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# On Utilizing Grounded Theory in Business Doctoral Research: Guidance on the Research Design, Procedures, and Challenges

**Mark Boadu**  
**College of Technology**  
**Education, University of**  
**Education, Winneba – Ghana**

**M. Karim Sorour**  
**Faculty of Business and Law,**  
**Northumbria University,**  
**Newcastle Upon Tyne, UK**

[mark.boadu2012@gmail.com](mailto:mark.boadu2012@gmail.com)

[Karim.sorour@northumbria.ac.uk](mailto:Karim.sorour@northumbria.ac.uk)

## Abstract

Grounded theory is a powerful and rigorous theory building methodology that has attracted considerable interest in business research; however, it is a challenging endeavour especially for novice researchers and in particular at the doctoral level. Although several researchers have attempted to clarify the cannons of various grounded theory approaches, still there is a shortage in guidance for doctoral students who wish to apply grounded theory for their studies. Using an example from a grounded theory business doctoral thesis, this paper provides a guide on the research design and utilisation of the Straussian grounded theory at doctoral level. In doing so, the paper discusses the rationale, features, and benefits of grounded theory. Using an example from corporate governance research, the paper illustrates how the procedures of data analysis (coding), theoretical memoing, and theoretical sampling are applied to systematically generate a grounded theory. Finally, the paper discusses major challenges to utilising grounded theory and how these can be addressed by doctoral researchers. This paper provides a clear and pragmatic exposition that can be useful to guide doctoral researchers who are interested in utilizing the Straussian approach of grounded theory in their studies.

**Keywords:** Research methodology, Qualitative Research, Grounded Theory, corporate governance, Doctoral research

## Introduction

Research design refers to the “plans and procedures for research that span the decisions from broad assumptions to detailed methods of data collection and analysis” (Creswell, 2009, p. 3).

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Moreover, research design indicates how the research is conceptualized as well as the type of contribution it will achieve (Cheek, 2008). Qualitative research has evolved during the last century, through complex processes of successive stages of “epistemological theorizing” (Denzin & Lincoln, 2008, p. 311). As such, the term qualitative research has been confusing because it “means different things to different peo-

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ple” (Lockyer, 2008; Strauss & Corbin, 1990, p.18). However, qualitative research can be defined broadly as:

a situated activity that locates the observer in the world. Qualitative research consists of a set of interpretive material practices that make the world visible. These practices transform the world. They turn the world into a series of representations, including field notes, interviews, conversations, photographs, recordings, and memos to the self... involves an interpretive naturalistic approach to the world. This means that qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meaning people bring to them (Denzin & Lincoln, 2008, pp. 311-312).

Indeed, selection of a qualitative research design will affect other decisions such as the research methodology and methods (Trauth, 2001). The former refers to the “overall approach to the research process” (Collis & Hussey, 2003). It also reflects the ontology and epistemology of the chosen paradigm of inquiry (Schensul, 2008), while the latter refers to the approaches by which data is collected by the researcher (Collis & Hussey, 2003). Grounded Theory is one of the principal methodologies for doing qualitative research (Creswell, 2003) and is acknowledged to offer unique experience and benefits to new researchers. As such, developing business research and more precisely corporate governance research (as the case discussed in this paper) requires more qualitative investigation as “Qualitative research can assist policy-makers and practitioners to develop more efficient governance mechanisms, by shedding light on the efficacy of policy prescription. “Qualitative research provides a basis for rethinking and challenging some of the dominant assumptions and meanings about how governance actors and institutions actually function” (McNulty, Zattoni, & Douglas, 2013, p.183). In an extensive review of published corporate governance research over the last two decades, McNulty et al. (2013) have concluded that “qualitative studies in governance have grown in number since the 1990s, but remain a small fraction of the published work on corporate governance” (p.183).

Towards this end, doctoral researchers must be encouraged to undertake qualitative research and grounded theory in particular. However, the use of “grounded theory” is said to be overly generic and confusing regarding alternative epistemological approaches to qualitative research (M.Jones & Alony, 2011; Suddaby, 2006). This highlights the need for further guidance and clarification of the methodology and how it can be applied. As such, the following sections of the paper attempt to provide a useful practical guide that helps understanding not only how to apply grounded theory – as a qualitative methodology- but also how it fits within the overall research design of the doctoral thesis. In doing this, it is equally important to clarify what grounded is and is not, in order to help doctoral students make the right decision when designing their research. This is discussed in the following sections.

## **What is Grounded Theory?**

Grounded Theory was first developed by two sociologists, Barney Glaser and Anselm Strauss in 1967 as an action against the extreme positivism that had permeated most social research. Glaser & Strauss (1967) argued that researchers needed a method that would allow them to move from data to theory, so that new theories could emerge. Such theories would be specific to the context in which they had been developed and ‘grounded’ in the data from which they had emerged, i.e., substantive theory. That said, the substantive theory developed can be subsequently compared with existing more formal theories as advocated by Glaser and Strauss (1967) and as such linked to the existing body of knowledge. It is through this comparison with existing formal theories a substantive theory may “become a spring-board or stepping stone to the development of a grounded formal theory” (Glaser & Strauss, 1967, p. 79). The aim of grounded theory is to understand “how social circumstances could account for the interactions, behaviours and experiences of the people being studied” (Benoliel, 1996, p. 413). Grounded theory is discovered, developed,

and provisionally verified through systematic collection and analysis of data pertaining to a particular phenomenon (Strauss & Corbin, 1990). This facilitates the move from a description of what is happening to an understanding of the process by which it is happening (Corbin & Strauss, 2008; Strauss & Corbin, 1998). As such, grounded theory is acknowledged as a rigorous approach that doctoral business students can utilise to build a substantive theory grounded and faithful to the reality and based on studying the phenomenon in its original settings (Bourmistrov & Mellemvik, 2002; Locke, 2001). Grounded theory is particularly well suited to “uncover and understand what lies behind any phenomenon about which little is yet known” (Strauss & Corbin, 1990, p. 19). It specifies a phenomenon “in terms of the conditions that give rise to it; the context in which it is embedded; the actions/interactions strategies by which it is handled; and the consequences of those strategies” (Strauss & Corbin, 1990, p. 91). Clearly, this entails creation of new knowledge through identification of the factors shaping a particular phenomenon (and their interactions), thus offering an in-depth understanding that can inform the practice and policy making. Elharidy, Nicholson, and Scapens (2008, p. 139) investigated whether grounded theory can be utilised in accounting research and concluded that it offers a balance between the expediency of the research findings and the rigor in theory development. Many other examples from different business disciplines have also confirmed Elharidy et al.’s (2008) contention. For instance, Palka, Pousttchi, and Wiedemann (2009) have investigated mobile viral marketing from the marketers’ perspective, where little was known about the motivations, attitudes, and behaviours of consumers. The grounded theory created has helped researchers and marketers to understand how to devise effective mobile marketing strategies. Another example is Sorour and Howell (2013) who investigated the corporate governance phenomenon within the Egyptian banking sector, which was not explored before. Here, the application of grounded theory identified the drivers, barriers, context, and consequences of this phenomenon and how it is handled by different actors involved. Hence, the outcome of this study has offered practitioners and policy makers an in-depth understanding of the phenomenon needed to enact successful reforms. At the same time, grounded theory can open venues for future research that can take the form of hypotheses testing studies. The objective of these studies is to statistically examine the relationship between the variables identified within the theory.

