CRANFIELD UNIVERSITY

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SCHOOL OF MANAGEMENT

Doctor of Business Administration Thesis

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2010

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March 2010

This thesis is submitted in partial fulfilment of the requirements for the degree of Doctor of Business Administration.

ABSTRACT

This thesis, submitted for the Cranfield DBA programme, examines and explores the impact of gender demography on male and female director's role interpretations and contributions. The study was inspired by the scarcity of females on corporate boards and a desire to seek an understanding of how women and men contribute to boards. The study brings together the literature on females on boards, and on board roles and processes, revealing that both bodies of literature could benefit from more in-depth understanding of board processes.

The thesis reports the results of two empirical studies based on in-depth interviews with male and female non-executive directors on Icelandic corporate boards. The first study of non-executives of male dominated boards supported many of the findings reported in earlier studies. Females were found to be active in critical questioning and pushing for better decision making. Males on the other hand stressed the importance of informal interactions. The study offered an understanding of the exclusion and low social and power status of females on male dominated boards. The second study, conducted two years later, on non-executives on both male dominated as well as gender integrated boards and an all female board, revealed in much more detail the nature of traditional board interactions and the benefits of a more balanced composition or even an all female composition. Males on gender integrated boards adopted the valuable role of questioning and holding management accountable, previously found to be mainly adopted by females. In addition, a shared understanding of roles and purpose between males and females was found to prevail on those boards. The gender integrated boards and the all female board possessed a much higher degree of openness, interaction and trust, resembling to a large extent the description of exemplary boards found in the literature, and the females on those boards were found to be quite confident. Finally, the findings question if the importance of informal relationships can be generalised, as those were found to have no relevance on gender integrated and all female boards.

The study adds to the growing body of literature on board roles and processes, and the female board literature, and has significant implications for practice. It reveals the shortcomings of male dominated boards and challenges them to fundamentally change the ways they act and perform. It demonstrates how female non-executive directors bring valuable contributions and that a better gender balance can positively affect the dynamics of the board.

ACKNOWLEDEGMENTS

DISSEMINATIONS TO DATE

Conference papers

Hurdles for Women to the Corporate Board. EURAM – Annual Conference, Oslo May 2006.

Book chapters

Jonsdottir, T. 2008. Women on corporate boards of directors: the Icelandic perspective. In S. Vinnicombe, V. Singh, R. Burke, D. Bilimoria, & M. Huse (Editors.), ***Women on corporate boards of directors: international research and practice***: 222-232. Cheltenham, UK: Edward Elgar Publishing.

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CHAPTER I – LINKING DOCUMENT

This chapter is intended to pull together the main themes across the three projects of this DBA study. It starts with a section on background and rationale for the research, and continues by providing an overview of the research process as well as reporting on the first scoping study of the relevant literature. Key findings are summarised and a section is dedicated to the theoretical, methodological and practical contributions. This part concludes by discussing the limitations of the study and gives proposals for further research.

It should be noted that projects in chapters II and III were written early in the DBA process when the author had limited experience in academic writing.

1. Background and rationale for the research

The initial motivation for conducting this piece of research was to understand the reasons for the scarcity of women in powerful positions on corporate boards of directors, and to offer an insight into what possible benefits boards were missing by lacking female directors. It later developed into a qualitative analysis of role interpretation in the context of male dominated and gender balanced boards as well as an all female board.

The advancement of women to the upper echelons of corporations has been slow (Daily et al., 2000), with the board level as no exception (Catalyst, 2003a, b; Singh & Vinnicombe, 2006; Sealy & Vinnicombe, 2009). Research on women directors has to date mainly covered numbers and proportions of women on corporate boards (Singh & Vinnicombe, 2004; Catalyst, 2003a, b; Dalton & Daily, 1998; Daily et al., 1999), slow advancement (Burgess & Tharenou, 2002; Kanter, 1977), advancement strategies and barriers to advancement (Powell, 1989; Eagly & Carli, 2003; Powell & Butterfield, 2003; Catalyst, 2004b; Burgess & Tharenou, 2002; Elmuti et al., 2003; Ragins et al., 1998; Vinnicombe et al., 2000; Burke, 2000, 1997; Pajo et al., 1997),

as well as profiles and characteristics of female directors (Burgess & Tharenou, 2002; Burke, 1995, 2000; Kesner, 1988; Zelechowski & Bilimoria, 2004; Singh et al., 2008) and finally how women have integrated into the boardroom (Sheridan, 2001; Marshall, 1995; Bradshaw & Wicks, 2000). More recently attempts have been made to demonstrate a link between the representation of women on boards and corporate results (Bilimoria, 2000; Singh & Vinnicombe, 2004a; Carter et al., 2003; Schrader et al., 1997; Stephenson, 2004; Bryan, 2001; Daily & Dalton, 2003). These studies, however, did not demonstrate a causal link between the input (number of female directors) and output (corporate results such as profit or share price) variables. What was missing were attempts to analyse how gender demography might have an affect on board dynamics and interactions, that in turn might lead to better results.

Very few studies have looked at actual activities of female board members and sought to understand in what ways they were affecting or contributing to the activities, processes and decision making of the board. Many of the attempts have focused on the women's specific roles as "female advocates", examining women's impact on female issues, equal opportunities and balancing work/family needs and other "soft issues" (Burke 1994a, 1997, 2000; McGregor et al., 1997; Bilimoria & Huse, 1997), as well as impact on philanthropic issues (Ibrahim & Anglidis, 1994; Wang & Coffey, 1992) and their impact on masculine hegemony on the board (Bradshaw & Wicks, 2000). Only five studies were identified that actually examine the impact of female directors on general board effectiveness (Bilimoria & Huse, 1997; Fondas & Sassalos, 2000; Huse & Solberg, 2006; Zelechowski & Bilimoria, 2003; Konrad et al., 2008). Women directors were found to make an impact by facilitating a comfortable atmosphere and moving the discussion to a wider set of stakeholders, while not being afraid to ask difficult and probing questions (Bilimoria & Huse, 1997; Fondas & Sassalos, 2000; Huse & Solberg, 2006; Zelechowski & Bilimoria, 2003; Konrad et al., 2008). However these contributions are diminished in non inclusive cultures on the largely male dominated boards (Huse & Solberg, 2006; Zelechowski & Bilimoria, 2003; Konrad et al., 2008). From these three studies,

female directors report that women are bringing a new/different perspective into the boardroom, and to some extent fostering a more open culture. At the same time they seem to be facing rather conservative and quite masculine rules and norms of behaviour, and experiencing non inclusive cultures. Studies have indicated that women could be more active contributors by making alliances with the most influential actors (Huse & Solberg, 2006; Zelechowski & Bilimoria, 2003), spending time on preparation and being present in decision making arenas (Huse & Solberg, 2006).

