you collect data via questionnaires / surveys?*

Yes No

PG1.13.1 For each **questionnaire / survey** that will be administered to this group of participants, provide details about the name and purpose of the instrument, how the instrument will be administered (e.g., paper based, online), and how it will be returned.

Attach a copy of your survey instrument in the document upload chapter.*

Please refer attached document at Chapter 16 (the questionnaire document includes the close ended and open ended questions in the surveys).

The purpose of the survey is to collect research data which will be studied both quantitatively and qualitatively using a concurrent mixed methodology.

A single group of 20 directors will voluntarily participate in two surveys (one at the beginning and one at the end of six months) comprising close ended questions (rated 1 to 5) and open ended questions on emotional intelligence and board decision making processes (using academically recognised and developed surveys). The data from directors will be collected through USQ's Research Online Survey eResearch Tool (iRoSeRT) using Limesurvey (a web based software application). The survey data will be quantitatively studied using a 'within subjects' ANOVA regression model designed to identify trends over time and the significance and any correlation between the EI quotient and effectiveness of decision making processes of the 20 directors over the study period.

After completing the first survey at the beginning of the six months, the directors will be provided with a booklet which summarises what is emotional intelligence, so participants can learn and understand / be more aware of emotional and social intelligence skills. The booklet will comprise of content drawn from existing sources (keeping in mind to adhere strictly to appropriate intellectual property laws of copyright and academic referencing policy) and also crafted appropriately and specifically for this research project (i.e. the research - me - will be preparing the contents of the booklet on the concepts of emotional and social intelligence drawing from the appropriate referenced literature and leading experts in these fields).

PG1.14 Will you collect data via interviews or focus groups?*

Yes No

PG1.14.1 Provide further detail about the **interviews or focus groups**, including: how many sessions will be held; where and at approximately what time (or timeframe) will the sessions be held; who will be present from the research team; how many participants will be present at each session; who will conduct or facilitate the session; will there be a debriefing process (and if yes, what will this involve)?

Attach a copy of your interview or focus group questions (if known) or broad topics in the document upload chapter.*

Please refer attached document at Chapter 16 (the document includes the interview questions that will be asked).

The same single group of 20 directors (referred to above) will voluntarily participate in individual interviews conducted in privacy with the researcher. The researcher will be facilitating the sessions and there will be a short debriefing processes to provide context and the purpose of the interviews.

All recorded interviews will be de-identified (by using the reference of date and time codification only and a generic numbering and lettering reference i.e. 'Director ABS34321'.) The interview transcript data will be qualitatively assessed using a coding process to identify themes between emotional intelligence and the effective decision making processes of the board.

For each of the participating 20 individual directors, two sessions will be held (thirty minute one on one interviews) with each participant together with the researcher over a six month period. That is, the researcher will be conducting 40 interviews over the six month period (two with each director separately). The 'pre and post' thirty minute interviews will be conducted. The broad topics will include open ended questions to understand:

- Their experiences of the effectiveness of the board's decision making behavioural process (quality interaction and rigorous group discussion);
- The board's group efforts to analyse the task, assess valuation criteria and identify the positive and negative qualities of alternative choices;
- Their perception of their own level of emotional intelligence; and
- Their perception of fellow directors' emotional intelligence.

PG1.14.2 Will your interview or focus group session be audio or video recorded?*

Yes No

PG1.14.3 Will you arrange for transcription of the audio or video recording?*

Yes No

PG1.14.3.1 Provide detail on how you will handle the transcription process of the audio or video recording, including who will be involved in transcribing the data, whether the participants will be provided an opportunity to review and/or edit the transcribed document, and how you will safely manage the data transfer process.*

I will be transcribing as part of writing up the research paper and my qualitative analysis and coding process.