While this section clarified what is grounded theory, it is equally important for a doctoral researcher to recognise what grounded theory is not; Appendix A discusses this issue.

## **Approaches to Grounded Theory**

Before, we illustrate the application of grounded theory, it must be noted that there are two main approaches that have emerged since the original grounded theory was introduced (Graham & Thomas, 2008; Hunter, Hari, Egbu, & Kelly, 2005). These are the Glaserian and Straussian grounded theory approaches (See Appendix B which briefly discusses the philosophical underpinnings of various grounded theory versions. This can be very useful to doctoral researchers who are considering using grounded theory). The former is the extension of the original grounded theory approach by Glaser (1992) while the latter is the ‘full conceptual description’ approach advanced by Strauss & Corbin (Hunter et al., 2005, p. 58). Here, the description emphasises a more detail explanation of concepts such as theoretical sampling, theoretical coding, and use of theoretical memos in generating grounded theory. Glaser is viewed as remaining more faithful to the original version of grounded theory in his approach to data analysis, while Strauss (with Corbin) is considered to have reformulated the original version (Glaser, 1992; Heath & Cowley, 2004). While Glaser (1978) emphasized the “interpretive nature of theory development”, primarily using constant comparison method, Strauss (with Corbin) focused on a “systematic coding techniques incorporating analytical techniques” (Goulding, 1999, p. 7). Thus, the differences between the two approaches have focused on methodological procedures for coding data and developing categories, emergence, researcher distance, and theory development (Graham & Thomas, 2008;

Heath & Cowley, 2004; Parker & Roffey, 1997). Although the Strauss & Corbin (1990) data analysis process was criticised for being “programmatically and over formulaic and rigid” (Melia, 1996, p. 370), the critics admit that the suggested guidelines and procedures allow greater latitude for ingenuity and are an aid to creativity (Strauss & Corbin, 1994; Corbin & Strauss, 2008). Having more than one version of grounded theory, it is quite important that doctoral students state and justify in their theses which version has been used and why? This paper will answer this question in relation to a real grounded theory thesis example. The following section gives the background of this study.

## **Background to the Study of the Ethical Dimensions of Corporate Governance Practice in Ghana**

Having dominated the policy agenda in developed economies for well over two decades, corporate governance is now getting to the top of the policy agenda in developing countries (Abor & Adjasi, 2007). The growing attention at both the national and international levels has been attributed to the increasing levels of international corporate financial scandals and the growing acknowledgement that improved corporate governance is crucial for economic growth and development (Arjoon, 2005; Clarke, 2004; Mulili & Wong, 2010). However, the issues of corporate governance have focused mainly on listed companies and large public companies (Abor & Adjasi, 2007; Kyereboah-Coleman & Biekpe, 2005; Tsamenyi, Enninful-Adu, & Onumah, 2007) while little or no attention has been paid to public sector organisations (state owned enterprises and state institutions). Corporate governance is equally important in the public sector organisations as well as public limited companies.

Meanwhile, the public sector organisations and the informal sector comprise over 70% of the labour force in Ghana (Baah, 2007; Ofori, 2009). To Prempeh (2002) most state owned enterprises in Ghana continue to operate like sole proprietorship. Thus, shareholder accountability and minority shareholder-protection systems in most companies can appear to exist only on paper, leaving room for much self-dealing by organisational management and insiders. It is interesting to note that the nature of the Ghanaian business environment allows traditional cultural values to permeate the governance practice (Odotei & Aweodoba, 2006). Thus, business practices in Ghana still fall short of promoting an ethical, responsible, and transparent corporate governance environment. To this end, the study investigates the ethical dimensions of corporate governance practice in Ghana. It aims to understand the phenomena of governance practices in this context and examine its implications for good corporate governance systems in Ghana. A study into the ethical dimensions of corporate governance practice in state owned enterprises is crucial; particularly in a developing country like Ghana where the issues of corruption and mismanagement of public sector financial systems remain a major concern. Towards this end, a qualitative study was deemed suitable to achieve the required understanding of the corporate governance phenomenon in the context of the public sector, which has been ignored in the literature.

Corporate Governance is concerned with the relationship between the internal governance mechanisms of corporations and society’s conception of the scope of corporate accountability (Deakin & Hughes, 1997). This includes the structures, processes, cultures, and systems that engender the successful operations of the organizations. Thus, corporate governance systems vary widely across nations due to the differences in economic conditions, legal systems, and cultural and political environments (Mensah, 2003; Mulili & Wong, 2010). Adding to the complexity, research highlights a conflict between the traditional cultural values and the theoretical propositions of the Anglo-American model of corporate governance (Adu-Amoah, Tsamenyi, & Onumah, 2008). This has consequently led to compliance, enforcement, and ethical concerns in developing countries corporate governance systems (Giurca-Vasilescu, 2008; Prempeh, 2002).

## Research Methods

The choice of appropriate method of data collection is influenced by the nature of the research questions and objectives; and the methodology (Kumar, 2005; Robson, 2002). The main methods of data collection used in this study are semi-structured interviews and focus group discussions, supplemented by a survey questionnaire which the researcher used to gain access and inform the formulation of the interviews. The researcher has used semi-structured interviews and group discussion to gather qualitative data from board of directors and senior managers of public sector organisations. These data collection methods are suitable for the qualitative grounded theory method of data collection which relied on understanding processes, behaviours, and conditions to provide the necessary insights into ethical corporate governance practice in Ghana. The semi-structured interviews are used “not only to reveal and understand the ‘what’ and the ‘how’ but also to place more emphasis on exploring the ‘why’” (Saunders, Lewis, & Thornhill, 2003, p. 248). This means that there is an opportunity to probe and understand the meaning, attitudes, opinions, and personal experiences of board of directors and senior managers of public sector organisations. Thus, this research benefited from their insider views of the state of corporate governance (Aguilera, Filatotchev, Gospel, & Jackson, 2008; Filatotchev, Jackson, Gospel, & Allcock, 2007; Hendry, Sanderson, Barker & Roberts, 2006, 2007).

Using the constant comparative process in open coding of interviews and group discussion, open categories emerged. These were subsumed into main categories during the axial coding. The researcher utilized the paradigm model to establish the relationship among these main categories. It must be noted that the paradigm model is a tool which provides a framework to identify the phenomenon and links it with sub-categories, namely, conditions, context, action/interactional strategies, and consequences (Strauss & Corbin, 1990). This formed the basis for the selective coding, by which the core category and its relationships with the sub-categories have been verified. The study developed a substantive theory of ethical corporate governance practice through the process of coding, categorization, and analysis of qualitative data. The data collected reflected the views of board of directors and senior managers of public sector organisations. Thus, the substantive theory is grounded on data. The theory reveals that corporate governance practice in the public sector organisations is influenced by traditional cultural values and norms which have implications for ethical business environment.