What is still missing is a more profound understanding of women's contributions (defined as speaking and being heard) and how they are, or are not, being surfaced at board level. A crucial factor to understanding board member impact and effectiveness lies in understanding the nature of their role interpretation. The literature on women on boards seems to be somewhat isolated from the corporate governance field concerning board roles and corporate governance reforms. Hence the effect of board and directors' roles and responsibilities has not been taken sufficiently into the discussion of the women on boards literature. Without linking these two, a profound understanding of the benefits and values of increased female participation at board level is difficult to achieve.

Despite increased interest in corporate governance reforms, surprisingly little is understood about actual board behaviour and the effect of individual board members on board dynamics and culture (Pettigrew, 1992; Huse, 1998; Daily et al., 2003). Recent reforms have largely been based on an agency theory perspective (Fama & Jensen, 1983) emphasising the controlling role of the board, but less attention has been given to the serving or stewardship role (Davis et al., 1997) or the networking or resource dependence role (Pfeffer & Salancik, 1978). Increased interest in board reforms has led to a stream of research on structural factors such as board composition, governance structure, and professional and social background of the top management team but empirical data, primarily relying on proxies, show inconsistent findings on whether the latter have an impact on company performance (Zahra &

Pearce, 1989; Johnson et al., 1996; Dalton et al., 1998, 1999; Jensen & Zajac, 2004). Inferential leaps have been made from input variables such as board performance with no direct evidence of the processes and mechanisms which link the inputs to the outputs (Pettigrew, 1992). Phrases like "The field of corporate governance is at a crossroads" (Daily et al., 2003) and "The coming revolution in corporate governance" (Leblanc, 2004a) are common in contemporary board literature. This has called for increased encouragement of qualitative research focusing on what boards or board members actually do, rather than what they look like (for example Finkelstein & Mooney, 2003). Although the number of studies on actual board behaviour and activities has been increasing (Lorsch & McIver, 1989; Demb & Neubauer, 1992a; Pettigrew & McNulty, 1995; Huse, 1998; McNulty & Pettigrew, 1999; Roberts & Stiles, 1999; Pye, 2002; Roberts et al., 2005), further research on expanding the board literature to observational and qualitative studies has been called for (Huse, 2003; Pettigrew, 1992; Daily et al., 2003; Jensen & Zajac, 2004).

Much of the research on boards of directors is centred around the role of the board, the context effect on the role, and the role of the non-executive directors (for example Mace, 1971; Lorsch & McIver, 1989; Zahra & Pearce, 1989; Demb & Neubauer, 1992a; Higgs, 2003; Roberts et al., 2005; Jonsson, 2005) . This type of board research is largely rooted in board role theories such as agency theory (Fama & Jensen, 1983), stewardship theory (Davis et al., 1997), stakeholder theory (Freeman, 1984) and resource dependence theory (Pfeffer & Salancik 1978). Boards are becoming more active and more aware of their responsibilities. Much of the nature of the board's role is becoming clearer and the paradoxes of being close enough to give valuable guidance and counsel, but yet distant enough to provide sound assessment and evaluation, have been drawn attention to (e.g. Demb & Neubauer, 1992a; Roberts et al., 2005). However, very few attempts have been made to look at the effects of different board compositions with regard to individual board member characteristics such as gender, age, education, ethnicity etc. In this context, several comments have been made from a methodological and epistemological standpoint. Pye (2004) notes that traditionally research has looked at

boards as homogeneous groups that perform generic functions and that the literature often does not differentiate between organisational contexts or between individual and group behaviour. Roberts et al., (2005) support the search for theoretical pluralism and greater understanding of board processes and dynamics. In a commentary on the Roberts et al. study (2005), Pye & Pettigrew (2005) point to the need for strengthening the theoretical and methodological foundations of board process to *encourage clarity of epistemological assumptions underpinning the research process.* They also stress the importance of attention to the issues of context and process over time and their relationship to outcomes, and caution against the attempt to over-generalise from qualitative data. They also stress the importance of clarity of the level of focus and analysis, as well as being more careful in distinguishing between individual behaviour and effectiveness, and board behaviour and effectiveness. Finally, they point to the fact that not only are studies of actual behaviours of boards and directors scarce, but the little knowledge that does exist is not as well theorised or as effectively cross-referenced as are agency studies. Pye & Pettigrew (2005) call for a shift of focus of board studies to an alternative and well founded process perspective on board behaviour.

Previous studies on female directors have not explicitly related female board experiences to the framework of board roles. They have frequently focused on contributions that could explicitly be related to female board members (e.g. Burke, 1994a, 1997; Bilimoria & Huse, 1997; Bradshaw & Wicks, 2000; McGregor, 2003; Zelechowski & Bilimoria, 2003; Huse & Solberg, 2006; Konrad & Kramer, 2006) as opposed to general roles and contributions of females as directors, with all the roles and responsibilities that come with that position. Furthermore these studies were limited to examining the female experience.

This study seeks to add to the women on corporate board's literature (WOCB) by examining the general role interpretations and contributions of females and comparing and contrasting them to male role interpretations against the context of male dominated boards, and boards with gender balance and female domination.

This study builds on previous examinations of the non-executive role (e.g. Demb & Neubauer, 1992a; Roberts et al., 2005). It aims to answer calls for clarity in the level of analysis (Pye & Pettigrew, 2005) focusing on the individual, and the individual's interpretation of his or her role and contribution on the board. It furthermore seeks to add to the understanding of contextual factors (Pye, 2000. 2001a) particularly the nature of role interpretation and perceived contributions by males and females on boards with different gender demographics.

The aim of the study is to develop an understanding of non-executive directors' roles and contributions at the individual level, focusing on comparing and contrasting male and female role interpretations within two different contexts. The two empirical studies offer examinations of the effect of gender on role interpretation, first by examining it in the context of male dominated boards and later moving to gender balanced and female dominated boards. It offers an understanding of gendered role interpretation as well as an indication of the effect of board gender demography on role interpretation and actual contributions. It also offers inputs into how the non-executive role is interpreted by male and female incumbents and how the gender demography of the board impacts on those interpretations.