PG1.15 Will you collect data via observation?*

Yes No

PG1.16 Will you collect data via photography / videography?*

Yes No

PG1.17 Will you collect data via psychological inventories or any other published, standardised test?*

Yes No

PG1.18 Will you collect data via collection of human biospecimens?*

Yes No

PG1.19 Will you collect data via responses to tasks, stimuli or simulations?*

Yes No

PG1.20 Will you collect data via administration of a substance?*

Yes No

PG1.21 Will you collect data via any other procedure not outlined above?*

Yes No

Review outcome comments for **G1 - Data Collection Methods** .

This question is not answered.

G1 - Data Collection Procedure and Competence

PG1.23 Provide details about what you are asking participants in this group to do or what is to be done to them. Include a step-by-step description of what participants will experience if they choose to take part in this project.*

Participants will be invited to participate in a thirty minute online survey to complete. The survey will provide questions to be completed which will assess a participant's emotional intelligence and collect data on their feedback and experiences of board behaviour.

For the interviews, I will be asking simple nonleading open ended questions. The broad topics will include open ended questions to understand:

- Their experiences of the effectiveness of the board's decision making behavioural process (quality interaction and rigorous group discussion);
- The board's group efforts to analyse the task, assess valuation criteria and identify the positive and negative qualities of alternative choices;
- Their perception of their own level of emotional intelligence; and
- Their perception of fellow directors' emotional intelligence.

PG1.24 How much time are you asking of participants in this group and when will this time be required? (e.g. 30 minutes after class).*

Perhaps half an hour (for the survey) twice over a six month period. The participants and each survey will be uniquely coded (a random selection of letters and numbers as the sequencing method) to 'de-identify' the participants and to allow for the pairing of the surveys (i.e. the 'pre' first survey and 'post' survey conducted at the start and end of the six month period) for the research analysis of the data and changes during the six month period of the data results in the latter survey by each participant. The aim of this is to see whether there is a change and improvement in the participants' emotional intelligence over this time (as the participants will now have a greater awareness and understanding of emotional intelligence / areas to improve over the six months from the first survey outcomes shared with them) and whether this has an impact and any observed changes in the effectiveness of the board decision making processes and group dynamics. The participants over the six month period will be the same group of participants.

Thirty minutes for two interviews over a six month period. To match the paired responses over this six month period when the responses have been de-identified and are to be anonymous, a unique coding system will be used (i.e. a numbering and lettering system to match the two sets of data over the pre and post six month period). The aim of this is to see from the rich insights and interview discussions, whether there is a change and improvement in the participants' emotional intelligence over this time (as the participants will now have a greater awareness and understanding of emotional intelligence / areas to improve over the six months from the first survey outcomes shared with them) and whether this has an impact and any observed changes in the effectiveness of the board decision making processes and group dynamics. The participants over the six month period will be the same group of participants.

PG1.25 Where will the data be collected (venue and geographical location)? (e.g. front of 'venue')*

The surveys will be completed online via USQ's secure web-based platform access RoSeRT using Limesurvey software and protected in accordance with USQ's data management policy and procedures.

The location of interviews will be at the choice of participants (in the Melbourne CBD in private closed meeting rooms or via teleconference).

PG1.26 Does the research involve the administration of any tests or procedures that require particular qualifications?*

Yes No

PG1.27 Does the research involve measures or procedures that are **diagnostic** or **indicative** of any **medical** or **clinical** condition, or any other situation of concern? (e.g. anaemia, bulimia, anorexia, anxiety, suicidal tendencies, aggressive behaviours, etc.)*

Yes No

Review outcome comments for **G1 - Data Collection Procedure and Competence.**

This question is not answered.