### The Rationale for Adopting Grounded Theory

A number of the basic features of grounded theory make it an appropriate method for this study:

- (i) Grounded theory methodology includes analysis of processes. Within grounded theory methodology, the term ‘process’ is used to describe “the linking of sequences of action/interaction as they pertain to the management of, control over or response to, a phenomenon” (Strauss & Corbin, 1990, p. 143).
- (ii) Grounded theory methodology directly links macroscopic issues to the phenomenon under investigation and allows the generation of a substantive theory that “offers insight, enhances understanding, and provides a meaningful guide to action” (Strauss & Corbin, 1998, p. 12). Moreover, grounded theory is “more likely to resemble the reality” (Strauss & Corbin, 1998). This is because it builds theory faithful to the situation investigated (Collis & Hussey, 2003) which is grounded in data from the substantive area (Strauss & Corbin, 1998). Therefore, it can provide an understanding of the corporate governance phenomenon taking into consideration the particular characteristics of the context where it is embedded. This qualifies grounded theory to offer the understanding of corporate governance phenomenon within Ghana, identify its critical aspects and how it is shaped within this context.

(iii) Grounded theory makes its greatest contribution in areas where little research has been undertaken (Howell, 2000, 2004, 2013; Nwanji, 2005). The nature of grounded theory is such that the theory that emerges “will be abstract enough and include sufficient variation to make it applicable to a variety of contexts related to the phenomenon” (Strauss & Corbin, 1990, p. 23). In other words, the substantive theory developed from this research can be used as a precursor for further investigation of this phenomenon and related issues.

(iv) Grounded theory is based on the canons of the comparative method, the systematic analysis and concurrent data collection, in addition to being acknowledged as a rigorous approach that “forces the researcher to look beyond the superficial, to apply every possible interpretation before developing final concepts, and to demonstrate these concepts through explication and data supported evidence” (Goulding, 2002, p. 297). It provides a faithful attempt to develop substantive theory that reflects socially constructed reality.

(v) Grounded theory has been selected by many researchers in numerous empirical studies where the emphasis has been on studying the phenomenon within a particular social construct (Bourmistrov & Mellempvik, 2002; Locke, 2001). This includes in the area of Accounting (Gurd, 2008), in Management Accounting (Elharidy et al., 2008), in Management Research (Locke, 2001). Also, in Corporate Governance (Goddard & Assad, 2006; Nwanji, 2006; Sorour & Howell, 2013); and in Political Sciences and specifically in studying of European integration in financial institutions (Howell, 1998, 2000, 2004) have used the grounded theory methodology. This confirms the suitability of grounded theory for this study.

That said, there are some constraints of using grounded theory method especially in terms of generalizability and reliability of the substantive grounded theory. Also there are many other grounds on which grounded theory can be criticized as discussed later in this paper (also see M. Jones & Alony, 2011, for further discussion of limitations). Notwithstanding, grounded theory is the most appropriate methodology for this research, taking into consideration its limitations. The researcher has used the grounded theory method to empirically investigate governance practice in Ghanaian public sector organizations to develop a substantive theory of corporate governance.

## **Rationale for Adopting the Straussian Version of Grounded Theory**

In this study, the researchers adopted the Strauss & Corbin version of the grounded theory methodology. This approach provides a more structured and practically oriented method for generating theory, which can be helpful to understand large volume of data collected “yet they are not restrictively prescriptive”; this practicality is crucial especially in the case of time constrained studies (Parker & Roffey, 1997, p. 223) such as doctoral studies. Moreover, the Strauss and Corbin approach has been used in many business studies, for instance, Gurd (2008) reviews grounded theory research in the discipline of accounting and concludes that Strauss and Corbin procedures to grounded theory have been adopted in most of these studies. The following section provides a guide on how grounded theory can be utilised in doctoral business studies.

## **Developing the Corporate Governance Grounded Theory**

The aim of grounded theory is to generate new substantive theory grounded in data where little is already known or to provide a fresh slant on existing knowledge about a particular social phenomenon (Dick, 2002; Goulding, 1999; Strauss & Corbin, 1990). The theory to emerge reveals contextual explanation of a phenomenon rather than descriptions of complex social processes

(Glaser, 2001; Strauss & Corbin, 1990). Martin and Turner (1986) advocate that grounded theory is proficient in examining complexities due to its ability to generate a comprehensive account of organizational action in context. In a similar vein, Locke (2001, p. 95) argues that grounded theory is “particularly appropriate to researching managerial behaviour” as it captures the complexity of the managerial process.

Glaser & Strauss (1967) contended that theoretical sampling is the process of data collection for generating theory whereby the analyst jointly collects, codes, and analyses his/ her data, and decides what data to collect next and where to find them, in order to develop theory as it emerges. Theoretical sampling is inherent in the grounded theory method of “data gathering driven by concepts derived from the evolving theory from constant comparisons to pinpoint places, people, information or events that will help discover concept variations and density of categories” (Strauss & Corbin, 1998, p. 201). Indeed, in this study, the researcher followed the theoretical sampling logic to gather additional data during and after the interviews; and from other sources, which was dictated by this method until categories were saturated. After saturation of categories was achieved leading to the emergence of a near core category, a process was coded. The grounded theory method provided the development of a relevant model to represent the theory that emerged. Here, the researcher adopted a combination of data collection methods to generate further data to confirm and refute original categories, offer detailed understanding of the categories in terms of their properties and dimensions, and establish the relationships between categories.

Theoretical sampling works by systematically “selecting subsequent participants or data based on the information which emerges from the data already coded” (Sarantakos, 2005, p. 66) as the theory emerges and the investigation focuses. The new data guides the researcher to select data samples which are most salient for the research being undertaken. Each of the data collection methods is associated with a type of theoretical sampling. The researcher utilised the questionnaire as a pre-cursive introduction to the interviews and to inform subsequent interviews. Still, the semi-structured interviews and the focus group discussion were the primary data collection methods used during the open and axial coding stages of the grounded theory process to identify categories and determine relationship between the categories.

The grounded theory process is based on theoretical sensitivity. Theoretical sensitivity is one of the numerous fundamental practices of grounded theory process which Glaser and Strauss, (1967) described as “the conceptual ability of the researcher to have theoretical insight into his area of research and make something of his insights” (p.46). It is a process where a researcher becomes aware of the subtleties of the data in order to understand and give meaning to the data (Strauss & Corbin, 1998). This conceptual awareness of the researcher is increased by a number of sources including disciplinary training and associated general ideas from outside of the researchers disciplinary domain (own experience) and being steeped in the literature (Nwanji, 2006; Schreiber, 2001; Weed, 2009). Indeed, it is necessary to “challenge our assumptions, delve beneath our experience, and look beyond the literature if we are to uncover phenomena and arrive at new theoretical formulations” (Strauss & Corbin, 1990, p. 76). It is expected that researchers approach the research situation with some background knowledge of the phenomena under investigation. This must be bracketed or set aside during the research process (Goulding 2002; Ng & Haze, 2008; Nwanji, 2006; Weed, 2009).