2. Overview of the research process

2.1. Introduction

When I enrolled on the Cranfield DBA programme in September 2004, my curiosity centred on the observation that women were scarce in the upper echelons of large corporations throughout the western world. In 2003 the discussion of the scarcity of women on corporate boards had started surfacing in the media in my home country, Iceland. The reason for media focus on the board level, as opposed to other levels, is probably twofold; first, numbers and proportions at board level are relatively easy to measure since they are usually publicly documented, and second it has been argued that this very top level within companies reflects more than anything the proportional power of women in the corporate world. General explanations offered for the lack of women on boards were predominantly lack of qualifications and lack of interest by women. Having worked for a number of years in executive positions in the business world and participating in forming a women's business network, I was not at all content with these shallow explanations and felt a strong urge to understand in more depth the reasons and underlying assumptions for this skewed situation and hopefully be able to contribute to facilitating changes.

I came to Cranfield with a handful of stray thoughts on the subject. When I started examining the literature, what first caught my attention were that the themes of lack of qualifications and lack of interest had certainly been offered as explanations for low proportions of females on board, but other issues, such as masculine hegemony of the boards had started surfacing. Early on I became particularly fascinated by papers on the business case for advancing females to the board level; suggesting that higher proportions of females on the board could deliver improved business results such as, increased profitability, higher return to shareholders, improved company reputation, better understanding of the growing female market and better corporate governance (Bilimoria, 2000; Singh & Vinnicombe, 2004; Carter et al., 2003; Schrader et al., 1997; Stephenson, 2004; Bryan, 2001; Daily & Dalton, 2003).

Although these studies indicated a link between the number of women on boards and improved performance, causal relationship had not been demonstrated.

My research question undertook several changes and developed through the course of the programme. An overview is presented in *Table 1*.

Development of research question September 2004 - October 2009		
Why so few women on corporate boards?		September 2004
Demonstrating the business case for more women directors		November 2004
What impact do female board members have on board dynamics, processes, power structure, and decision making procedures and will the latter lead to improved corporate governance and/or corporate performance?		January 2005
How do women on boards experience being, or becoming directors? How does women's presence on the board affect board culture, board dynamics and board behaviour?		Scoping study - Nov 2005
What are the experiences and activities of directors on corporate boards? What are the experiences of female directors?		Systematic review - June 2006
How do non-executive board members interpret their roles and contribution as individuals, and is there a gendered effect?		Project 2 - May 2007
How does board gender demography affect individual role interpretations and what impact does it have on female director contributions?		Project 3 - June 2009
How do male and female non-executive dirctors interpret their roles and contributions in different gender-demographic contexts		Linking document - Dec 2009

Table 1: Development of the research question and its execution in the DBA

I wanted to gain an understanding of how
 women were affecting the activities of the boards they were entering. I started looking at papers relating to dynamics, interaction and diversity and by January 2005 the research question read:

What impact do female board members have on board dynamics, processes, power structure, and decision making procedures and will the latter lead to improved corporate governance and/or corporate performance?

Developing my thoughts further, I found that a crucial part of being able to gain a deeper understanding of the issue was a thorough understanding of the role of the board and its directors. By the time I handed in the Scoping Study, in November 2005, I had identified three main themes in the literature that underpinned my research focus; the literature on board and director roles, the literature on women on boards and the literature on board processes and culture (see *figure 1*).
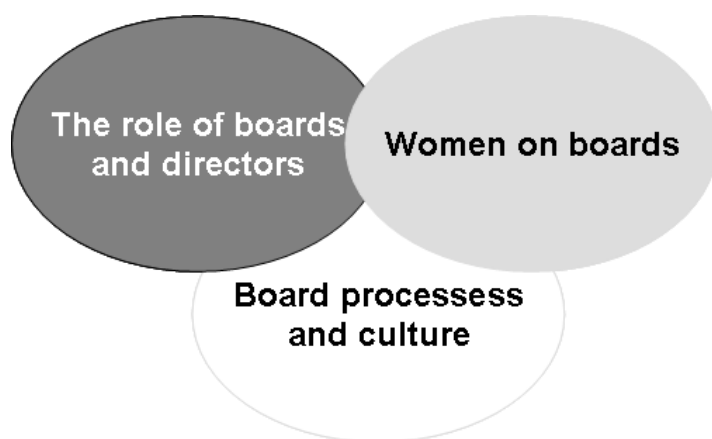
Figure 1: A field map, November 2005

2.2. The scoping study

In the scoping study I aimed to answer the following questions:

How do women on boards experience being, or becoming directors?

How does their presence on the board affect board culture, board dynamics or board behaviour?

The aim of the scoping study was to examine the theoretical foundations for a study of the role of the board and its directors, and to identify what was known about women on boards. Furthermore it examined various board process issues such as the impact of diversity, appointment procedures, board dynamics and culture. Revisiting the Scoping study at the end of the DBA process is quite interesting as the literature review covers many of the topics that eventually surfaced as main findings in the

final phase of the study. The following is a short review of the main themes extracted from the literature in the scoping study.

2.2.1. The role of the board and its directors

The section on board and director roles details the four main theories framing the board role; agency theory, stewardship theory, resource dependence theory and stakeholder theory. These theories, particularly agency theory, have guided corporate governance research for the past decades, but recent papers have criticised their singular approach (Pye & Pettigrew, 2005). Structural reforms, mainly encouraged by an agency view of the board role, have led to inconsistent findings on performance. This has shown the need for a deeper level of understanding regarding the often complex and contradictory roles of directors. This type of understanding has started to emerge through the work of, for instance: Lorsch & McIver (1989), Demb & Neubauer (1992a), Roberts et al., (2005), Stiles (2001), Pye (2001a, 2002, 2004), Roberts & Stiles (1999), Huse (1998), Pettigrew & McNulty (1995, 1998) and McNulty & Pettigrew (1999). These authors have brought attention to the paradoxes of the director role; the necessity of being detached from considerations of self interest while retaining commitment to and involvement with the company; the capacity of having in-depth first hand knowledge while still bringing a wider context perspective (Demb & Neubauer, 1992a) and that of being engaged but non-executive, being challenging yet supportive, independent yet involved (Roberts et al., 2005). Furthermore, Pye, (2001a, b, 2002) draws attention to the effect of context and time on board composition, meeting frequency and on how environmental and contextual changes affected the way chairmen, directors and CEOs talk about organising. Finally, and perhaps most importantly, the role of directors has been described as being gate keepers by second guessing management proposals (Stiles, 2001) and acting as sounding boards to test ideas and question assumptions to encourage better management preparation leading to better decision making (McNulty & Pettigrew, 1999).

