

What drives the power of public sector audit committees? A developing country perspective

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Abstract

When reviewing governance scandals and failures, audit committees are often implicated as accomplices, or slow to react to accusations and findings. Audit committee effectiveness in the public sectors of developing countries is particularly questionable. Research focusing on the phenomenon of organizational power within the public sector audit committee may make a substantive contribution when the progress of developing countries is threatened by malfeasance. The paper reflects, through exploratory induction, based on the perceptions of audit committee stakeholders on the drivers of South African public sector audit committee's effectiveness. Perceptions obtained through focus group discussions were analysed applying the Interactive Qualitative Analysis methodology that includes both qualitative and quantitative approaches. The drivers are linked to Kalbers and Fogarty's 1993 study on the power typology of organizational power theory, which posits power as an antecedent to effectiveness. The study concludes three central themes, in particular, provide power to South African public sector audit committees, namely the political climate; individual members' and collective audit committee competence; and the independence of the audit committee. The paper also modestly extends the organizational power theory in respect of the elements of power.

Keywords: Audit committee effectiveness; Developing country; Interactive Qualitative Analysis; Organizational power theory