In order to conceptualise and formulate a theory, grounded theory requires that the researcher avoid preconceptions and be open minded as this enables the researcher to be “theoretically sensitive” (Glaser & Strauss, 1967, p. 46). Thus, Strauss, (1987) argued that pre-conceptions are inevitable, otherwise how could a researcher decide what particular fields were of interest to him or her? However, Glaser and Strauss (1967) point to the researcher’s own subjective experience as a dimension of credibility achieving a sense of conviction about theorising. They argued that the result of this conviction is not only the researcher’s presence in the setting. The researcher ap-

proached the problem situation with an open mindedness and allowed the evidence accumulate to dictate the emerging theoretical agenda. This provided the necessary theoretical sensitivity to conceptualise, formulate, and discover substantive grounded core categories (Glaser & Strauss, 1967; Ng & Haze, 2008). This serves as the basic requirement to undergo transition from description to higher levels of abstraction in the substantive theory building process.

## **The Coding Process**

In grounded theory research, data collection and data analysis occur concurrently. As such Qualitative interview data was systematically collected and analysed in an attempt to understand both the structure (why) and process (how) inherent with the corporate governance practice in Ghanaian public sector organisations.

### **Stage One: Open coding**

During open coding, “data are broken down into discrete parts, closely examined, and compared for similarities and differences” (Strauss & Corbin, 1998, p. 102). This process exposes data and uncovers the thoughts, ideas, and meanings attached to yield concepts. Here, open coding was based on semi-structured interviews and focus group discussion of executives, directors, and senior managers from public sector organisations. Following each interview the researcher generated the interview transcript from the audio-tape recordings along with the written notes, which were subsequently microscopically coded sentence-by-sentence to allow concepts to emerge. A number of concepts emerged as the interview process progressed alongside writing theoretical memos.

At this stage of the investigation, the researcher remained open in terms of the structure and direction of the interviews to allow concepts to emerge naturally without *forcing* them into predefined categories (Glaser, 1992, p. 51). Concepts that accurately capture thoughts and meanings of participants in relation to the phenomenon were developed. A concept is described as an “abstract representation of an event, object, or action or interaction that a researcher identifies as being significant in the data” (Strauss & Corbin 1998, p. 103). Data collection and data analysis proceeded until the data were saturated and no new concepts emerged.

The objective of open coding is to break down data into concepts by using theoretical coding procedures and constant comparison method. Incoming data was constantly compared, concept with concept to identify similarities and differences (Strauss & Corbin, 1998). Emerging codes were subject to theoretical relevance criterion and only concepts that show persistent occurrence in data collected, form open categories. Strauss and Corbin (1998, p. 103) define a category as concepts that stand for a phenomenon and drive conceptualisation to a higher level of abstraction. As part of the open coding process, categories are further specified in terms of their properties and dimensions of the properties. Properties are attributes or characteristics pertaining to a category whereas dimensions are location of properties along a continuum (Corbin & Strauss, 2008).

Through the process of simultaneously comparing concepts to identify similarities and differences, eight (8) open categories emerged in terms of its properties and dimensions. They are ***Cultural Influence, Board Ineffectiveness, Ethical Concerns, Board Accountability, Government Interference, Regulations, Training and Education, and Weak Institutions***. The open codes emerged from the responses to the interview questions which overlap as the interview progresses. The researcher identified the substantive codes in the manuscripts using the participants own words as much as possible. Subsequently, a list of codes were compiled and compared against the original transcripts to make sure that a code is used constantly throughout all the transcripts. The quotes and Table 1 illustrate how the process of coding progressed throughout the interviews and emergent concepts and the categories based on the interview questions presented. For example, in response to interview question 1, “How does your organisation’s governance regulation reflect

Ghanaian cultural perspective?” and the focus group discussion, the following are a sample of views expressed by participants to illustrate how the concepts and category, national cultural Influence emerged through the process of coding:

“For instance the **culture of respect for elderly people influences** a lot of things in that you can’t just go to the board demanding **answers to questions**, this **respect for authority** thing is really an issue but that is **our culture**” (Senior Manager, State Institution)

“many people would like to have their **family members and friends**, ..., their **own children** and **relatives working** in the company. So you will see this significant amount of **paternalistic sort of character** within the company”, You know, the other thing is the **family values, our practices are influenced by these values**” (Board member, State Owned Enterprise)

“we all **give and accept gifts** but if somebody bring you a **gift**, at what **time** is the person bringing you that **gift**, and what is the **value of the gift** and under what **circumstances do you bring a gift?**”. It can be good or bad for business (Board member, State Institution)

“I know some organizations which actually **give gifts out** and [pause] I... we don’t encourage **giving gifts** to other people, organization itself **gives the board gift** fine but I **don’t know** of any **gift they send outside**” (Deputy Director, State Owned Enterprise)

The incidents identified here are **culture influence, respect for elderly, respect for authority, family and friends, paternalistic character, unquestioned authority, give gift, receive gift, network relationships, interpersonal connections, practices influenced, value of gift, circumstances, family ties and relations, family values, family business**. These were further compared with other interviews in relation to interview question 2 and those identified to relate to a common theme to be grouped together to form concepts and subsequently the category.

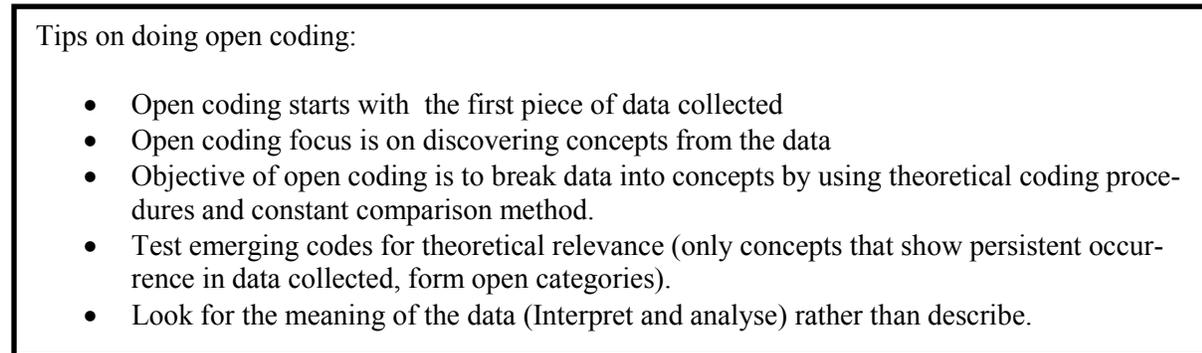
**Table 1: Example of concepts and category that emerged through analysis of coding responses to interview question 1**

Category			Culture Influence		
Concepts included in the Category					
Culture Influence		Board Practices			
Respect For Directors Authority Not Questioned			Culture of Gift Giving		
Family Ties and Relations		Accept Gift		Authority Respected	
Interpersonal Connections		Family Values Influence			
Business Practices		Give Gifts			
Properties		Dimensions			
<i>Gift</i>		<i>Positive</i>		<i>Negative</i>	
<i>Respect for Authority</i>		<i>Positive</i>		<i>Negative</i>	
<i>Family Influence</i>		<i>Positive</i>		<i>Negative</i>	

Source: (Author, 2013)

The coding process is followed for all interview questions to identify the emergent concepts and categories based on the responses from the interview questions which sometimes overlap.