2.2.2. The literature on female directors

An examination of the extant literature on women on boards resulted in very interesting findings. My review revealed that most of the research on the topic was about numbers and proportions of women on corporate boards (Singh & Vinnicombe, 2004a; Catalyst, 2003a, b; Dalton & Daily, 1998; Daily et al., 1999), slow advancement (Burgess & Tharenou, 2002; Kanter, 1977), advancement strategies and barriers to advancement (Powell, 1989; Eagly & Carli, 2003; Powell & Butterfield, 2003, Catalyst 2004b; Burgess & Tharenou, 2002; Elmuti et al, 2003; Ragins et al., 1998; Vinnicombe et al., 2000; Burke, 2000, 1997; Pajo et al., 1997) and finally profiles and characteristics of female directors (Burgess & Tharenou, 2002; Burke, 1995, 2000; Kesner, 1988; Zelechowski & Bilimoria, 2004; Singh et al., 2008). What has developed more recently are attempts to demonstrate a link between women's board representation and corporate results (Bilimoria, 2000; Singh & Vinnicombe, 2004a; Carter et al., 2003; Schrader et al., 1997; Stephenson, 2004; Bryan, 2001; Daily & Dalton, 2003). These studies did not demonstrate a causal link between the input (number of female directors) and output (corporate results such as profit or share price) variables, nor how different gender proportions might impact on board dynamics that in turn might lead to better results.

The few studies identified in the scoping study as looking at actual activities of female board members almost all focused on the **women's specific roles as "female advocates"**. The studies examined women's impact on female issues, equal opportunities and balancing work/family needs and other "soft issues" (Burke 1994a, 1997, 2000; McGregor et al., 1997; Bilimoria & Huse, 1997), impact on philanthropic issues (Ibrahim & Anglidis, 1994; Wang & Coffey, 1992) and their impact on masculine hegemony on the board (Bradshaw & Wicks, 2000). Only two studies identified actually looked at the impact of female directors on **general board effectiveness**. Fondas & Sassalos (2000) found that female directors positively affected management decision making, by being highly prepared and motivated as well as having an objective status as an outsider. This was particularly important when board norms were collegial and consensus driven. Bilimoria & Huse (1997)

found in an interview study that female directors mainly contributed by facilitating a comfortable atmosphere while not being afraid to ask difficult and probing questions. This finding was supported very clearly in both of my empirical studies.

2.2.3. Other relevant board issues

The scoping study concluded with a section on various board issues, many of which were revisited throughout the research process. It looked at **directors' characteristics** and the examination of links between the individual characteristic of top management teams, such as educational level and functional background, and corporate performance (Hambrick & Mason, 1984; Bantel & Jackson, 1989; Finkelstein & Hambrick, 1990). It also looked at ideas on the **advantages and disadvanages of diversity**, found to be beneficial to boards when strategic complexity is high and perspectives of diverse members are accepted by majority members (Ingley & van der Walt, 2003). But in order to realise the benefits of increased diversity, companies need to take action and create a culture where diversity is fostered (Kochan et al., 2003). Increased diversity in the boardroom should increase creativity and stimulate debate around important strategic issues which will lead to increased decision comprehensiveness and improved decision making (Simons et al., 1999), particularly in turbulent times (Carpenter & Westphal, 2001).

Board appointment procedures were also briefly examined in the scoping study, but these did not surface again until the results of Project 3 emerged. The traditional appointment approach was defined as identifying candidates by "who you know" rather than "what you need" (Tyson, 2003; Sheridan & Milgate, 2003), as well as emphasising personal preferences of board members rather than qualifications (Nash, 1989). Hegemonic views of board recruiters indicated that reforms were unlikely to be initiated by those in the current position of power (Sheridan & Milgate, 2003) and directors with demographic profiles similar to the current directors are frequently chosen (Westphal & Zajac, 1995).

The issue of **board processes** was discussed very briefly but expanded on substantially in the systematic review.   The research on board processes identified different types of board, depending on relative power and activities (Strebel, 2004; Pye & Camm, 2003; Jonsson, 2005) indicating that increased activity and high board power in relation to CEO power could be related to improved results, and that boards with high power in relation to the CEO power tended to have higher numbers of females on the board (Pearce & Zahra, 1991). In addition, the scoping study touched upon the indication that board interlocks had benefits (Westphal & Milton, 2000; Carpenter & Westphal, 2001), described later in my research process as social capital, frequently found lacking in the case of female directors (Singh & Vinnicombe, 2004b).   Finally I discussed the prevailing masculine culture of the upper echelons of business (Ragins et al., 1998; Marshall, 1995) particularly at board level (Bardshaw & Wicks, 2000) as a hindrance to the progress of female advancement and effectiveness in the boardrooms. As women are mostly in minority positions on boards, there is a high risk that their impact and voice might be restricted (Ingley & van der Walt, 2003).

As my main area of interest was studying actual behaviour and experiences of directors I wanted to examine in more detail what had been done in this field. I was interested in looking at what had been studied with regard to role interpretation. Therefore I decided to focus on what was known about activities and experiences of directors, both male and female, for the next project of the DBA – the Systematic Review.

2.3. The Systematic Review – Project 1
My aim with the Systematic Review was to gain an understanding of how board members behave and act on a board. My aims were to identify all relevant studies that had been done on board members' experiences, behaviours and, where available, effects on board dynamics and culture, in order to have a clear and concise picture of what is known on these topics.

My systematic review research question was:

What are the experiences and activities of directors and non-executives on corporate boards of directors?

Sub questions included:

- How do directors and non-executives experience being a director?
- How does director behaviour affect board dynamics?
- How do directors affect board behaviour?
- How do directors affect board culture?