G1 - Consent Method

PG1.28 Are these participants able to consent for themselves?*

Yes No

PG1.29 Will you use a written Participant Information Sheet or Explanatory Statement to inform participants about this project?*

Yes No

PG1.30 Will these participants be fully informed about the true nature of the research?*

Yes No

PG1.31 Indicate how you will obtain consent from this group of participants.*

- Implied consent
- Consent form *(must be attached with this application)*
- Opt-out consent
- Other

Consent may be expressed in a number of ways. **A signed consent form** has traditionally been the accepted method of documenting a participant's consent to participate in a research project. Where used, information about the research project is generally presented in a participant information sheet, explanatory statement, or similar document that a participant retains. The process of communicating information to participants and seeking their consent should not be merely a matter of satisfying a formal requirement. The aim is mutual understanding between researchers and participants. This aim requires an opportunity for participants to ask questions and to discuss the information and their decisions with others if they wish.

PG1.31.2 Outline the process by which the participants will give consent and how they return the consent form to the researchers.*

Complete the online consent form via electronic format (email or completion of the consent form over the Research Online Survey eResearch Tool or another USQ technology tool).

Participation in the interviews will also be evidenced by agreeing to attend the one on one data collection methods having previously been approached to express they were willing to participate directly with me (phone call / email to confirm).

Review outcome comments for **G1 - Consent Method.**

This question is not answered.

Documents

16 Documents

16 Has this application been peer reviewed?

Yes No

Ensure you attach a copy of your USQ Peer Review Checklist in the document upload chapter.

17

Below is a list of documents that may be required with this application. Upload each applicable item against the matching document name. If you require more than one document to be uploaded per item please use the 'Add New Document' button (for further assistance please click the item help icon).

****Note**** there are multiple pages in the grid below, use the change page buttons at the bottom of the grid to browse each page.

Description	Reference	Soft copy	Hard copy
Peer Review Checklist	Peer Review Checklist for Independent peer review Jessica Hall.docx	✓	
Invitation letters and/or emails	Consent Form Interview and Survey for participants.docx	✓	
Participant Information Sheet and/or Explanatory Statement (as required, for each participant group)	Information Sheet for the Research (Updated).docx	✓	
Consent form (as required, for each participant group)	Consent Form Interview and Survey for participants.docx	✓	
Copy of instrument(s) - for collecting data via surveys/questionnaires	Survey Questions Jessica Hall 0061099828.docx	✓	
Copy of questions (or sample) - for collecting data via interviews/focus groups	Interview Questions Jessica Hall 0061099828.docx	✓	

Review outcome comments for **Documents (1)**.

This question is not answered.

Review outcome comments for **Documents (2)**.

This question is not answered.

Review outcome comments for **Documents (3)**.

This question is not answered.

Review outcome comments for **Documents (4)**.

This question is not answered.

Review outcome comments for **Documents (5)**.

This question is not answered.

Declaration

USQ Principal Investigator Declaration

I the undersigned declare that I:

- have completed the peer review of this ethics application, in accordance with the USQ Statement on Peer Review;
- accept ultimate responsibility for the ethical conduct of this research project in accordance with the principles outlined in the University's Research Code of Conduct Policy, the Australian Code for the Responsible Conduct of Research (2007), and the National Statement on Ethical Conduct in Human Research (2007);
- have ensured that all people involved in this research project understand and accept their roles and responsibilities;
- undertake to conduct this research project in accordance with the protocols and procedures outlined in the proposal as approved by the University of Southern Queensland Human Research Ethics Committee (USQ HREC);
- inform the USQ HREC of any changes to the protocol after the approval of the Committee has been obtained using the USQ HREC Amendment Application procedure AND inform all people involved in this research project of the amended protocol;
- have read and agree to comply with the University of Southern Queensland Research Data Management Policy and pursuant policies and procedures and have a plan for managing and/or sharing Research Data securely; and
- understand and agree that project files, documents, research records, and data may be subject to inspection by the University of Southern Queensland, USQ HREC, a research integrity officer, the sponsor or an independent body for auditing and monitoring purposes.

18 USQ Principal Investigator Declaration

1	Full Name	Ms Jessica Elizabeth Claire Hall
	Position	Principal Investigator
	Declaration signed?	Yes
	Signoff Date	05/10/2018