**National culture influence** emerged as an open category expressed through its properties: **gift, respect for authority, and family influence**. The views referenced the reflection of Ghanaian culture values on corporate governance practice. The majority of the participants believed that there is a dominant influence of *Ghanaian cultural* values on corporate governance practice. To conclude, Figure 1 provides useful tips that can guide the open coding stage.



**Figure 1: Tips for open coding**

Source: authors based on Strauss & Corbin (1990, 1998).

## Stage Two: Axial coding

Having successfully ‘open coded’ the data, the analysis proceeded to the second stage which is axial coding. The primary purpose of axial coding “is to begin the process of reassembling data that were fractured during the open coding” (Strauss & Corbin, 1998, p. 124). This is the stage where the relationships between categories and their properties (Strauss & Corbin, 1990) are identified to “form more precise and complete explanation about the phenomenon” (Strauss & Corbin, 1998, p. 124). This is accomplished by making connections between categories along the lines of their properties and dimensions. The underlying assumption of the grounded theory methodology is that each category has links with other open categories. Also, it is at this stage that the open codes are grouped into categories and subcategories, and indeed some open codes become categories in their own right.

Using axial coding recommended by Strauss and Corbin (1998), the researcher has completed four primary tasks: (a) laying out the categories in terms of their properties and dimensions, (b) identifying the conditions, actions and interactions among the actors, strategies and tactics, and consequences associated with the phenomenon, (c) relating categories to their sub-categories by analysing statements of relationship, and (d) identifying how the major categories relate to each other. Here, the researcher has utilised the paradigm model (Strauss & Corbin, 1990) to establish the relationships between codes/categories/concepts that emerged during the open coding. Table 2 displays the relationship between the open categories and the main categories based on the paradigm model.

**Table 2: Sub categories and their paradigm component.**

	<b>Sub Category</b>	<b>Category</b>	<b>Paradigm Component</b>
1	Cultural influence	National Cultural influence	Phenomenon
2	Weak Institutions / Government Interference	Institutional factors	Causal Conditions
3	Board Ineffectiveness/ Board Accountability / Regulations	Board Practices	Context
4	Ethical Concerns	Stakeholder Ethical Concerns	Intervening conditions
5	Training and Awareness	Strategies	Action/Interaction Strategies
6		<i>Improved governance practices</i>	Consequences

Source: (Author, 2013)

During the axial coding, the open categories were subsumed into five main categories, namely, *national culture influences*, *stakeholder ethical values*, *board practices*, *strategies*, and *institutional factors* which formed the basis for the selective coding. To summarise, Figure 2 provides useful tips that can guide the axial coding stage.

**Tips on doing axial coding:**

- Focus is still at development of categories but in terms of their relationships to bring the analysis started in opened coding together.
- It goes concurrently with open coding, each developing categories but with different focus.
- The paradigm model is a useful tool that can help clarify the relationships between categories
- Relationships developed during this stage must be considered provisional till evidence; incidents and events confirm or refute these relationships.

**Figure 2: Tips for axial coding**

Source: authors based on Strauss & Corbin (1990; 1998).

**Stage Three: Selective coding**

Axial coding was followed by selective coding which integrated, interpreted, and refined the major categories and their sub categories to form a story line that described what happened in the phenomenon. Corbin and Strauss (2008) assert that the fundamental objective of selective coding is to identify the core category and explain the story line. According to Glaser (1978) the core category is a more highly abstracted category but must remain grounded in the data.

Central to the paradigm model is the core category which needs to be explained in relation to causal conditions, context, intervening conditions, action/interaction strategies, and consequences. A core category was identified as the central category used to connect all other sub-categories (Howell, 2000, p. 184). Selective coding describes the interrelationships among the categories and explores the complexities of the relationships among the concepts that emerged to ensure consistency with the data (Creswell, 2005). During the process of identification and verification of relations between the emerging categories of open coding, the researcher has identified "*National Culture influence*" as the category which best enables and facilitates the creation of orderly systematic relationships (Strauss & Corbin, 1990, p. 124) to be established according to the para-

digm model. Thus, this process demands that each category be evaluated individually in relation to the core category, namely, “*National Culture influence*”. To illustrate the process, the researcher has asked some questions to ascertain where each category fits in the paradigm model. For example: Is it an intervening or a causal condition? Is the category action oriented or does it apply to the context? Asking additional questions was helpful to establish these relationships. The core category was selected and systematically related to the main categories which stand for sub categories. The relationship between the core category and the sub categories *governance practices*; *Stakeholder ethical values*; *Institutional factors*; and *strategies* were verified using the views and opinions of participants from the focus group discussion. Through the application of the paradigm model, the core category is linked with the other sub-categories.

The development of propositions is an iterative process aimed at validating relationships among categories that were integrated in the paradigm model and its fit in the paradigm model were verified through recurring systematic analysis. Construct validity as well as relational validity of the paradigm model was established in the process of generating and testing propositions. To Howell (2013), propositions indicate generalised relationships between a category and its concepts and between discrete categories. Through constant comparison of the interview and focus group data, theoretical propositions were generated, refined and validated to describe the interrelationship among categories (Strauss & Corbin, 1998). These propositions may also be referred to as the “*generalized relationships*” of the paradigm model in the development of the preliminary framework with storyline. The following are the propositions:

1. The dominant cultural influence on corporate governance practice in Ghanaian public sector organisations depends on the context of board practices. The board practices include the board ineffectiveness, board accountability and compliance and enforcement environment.
2. Stakeholder ethical values facilitate and mitigate the impact of cultural influences on corporate governance practice. This occurs through code of ethics and corporate social responsibility.
3. Strategies address board practices in response to the influence of national culture on corporate governance practice. This is done through training and awareness. The strategies aim to enhance board effectiveness, board accountability and compliance and enforcement.
4. The consequence of the strategies leads to improved board practices such as improved board effectiveness, improved board accountability and enhanced compliance and enforcement environment. This further minimises the impact of the influence of the Ghanaian culture on corporate governance practice.