The following keywords were used to form search strings: *director/ board member experience, - director/ board member activities, - director/ board member role, - director/ board member behaviour, - director/ board member impact, - board behaviour, - board dynamics, - board culture, - women directors, - female directors, - qualitative studies.* The context of the review and the research question was *corporate boards* and *boards of directors*. Therefore it was considered vital to include these terms in all the search strings.

The search strings provided an enormous amount of literature on board roles and behaviours. Papers were assessed by a predetermined inclusion/exclusion criteria (see the Systematic Review Chapter III). The papers included were found to cover four main areas of board research: **the role of the board and its directors**, **board involvement in strategy**, topics examining **board dynamics**, and finally **research on female directors' experiences**.

2.3.1. The role of the board and its directors

The studies of Mace (1971), Aram & Cowen (1986), Lorsch & McIver (1989), Demb & Neubauer (1992a), and Roberts et al., (2005) provided valuable insights and frameworks to actual board activities and procedures, and are cited time and again

throughout my study. Mace (1971) portrays boards as providers of advice, counsel and discipline, particularly in a crisis situation, but rarely having time for analysis and/or asking discerning questions that, although considered to be of vital importance to Mace, were commonly seen as unwelcome. Aram & Cowen (1986) provide a model for effective board processes, emphasising the necessity of having skilled people on the board, with adequate information and a clear understanding of their role and the specific conditions of the company. Lorsch & McIver (1989) find that board norms generally discouraged open questioning and challenging, and that directors typically lacked a forum for discussion. They concluded that much relies on the CEO or chairman to create inclusive working procedures and an atmosphere of openness and dialogue. Demb & Neubauer (1992a) offer a prescriptive framework for non-executive directors: setting corporate strategy, overall direction mission and vision of the company, followed by succession activities, controlling, monitoring and supervising activities. Demb & Neubauer (1992a) conclude by recommending frequent meetings, a moderate sized board and the establishment of opportunities to have retreats and specific discussions on performance, and mission and performance reviews. Finally, Roberts et al., (2005) conclude that non-executive directors deliver most value when they are engaged but not leading, challenging but supportive and independent yet involved.

Board identity is changing from a focus of representing the owners to a focus of representing the company. Boards are now encouraged to focus on meeting the interests of the organisation as a distinct entity separated from but bounded by the interests of the shareholders (Gopinath et al., 1994). A new form of teamwork is emerging, where directors and managers collaborate effectively in order to achieve corporate success, and boards should constantly be working on crisis prevention (Lorsch, 1995).

2.3.2. Boards dynamics

The systematic review addressed a number of issues relating to the social interactions of the board members. Traditional studies have revealed that consensus has been the norm for executive groupings and, although differences in opinions or perspectives have existed, they have rarely been addressed in the boardroom (Hill, 1995). Board norms traditionally discourage open questioning and challenging, and directors typically lack a forum for discussion (Lorsch & McIver, 1989). However prescriptive studies of board effectiveness encourage challenging and constructive conflict (Finkelstein & Mooney, 2003; Roberts et al., 2005), teamwork, common sharing of goals, active engagement and openness (Nadler, 2006; Finkelstein & Mooney, 2003; Pettigrew & McNulty, 1995) and advocate independent, high quality individuals with diverse backgrounds and knowledge (Finkelstein & Mooney; Leblanc & Gilles, 2005; Nicholson & Keil, 2004; Letendre, 2004; Leblanc, 2004a). Finally, the role of the board leader, typically the chairman, in creating an atmosphere of trust and openness has been identified as crucial (Kakabadse et al., 2006a; Nadler et al, 2006; Pye, 2000, 2001b).

2.3.3. Female directors

The systematic review covered the few studies of female directors identified in the scoping study. It added two significant studies. Zelechowski & Bilimoria (2003) found that despite being in the highest position and being highly influential, women directors could not attain full effectiveness in non-inclusive cultures, and concluded that in order to reach optimal effectiveness, influence and inclusion must both be present. Huse & Solberg (2006) found that women's contributions were highly dependent on their ability and willingness to make alliances with the most influential individuals on the board, tended to practice high levels of preparation and defained asking challenging questions as their main contribution.

2.3.4. Moving to the empirical studies

Moving from the systematic review to the first empirical study was somewhat of a challenge. The key results of the systematic review, leading to the definition of a research gap, were the following:

- Board activity and involvement has traditionally been reported as low (Mace, 1971; Lorsch & McIver, 1989). However boards are increasingly becoming active and empowered (Lorsch, 1995; Roberts et al., 2005; Nicholson & Kiel, 2004), which in turn calls for higher levels of interaction and integration. **However more needs to be understood in terms of board relationships, interactions, teamwork and decision making.**

- The definition and nature of the *role of the board* as a collective unit has been fairly well established and documented (Mace, 1971; Aram & Cowen, 1986; Lorsch & McIver, 1989; Demb & Neubauer, 1992a; Roberts et al., 2005). **However there is little documentation on how individual board members interpret their roles.**

- Board processes have been shown to have a significant influence on board effectiveness (Finkelstein & Mooney, 2003; Roberts et al., 2005; Nadler, 2006; Pettigrew & McNulty, 1995; Leblanc & Gilles, 2005; Nicholson & Keil, 2004; Letendre, 2004; Leblanc, 2004a). The culture, behaviour and dynamics are shaped largely by the interaction between individual board members and the collective experiences of the board as a group. The effectiveness of the chairman and the chairman/CEO relationship has been researched in a number of studies (Kakabadse et al., 2006a; Nadler, 2006; Pye, 2000, 2001b), but **little is understood about the interaction between other individual board members and how they relate to each other in carrying out their roles.**

- The qualitative studies of women directors have mainly dealt with the issues of women's experiences of the masculine board culture and ways to adapt to

it or confront it (Bilimoria & Huse, 1997; Fondas & Sassalos, 2000; Zhelechowski & Bilimoria, 2003; Huse & Solberg, 2006). **What remained to be examined was how women define and experience their role as non-executive directors and how that was similar or different to their male counterparts.**

- Research to date has often relied on limited data due to lack of access to this elite sample. **Ability to gain access to board members could therefore, enhance current findings.**

These issues provided the foundations for the first empirical study.