These propositions were generated using the interview and focus group data and link concepts and categories including the core category of the paradigm model. They indicate how the categories developed in open coding are related to the key phenomenon “*influence of National Level Culture*”. One of the propositions developed from the interview and focus group data indicates that the impact of the dominant cultural influence on governance practice in Ghanaian public sector organisations depends on the context of board practices. This shows that influence of national level culture can have both positive and negative impact on governance practices depending on board ineffectiveness, board accountability and compliance and enforcement environment. A visual model of the relationship among core category and the sub-categories is in Appendix C.

The set of propositions that describe relationships between categories guide how categories relate to components of the paradigm model. Thus, these relationships impact on the interpretation of relationships between categories guided by and inductively derived from the propositions of the

paradigm model. The paradigm model and set of propositions developed enable the core category, *“Influence of National Cultural Values”* to be interpreted as follows:

There is a dominant influence of national level culture on corporate governance practice. The conditions of Weak Institutions, Poor Leadership and Management of public sector institutions and Government Interference encourage the dominant ‘influence of national level culture.’ The activities that will improve “corporate governance practice” are influenced and conditioned by factors such as:

- Code of Ethics
- Corporate Social Responsibility
- Board Responsiveness

Due to the above intervening conditions and strategies, separately or together, activities introduced to improve corporate governance practice will only be successful where the ‘influence of national level culture’ is positive. As a consequence, ‘improved corporate governance practice’ may not be achieved satisfactorily.

The storyline of the study formulates and describes the link between the categories and the central category as follows.

The ethical dimensions of corporate governance practice in Ghana highlight the dominant ‘influence of national level culture’ (include gift giving and gift receiving, respect for authority/elderly and close family system). Factors that encourage the dominant ‘influence of national level culture’ include other governance practices such as weak institutions, poor leadership and management of public institutions, and government interference (including political interference and government intervention). These factors serve as conditions that encourage and enable the negative ‘influence of national level culture’ on governance practice. The governance practice of ‘board training, minority shareholder awareness, and education’ improve and better the negative ‘influence of national level culture’ to achieve ‘improved governance practice’. The intervening conditions of the phenomenon consist of the ‘code of ethics, board responsiveness, and corporate social responsibility’ that mitigate and support the governance practice of ‘board training, minority shareholder awareness and education’ to be effective and efficient. Consequently, the outcome of effective and efficient governance practice of ‘board training, minority shareholder awareness and education’ should enable and enhance corporate governance practice of ‘improved corporate governance practice’ to be achieved.

The central explanatory concept of the research defined as “Influence of National Culture” enabled the categories to be organized around the central phenomenon in the preliminary framework. The narrative explanation of the paradigm model, consisting of eight categories, formed the basis for developing the preliminary framework around the phenomenon of corporate governance practice in Ghanaian public sector organisations.

The study established a relationship between the substantive theory and the formal theories of culture relativism and universalism and teleological and deontological ethical theories and meso theories of shareholding and stakeholding. This facilitates the development of the substantive theory of corporate governance grounded in data which demonstrates that corporate governance systems are socially constructed and as such understanding the behaviour of board of directors is vital for understanding how governance systems operate. Figure 3 shows some tips on doing selective coding.

Tips on doing Selective coding:

- *This stage is about selection of the central phenomenon of the study ( core category)*
- *Core category will pull together other categories that will explain its context, related action/interactional strategies of various entities and the consequences.*
- Core category is also developed here in terms of its properties and dimensions
- Applying the paradigm model can also be useful to explicate the core category in relation to other categories.
- The relationships between the core category and other category can eventually form the substantive theory

**Figure 3: Tips for selective coding**

Source: authors based on Strauss & Corbin (1990; 1998).

## Limitations of Grounded Theory

There is no one methodology without its own limitations. Recognizing and acknowledging these limitations is very useful for further development of research and demonstrating the critical thinking ability of the researcher. Grounded theory methodology is criticised for the following reasons: extensive focus on middle-range theories and not really producing theories which are more general (Bryman, 2001); the context and narrative flow loss due to the coding process (Coffey & Atkinson, 1996); and over emphasis on analysis at the expense of the respondents' description of their experience which constraints clarity of understanding (Riessman, 1990). Regardless, grounded theory is heralded as the most influential methodology for interpretive research and for making qualitative social science research method systematic and scientific (Denzin & Lincoln, 2005). This is because of its iterative and analytical process of data analysis and the subsequent development of a new theory grounded in data (Bryman, 2001; Charmaz, 2006) which cannot be divorced from the process by which it is developed". Grounded theory uses mainly inductive logic; however, Strauss & Corbin (1998) argue that since it uses conceptualisation or interpretation, it is also deductive. In grounded theory the researcher is encouraged to develop some level of abstraction, objectivity and sensitive to words and statements throughout the research process (Patton, 1990). It is therefore worth considering grounded theory methodology for examining managerial phenomena, what Locke (2001, p. 95) labels as "linking well with practice". The choice of grounded theory as a methodology for this research is appropriate, relevant, and suitable to develop a substantive theory corporate governance practice in Ghanaian corporate governance system.

## Surviving the Grounded Theory Research: A Personal Reflection

As indicated earlier, surviving the grounded theory research starts with good research design. This essentially starts with the appreciation that grounded theory aims to understand the nature of phenomenon rather than investigating the relationship between the phenomenon and other variables (being the objective of theory verification studies rather than theory generation). Moreover, grounded theory can offer a number of benefits that are usually known at the end of the research rather than from the outset; however, knowing these benefits earlier at the planning stage can help better make an informed decision. For instance in this study, the benefits included the following. Firstly, the method allowed the researchers to enter the field to help the discovery of the phenomena which is of greatest importance to the participants. Through the application of the method, we were able to conceive appropriate research questions which subsequently allowed the execution

of more conventional research. As such, this gives an indication that although we have a particular research question before entering the field, the precision of such question(s) can be enhanced as part of the grounded theory research. Secondly, the method enabled us to provide a more logical and practical research. The researcher begins with only an idea of the area under investigation, but as the research gains direction, focus, and momentum, the researcher commences a gradual sensitization with extant literature (M. Jones & Alony, 2011; Suddaby, 2006, p.634). Thirdly, following the guiding principles prescribed by Strauss and Corbin (1990), the use of the constant comparison and the principle of theoretical sampling became practical and useful throughout the entire research process and they truly represent the core of the grounded theory method. These two cannons helped to achieve the aim of the study: to gain an in-depth understanding of the phenomenon and to build a substantive theory (Glaser & Strauss, 1967). Another important aspect in designing the grounded theory research is to be explicit about the philosophical underpinnings of the research and whether they match the selected grounded theory philosophical aspects, as this will safeguard against the danger of making “the focus of the researcher ... on how to verify the emerging codes rather than on how to understand the nature of the phenomenon being studied” (Elharidy et al., 2008, p.148).