2.4. Overview of methodology across both empirical studies

The main aim of the empirical studies was to add to the level of understanding of actual behaviour on the boards. The literature (Pettigrew, 1992; Huse, 1998; Daily et al., 2003; Leblanc, 2004a; Finkelstein & Mooney, 2003) have repeatedly called for studies examining what boards or board members actually do rather than what they look like, but access to this very busy and elite group has been difficult. Due to personal networks and contacts, I had the unique opportunity to approach members of boards of large Icelandic companies and examine their views on their roles on boards. This access gave a perfect opportunity for input towards answering my research question on individual role interpretation. This section provides an overview of the methodology applied in the two empirical projects.

2.4.1. Philosophical perspective

In social science research, researchers are faced with a choice of a philosophical position on how they are going to make assumptions about the nature of the social world (Easterby-Smith et al., 2002; Blaikie, 1993). Understanding the philosophical issues influences the choice of research design (Easterby-Smith et al., 2002). The two contrasting views of the philosophical tradition are positivism and social constructionisim. Positivism is characterised by the main claim that knowledge is

primarily based on observed facts (Comte, 1853, cited in Easterby-Smith et al., 2002). It is based on the ontology that reality is external and objective, and the epistemological assumption that knowledge is only of significance if it is based on observations of this external reality. Among the characteristics of positivism are that observers must be independent, their aim is to identify causal explanations, science proceeds through a process of hypotheses and fundamental laws, concepts need to be operationalised so facts can be measured quantitatively, and samples should be of sufficient size to allow for generalisation (Easterby-Smith et al., 2002). In contrast with positivism, a new paradigm has been developed during the past century claiming that reality is not objective and exterior but rather socially constructed and given meaning by people, particularly through a sharing of experience by using conversation and language (Berger & Luckmann, 1966). According to social constructionism, the social scientist's task is not to gather facts and measure how often patterns occur, but rather to examine different constructions and meanings that people place upon their experience. The focus is on ***understanding why*** people have different experiences and meanings rather than search for causes and fundamental laws.

The contrasting characteristics of positivism and social constructionisim are summarised in table 2 (adopted from Easterby-Smith et al., 2002:30).

	Positivism	Social Constructionism
The observer	must be independent	is part of what is being observed
Human interests	should be irrelevant	are the main drivers of science
Explanations	must demonstrate causality	aim to increase general understanding of the situation
Research progress through	hypothesis and deduction	gathering rich data from which ideas are induced
Concepts	need to be operationalised so they can be measured	should incorporate stakeholder perspectives
Units of analysis	should be reduced to simplest terms	may include the complexity of "whole" situations
Generalization through	statistical probability	theoretical abstraction
Sampling requires	large numbers selected randomly	small number of cases chosen for specific reasons

Table 2: Contrasting implications of positivism and social constructionism

As the purpose of this study is to examine and gain an understanding of director's interpretations and meaning of their roles, responsibility and experiences on corporate boards of directors, it seems appropriate to adopt a social constructionist view of reality. The aim is, according to social constructionism, to increase general understanding of the situation, gather rich data with the aim of inducing ideas, and look at both the complexity of the "whole situation" and a small number of cases chosen for a specific reason.

Thus, the study is interpretivist, drawing on social constructionist principles that social reality is based on the actions and reactions of social actors (Berger & Luckmann, 1968; Blaikie, 1993). This reality is accessed through interpretation of the reported experiences of the actors as they make sense of the world and give meaning to their experiences. Their interpretations and meanings further shape their behaviour and actions and thereby influence their world. So the actors influence, and are influenced by their social reality. Furthermore, the epistemological assumptions underpinning the research process are of a feminist nature, claiming that women's experiences, although presumably different from males' experiences, are equally valid as a basis for knowledge (Blaikie, 1993).

2.4.2. Research strategy

Following the argument in the previous section, a social constructionist approach dictated a qualitative study. My aim was to extend the understanding of director's role individual interpretation as well as man and women's contributions to the board, by examining their role interpretation in general, and comparing and contrasting that to men's role interpretations. Whilst access to observation of board meetings would be problematic for confidentiality reasons, I was confident I would be able to gain access to individual directors. Indeed, as the issue revolved around *individual interpretation*, with the individual as the unit of analysis, in-depth interpretive interviews were considered the most appropriate method (Easterby-Smith, et al., 2002). Although my main concern was for individual role interpretation, as opposed to the board being the unit of analysis, it must be acknowledged that since I wanted to look for gendered similarities and differences, the data analysis had to take

different groups of individuals, based on gender and board composition into consideration.

2.4.3. Research design

The unit of analysis in this study is the individual director. I decided to have the interview schedule semi structured covering particular areas regarding roles and activities but not a highly structured set of questions. The same interview schedule was used in both empirical projects. The interview schedule was designed to explore, in as much detail as possible, the individuals' interpretation of their role on the board. Rather than asking explicitly about how they defined their role, interviewees were asked indirectly about issues and themes relating to role interpretation, such as why they were asked to serve on a particular board, their purpose and activities on the board, what they thought was expected of them and what they do to fulfil those expectations. In addition they were asked about:

- how they behave and interact in a typical board meeting
- how their behaviour compares with that of other board members
- to whom they feel accountable as a board member
- what they have gained from serving on the board
- what would be their greatest contribution or added value to the board.

In order to shed light on the importance of social ties to role effectiveness, the interviewees were also asked to describe the nature and importance of informal relationships in their board roles.

2.4.4. Selecting interviewees

The size of corporate boards in Iceland ranges from three to nine people, with five as the most common size. Icelandic boards consist only of non-executive directors. While it is allowed by Icelandic corporate law to have the CEO serve as a board member, common practice is to have the CEO attend and participate in all board meetings, but not as a formal member. The dual Chairman/CEO role is prohibited by Icelandic corporate law.

Project 2

My context was the Icelandic business environment. I wanted to examine women's role interpretations in large corporations and compare and contrast it to that of males. I chose my sample from the 50 largest Icelandic companies (by revenue, as listed companies are less than 30 and in the past years only two to four of them have had a female board member at any given time). As at the time of the first study (Project 2), women were very scarce on the boards of large companies, all the women interviewed were "tokens" on their boards.

My context definition for the first study (Project 2) was:
   a. Male dominated boards (since that would normally be the situation on any board)
   b. Icelandic companies in international expansion (context – small economy to large economy transition phase), as these were both interesting and easily accessible.

My interviewee recruitment strategy was to list and target female members of boards in the defined context. Six female board members from large Icelandic boards were interviewed. Subsequently male counterparts for the six boards were identified. Due to access difficulties, interviews could only be obtained from male board members from three of the boards, so five males from three boards were interviewed.

Since most of the interviewees served on multiple boards, more than 50 boards were represented, including 12 of the top 50 companies in Iceland.

Project 3

When it was time to conduct the research for project 3, there had been extensive changes in the macro economy. These changes led to the restructuring of many boards which, in many cases, resulted in boards with a much higher female representation than previously seen. Needless to say, the context was no longer international expansion, but rather a survival strategy. My approach in Project 3 was

to select two samples for my interviews. One sample was from the newly formed, gender balanced or female dominated boards, consisting of five females and three males, and a second sample from three large Icelandic companies with male dominated boards, consisting of three females and three males (see *table 3*). The second sample set very much resembled that of Project 2, apart from the fact that one board had two women and of course the fact that all companies in project 3 were facing a recession period and economic difficulties. As the aim of this second study was to examine the effect of gender composition, it was considered logical to use the same interview schedule as in project 2, probing for as much detail as possible about the role interpretation of each individual.

	Project 2	**Project 3**		
Time of study	Nov 2006-Apr 2007	March-May 2009		
Type of company	Large Icelandic companies	Large Icelandic companies	Large Icelandic companies	
Gender demography	Male dominated boards females in token position (20%)	Male dominated boards females in token or minority position (20%)	Balanced boards males and females 40-60%	All female boards
Females in study	6	3	3	2
Males in study	5	3	3	0

Table 3: A summary of the sample across both empirical projects**.**

2.4.5. Data collection

Project 2

The interviews for Project 2 took place between November 2006 and April 2007, either at the interviewee's work facilities or at the interviewer's office. The interviews were semi structured and followed a pre-developed interview schedule but the interviewees were allowed to deviate from the schedule and the interviewer probed with additional questions when interesting topics came up, for instance regarding specific qualifications, examples of boardroom interactions and explanations regarding the importance of relationships and trust. Most of the board members had substantial board experience and drew their comments and insights from various boards.   The interviews were audio taped and the recordings lasted 30-80 minutes. The interviews were conducted in Icelandic, which is the native

language of all interviewees. The fact that many of the interviewees were known to the interviewer seemed to have a rather positive effect in terms of openness and willingness to share information.

Project 3

The interviews for Project 3 took place between March and May 2009, again either at the interviewee's work facilities or at the interviewer's office. The interviews were semi structured and followed the same pre-developed interview schedule as the interviews for Project 2. Interviewees were allowed to deviate from the schedule and the interviewer probed with additional questions when interesting topics came up. These deviations revolved specifically around the dynamics, open discussion or personal experiences that illustrated the points the interviewees were making. Since the interviewees had been selected based on their presence on a particular board, they were asked to keep that board in mind as a focal board, but also encouraged to compare and contrast the focal board with other boards on which they currently or had recently served. It transpired that most of the board members had substantial board experience and drew their comments and insights from various boards. These interviews were also audio taped and the recordings lasted 45-65 minutes, with two exceptions where the interviews lasted around 30 minutes. There was no indication that the length of the interviews added to the profoundness of the content, as interviewees of the longer interviews often drifted away from the topic. Again, being acquainted with many of the interviewees seemed to facilitate openness and sharing of information.

2.4.6. Data analysis

The interviews were conducted in Icelandic, the native language of the interviewer and interviewees, audio recorded and transcribed in full (in Icelandic). The text was transferred to the NVivo software tool intended for analysis of qualitative data, in order to facilitate the structuring of emerging themes.

The analytical process for both empirical studies mainly followed a structure described in Easterby-Smith et al., (2002:123-124). The steps in my data analysis process were the following:

1) Read and familiarise with the transcripts
2) Identify themes in the interviews and compare them to themes emerging from the literature
3) Transcripts were transferred to NVivo, coding all text into free-nodes and subsequently structuring into tree-nodes
4) A second coding resulting in sub-nodes
5) Themes and subthemes analysed and constructed into chapter headings
6) Under each chapter heading a presentation of the issue was made and the issue was backed up with selected quotes from the transcripts that illustrated that particular point.
7) A reassessment of the themes and chapter headings

A more detailed description of the analytical process can be found in the methodology chapters of each empirical project (VI-4 and V-5).

Since the interviews were conducted and transcribed in Icelandic, illustrative quotes needed to be translated into English. The translation was done by the author and the supervisors checked the English translations. Care was taken to be as accurate in the translation as possible, without losing the content and meaning of the quotes. No particular difficulties arose in the translation process.

As the research design followed a social constructionist view, the focus in the data analysis was on pulling out themes and patterns occurring in the conversations, rather than counting the numbers of instances particular issues were mentioned or the number of directors bringing them up.

Although the initial aim was to focus on individual directors as the unit of analysis, as the research progressed it was interesting to see responses come together in subgroups: in the first study as two subgroups – males and females on male dominated boards; and in the second study three groups emerged: 1) males on male dominated boards, 2) females on male dominated boards and 3) males and females on the gender integrated boards and on the all female board.

Analysing qualitative data is always prone to biases due to the expectations and preconceived ideas of the researcher (Easterby-Smith, et al., 2002). My approach was to observe the data with curiosity and an open mind. The result was that indeed many of the issues and themes emerging came as interesting surprises to me.

2.5. The first empirical study - Project 2

2.5.1. Background and rationale

My main objective for the first empirical study was to deepen the level of understanding of how male and female non-executive directors interpreted their roles and how this related to their effectiveness and contribution. As effectiveness and contributions are difficult to assess, gaining an understanding of male and female individual role interpretations could contribute to the understanding of how men and women experience, interact and engage with board culture, dynamics and behaviour. It could also cast light on how they adapt to and sustain their position on the board, whether they feel they are getting their point across. Further, it could also shed light on to what extent they were perceived as tokens. A token position is described by Kanter (1977) as individuals in a skewed group where there is a large preponderance of one type over another (i.e. a ratio of 85:15). The numerically dominant group has control over the group and can be labelled as dominant, while the smaller group is labelled as tokens, seen as representatives of their category rather than individuals.

As I was going to study directors on Icelandic boards which contain only non-executive directors, I decided to use a recent study by Roberts et al., (2005) on the role of the non-executive as a main building block and extend it to include the effect of gender on role interpretation, which had not been addressed by Roberts et al.