Doing grounded theory research is a learning curve, to understand conceptualisation and hence coding can take time, but will eventually happen by following the cannons of grounded theory and by listening to the data and look deeper at its meaning. A grounded theorist needs to appreciate that theory is different from description. While the earlier refers to answering the question of what, the latter proceed further to answer other questions of why and how. However, theorising cannot happen without (first) describing (Punch, 2009). Also, the literature can be part of the data itself, especially in terms of labelling of categories.

Although, the Straussian approach advocates three distinct stages of coding, in practice these coding stages cannot be totally separated. For instance, open and axial coding can happen concurrently, but they have a different focus. The earlier focus is to develop categories in terms of their properties and dimensions, while the latter focus on developing categories in terms of their inter-relationships. Similarly, selective coding aims at the selection of the core category; however, this does not mean that the researcher has to stop thinking about the core category during earlier coding stages, rather it is the selective coding stage where the category is fully discovered in terms of its properties, dimensions and how it links with other main categories from axial coding. Grounded theory is not a linear process; rather it requires patience, creativity and revisiting data when needed.

## Conclusion

This paper demonstrates the application of grounded theory to corporate governance research and aims to provide the rationale, challenges and benefits of using qualitative grounded theory in business research. The paper explains the various philosophical and methodological considerations for the two main approaches of grounded theory (Glaserian and Straussian). The major focus of the discussion is its provision of detail illustration of using grounded theory in doctoral research, how the procedures of data analysis (coding), theoretical memoing and theoretical sampling are applied to systematically generate a grounded theory. Generally, the application of grounded theory research into the field of corporate governance can provide “richer and hopefully more authentic, accounts of reality” (M. Jones & Alony, 2011, p. 110) as it can in other disciplines. But more specifically it can be the basis for “rethinking and challenging some of the dominant assumptions and meanings about how governance actors and institutions actually function” (McNulty et al., 2013, p. 183). Although, it has been criticised especially for Glaser’s notion of “forcing”, the Straussian approach for grounded theory offers a more structured approach to theory generation that might be more suitable to time constrained studies such as doctoral studies.

Although, grounded theory is a challenging methodology, careful thinking and planning of the research, understanding what the methodology is designed to offer and what it does not; following the canons of the method including concurrent data collection and analysis, constant comparison of method, and theoretical sampling would make the research much manageable, fruitful, and enjoyable. Meantime, writing-up a grounded theory thesis might also be challenging because of the different logic that grounded theory follows in comparison to traditional positivistic research. However, one important aspect to address this challenge is by writing transparently to show how the theory has been generated, giving supporting evidence to concept derivation and integration as appropriate.

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## Appendix A: What Grounded Theory is Not

Recognising the major grounded theory misconceptions is an equally important step to knowing what grounded theory is. Suddaby (2006) offers an excellent discussion of this in a widely cited paper that groups these misconceptions into six groups that any doctoral student considering using the methodology has to know. These can be summarised in the following. First, grounded theory is not an excuse to ignore the literature. On the contrary doing grounded theory does not require the researcher to be a “blank sheet devoid of experience or knowledge” (Suddaby, 2006, p. 634) nor to enter the field without having a research question in mind. This can be particularly manifested when researchers are researching a well-established topic, with abundant previous literature, which they have simply decided to ignore (Suddaby, 2006). Second, some researchers believe that grounded theory is about presentation of raw data. Although, grounded theory pays attention to the lived experiences of research subjects, the focus is on the substantive area or the phenomenon under investigation and how and why it is happening. As such grounded theory aims at not only describing what is going on, but also at analysing why and how it is happening. Third, grounded theory is not theory testing/content analysis or word counts. Obviously, as a qualitative research methodology, grounded theory aims at inductively generating theories (Glaser & Strauss, 1967) rather than testing them. As such it can be contrasted to the logico-deductive theory which aims at verifying deductibility driven hypotheses (Howell, 2000). Moreover, grounded theory is different from content analysis (both quantitative and qualitative versions) being a methodology for data reduction and description rather than theorising (see Krippendorff, 2013, and Schreier, 2012 for more details on content analysis). Fourth, grounded theory is not simply routine application of formulaic technique to data. Grounded theory is not about applying rigid rules, for instance, it does not require a particular number of interviews to achieve saturation. Similarly it does not endorse using coding software blindly, by which theory can magically be driven. Here it is particularly important to note that grounded theory is a methodology to interpret the data, as such software can help but cannot do the interpretation. Fundamentally, it is the researchers’ responsibility to interpret the data towards generating theory. Fifth, grounded theory is not perfect. This refers to the need to appreciate the pragmatic element of grounded theory (sometimes messy), this includes decisions that the researchers need to make including deciding the philosophical underpinnings of the work, knowing the point of saturation and the need to go back and forth between induction and deduction within grounded theory (Howell, 2000; Suddaby, 2006). Finally, grounded theory is not easy. Grounded theory is rather “the product of considerable experience, hard work, creativity and occasionally, a healthy dose of good luck” (Suddaby, 2006, p.639).

## Appendix B: Philosophical Underpinnings of Various Versions of the Grounded Theory Methodology

Perhaps, knowing the philosophical underpinnings of various grounded theory versions can be quite useful at the research design stage. This would be the case to appreciate the somewhat unusual history of grounded theory and how the epistemological and ontological aspects of various versions have developed, and thus, better design the research project in terms of matching the research philosophical beliefs and that of the grounded theory method selected. The original grounded theory methodology was developed by Glaser and Strauss (1967) during their study on Awareness of dying and Time for dying. It is a qualitative research method for the study of complex social behaviour from a sociological point of view. Since the introduction of grounded theory by Glaser and Strauss (1967), it has evolved as its originators have further articulated and adopted the very method of grounded theory (K. D, Locke, 2003). Moreover, their students have also contributed to its evolution and though these students have tried to stick to the core concepts

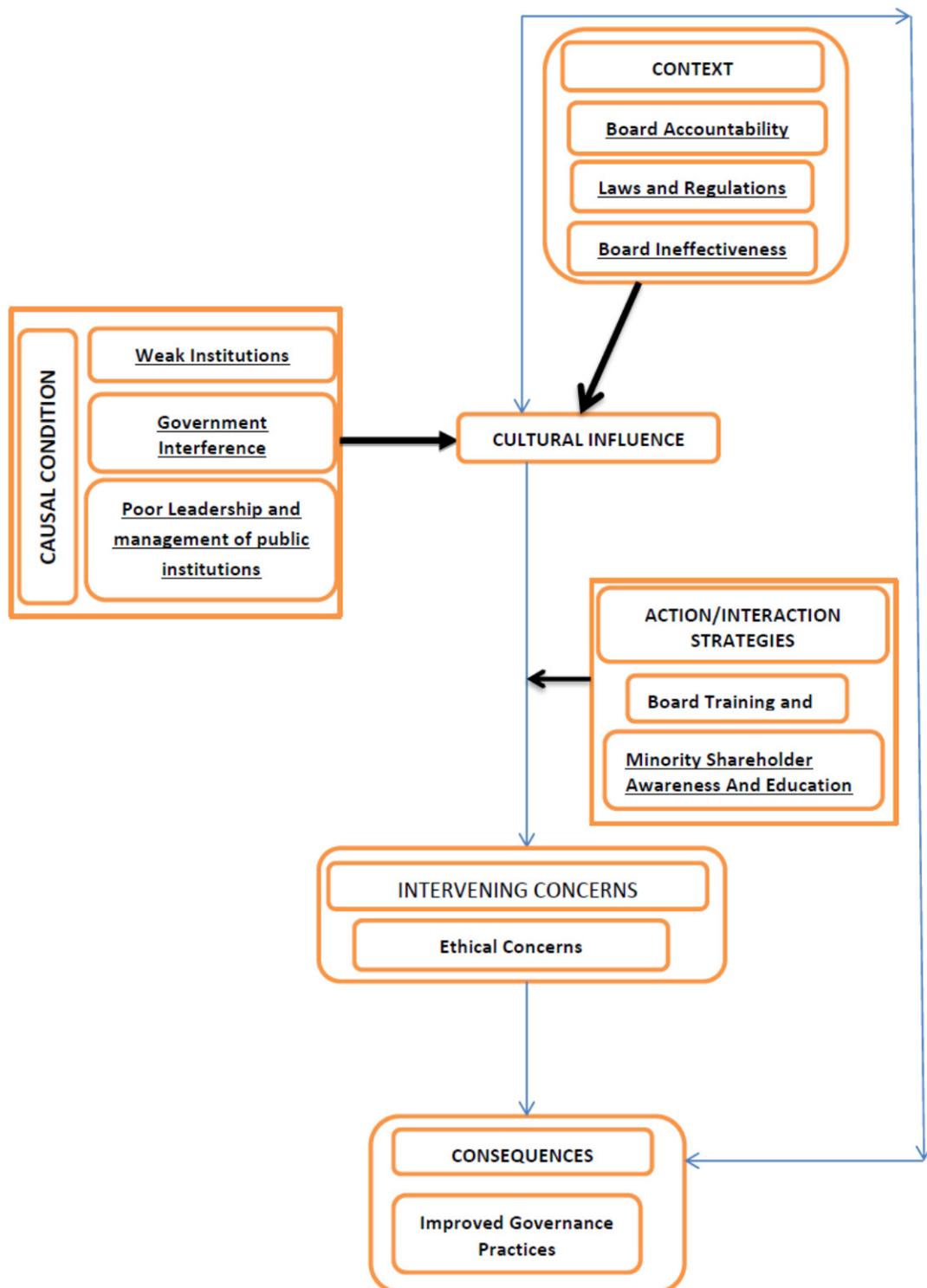
and tenets of grounded theory, they have developed their own style of grounded theory (Gurd, 2008; Locke, 2003). One example is Kathy Charmaz a student of Glaser and Strauss, who developed her own style of constructivist grounded theory (Charmaz, 2006; Gurd, 2008; Mills, Bonner, & Francis, 2006a). Additionally, substantive researchers who learned and utilized grounded theory and incorporated it in their work have also “further interpreted its research practices” (Locke, 2003, p. 2).

Indeed, this has created some confusion in relation to the variety of methodological stances of various models labelled grounded theory (Elharidy et al., 2008; Gurd, 2008; Heath & Cowley, 2004; R. Jones & Noble, 2007; Mills, Bonner & Francis, 2006b; Parker & Roffey, 1997; Tan, 2010).

Notably, various grounded theory models or versions have taken various philosophical /paradigmatic stances, for instance the original Glaser and Strauss grounded theory has its roots lying in American pragmatism and the symbolic interactionism school, which indicates that grounded theory could be located within the interpretive paradigm (Gurd, 2008; Heath & Cowley, 2004; Howell, 1998, 2000; Locke, 2001, 2003). As such, it assumes a relativist ontology and objectivist epistemology. However, Denzin and Lincoln (1994) consider that the classic grounded theory has realist ontology and objectivist epistemology and thus belongs to post-positivist paradigm (Annells, 1996; Locke, 2003). Later variations of grounded theory, such as Glaser (1978, 1992) can also be related to post-positivism orientation (Moghaddam, 2006), while Strauss and Corbin’s versions (1990, 1994, 1998) are more associated with the interpretive paradigm tradition (Locke, 2003). It should be noted that the literature includes somewhat confusing opinions about the paradigmatic orientation of Strauss and Corbin version of the grounded theory (Mills et al., 2006a). However, their acknowledgement of the importance of multiple realities and truth locates them in the interpretive paradigm (Mills et al., 2006a), especially that they assume the objectivity of the researcher (Moghaddam, 2006). Finally, Charmaz (2003, 2006, 2011) has developed another variant of grounded theory: constructivist grounded theory. Charmaz addressed the position of the researcher as a co-producer of data jointly with participants; as such she acknowledges that grounded theory should maintain a relativist ontology (Mills et al., 2006a); but with a subjectivist epistemology, because “theory depends on the researcher's view; it does not and cannot stand outside of it” (Charmaz, 2006, p. 130). Obviously, this locates Charmaz’s grounded theory in the constructivist paradigm (Charmaz, 2006).

In conclusion, the above discussion clarifies that in grounded theory “paradigm lines are not always clearly drawn ... they are determined more by the commitments of individual researchers than by the operational practices of a research approach” (Locke, 2001, p. 13). However, researchers who identify clearly their ontological and epistemological stances can then “choose a point on the methodological spiral of grounded theory” (Mills et al, 2006b, p. 7). Grounded theory as such “transcends a simple categorization of methods and involves deeper assumptions about the philosophical basis of doing research” (Elharidy et al, 2008, p. 148).

## Appendix C: A Visual Model of the Relationship among Core Category and the Subcategories



## Biographies



**Dr Mark Boadu** holds a PhD in Corporate Governance from Plymouth University, UK. Mark is a Doctoral Fellow of Institute of Professional Managers and is currently a lecturer at University of Education, Winneba-Ghana. His research examines the Ethical Dimensions of Corporate Governance Practice in Ghana. He has worked on the influence of national culture on corporate governance practices and currently investigating the ethical dimensions of governance actions and practices in developing countries.



**Dr. M. Karim Sorour** is a Senior Lecturer in Accounting and Financial Management and the PhD programme leader at the Faculty of Business & Law, Northumbria University, UK. He has more than 13 years' experience in the fields of consultancy, research and executive training. Karim has an extensive experience in qualitative research and grounded theory in particular. His research interests include corporate governance, corporate social responsibility and management accounting. Karim holds a Ph.D. in Corporate Governance from the University of Plymouth, UK and is also a Certified Management Accountant (CMA). He is a member of the British Accounting & Finance Association, the Institute of Management Accountants (USA) and the editorial board member of the Journal of Economic and Administrative Sciences (JEAS) and Cogent Business and Management Journal.