(2005). As reports on male domination of boardroom culture (e.g. Bilimoria & Huse, 1997; Bradshaw & Wicks, 2000; Sheridan, 2001; Huse & Solberg, 2006; Zelechowski & Bilimoria, 2003) indicate that the way female board members experience their roles and express their behaviours is not the same as their male counterparts, an understanding of how gender composition operates at board level is needed.
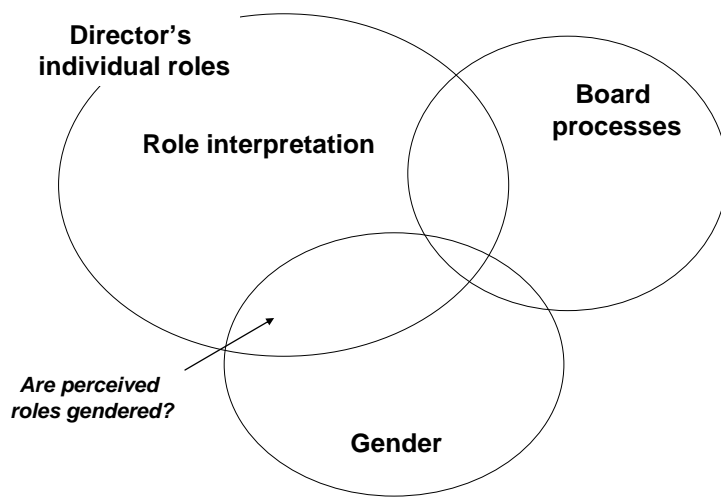
Figure 2: A field map at the start of project 2

In addition I wanted to keep in mind and make a note of issues regarding interactions and informal relationships, as previous research had shown that powerful and tight networks of influence affect board conduct and performance (Pye, 2004) and that social ties to members of the majority were found to positively affect minority influence (Westphal & Milton, 2000).

The study aimed to answer the research question:

How do non-executive board members interpret their roles and contribution* as individuals, and is there a gendered effect?

*Contribution is defined as the value added by a particular board member to the culture, activities and decision making of a board, but NOT as any type of boardroom participation or impact.

2.5.2. Project 2 findings

Project 2 built on previous examinations of the non-executive role (e.g. Demb & Neubauer, 1992a; Roberts et al., 2005) and aimed to answer calls for clarity of the level of analysis (Pye & Pettigrew, 2005) by focusing on the individual, and the individual's interpretation of his or her role and contribution on the board. It also attempted to add to the understanding of contextual factors (Pye, 2000, 2001a, b) particularly in relation to the nature of role interpretation and perceived contributions by males and females on male dominated boards.

The key findings are extensively reported in chapter 3, but briefly they include the following: Men and women alike seemed to embrace the paradoxical role of being both controlling and consulting, as well as paying attention to a wider pool of stakeholders. While male non-executives were found to engage more in general and strategic contributions, females were found to contribute specific knowledge and skills, and in particular, asked challenging questions. However due to the females' lack of informal relationships, considered of vital importance by their male counterparts, and an assumed status of lower authority than that of the males, project 2 concluded that the valuable contributions of females might not be realised.

2.6. Moving on - Project 3

2.6.1. Background and rationale

A few months after completing project 2, in the autumn of 2007, changes in my employment situation made it necessary to ask for a one year suspension of my studies. Due to multiple commitments I asked for a further four month extension which meant that I was not back on track until January 2009. During that time there had been drastic changes in the economic environment, and this allowed for an interesting follow up study. The economy suffered a severe downturn, seriously affecting the situation of many companies. In some instances, entire boards of large companies were dismissed and new boards were formed. When these boards were reconstructed it was considered very important that their members had not been

involved in any previous activities of the companies and that they were considered to be indisputable. This search process resulted in boards with a high female percentage. These conditions provided an excellent opportunity to further the results of my second project and compare how male and female directors interpret their roles both on a male dominated board and on a gender balanced board. This led me to the following research question:

How does board gender demography affect individual role interpretation and what type of impact does it have on female director contribution?

I chose to examine three recently constructed boards. The percentages of females on these boards at the time of the second study were 40%, 60% and 100%. Two of these boards could be considered to be gender balanced (gender balance meaning at least 40% representation of either gender), while one was exclusively female. In Project 2, the representation of women on the focal boards was 20% or less (that is usually one woman out of five board members). Furthermore, the individuals who had been appointed to the restructured boards typically have a different background to those who were dismissed, for instance many coming from academic positions. However, gender composition was not the only factor that had changed since the interviews for Project 2 were conducted.

As already noted there have been some drastic changes in the macro environment as a result of the economic crisis. This economic context might affect individual contributions and the way roles are interpreted. This is why I decided to also interview males and females from boards where women were represented in token or minority positions (20-30%) within companies that had also been hit by the financial crisis, without it leading to the reconstruction of their boards.

Finally, what had to be kept in mind were the unusual circumstances of newly constructed boards and what criteria were used for selection of its members of those new boards, coming from a rather different background than a previously "traditional" board member. This is in contrast to the boards of the other companies

examined in this project, whose boards were quite similar to the boards of the Project 2 study, that is consisting of members that were either large shareholders themselves, appointed by large shareholders, were employees of large shareholders, or appointed as independent non-executives.

2.6.2. Literature update for Project 3

As a significant time has passed since I started my DBA research, I considered it essential to update the literature review. The aim was to better reflect both the current positioning of the research question as well as adding any currently published research on the subject. Literature previously consulted has already been covered in this chapter, but the most notable additions to the literature review of Project 3 were the following:

Traditional board culture

The literature on traditional board culture was revisited and updated, sharpening the focus on the observation that *traditional board cultures* discourage open questioning and challenge and encourage norms of consensus and polite behaviours (Mace, 1971; Lorsch & McIver, 1989; Hill, 1995; Nadler et al., 2006, Hambrick et al., 1996).

Process improvement efforts

The literature on process improvement efforts was extensively reviewed. It indicated that board efficiency can mainly be attributed to:

- The quality of individual board members and careful selection (Finkelstein & Mooney, 2003; Cascio, 2004; Letendre, 2004; Murphy & McIntyre, 2007) including their expertise, experience, skills and insight (Pettigrew & McNulty, 1995; Leblanc & Gilles, 2005; Maharaj, 2008a), the ability to make independent decisions (Letendre, 2004; Leblanc, 2004a; Leblanc & Gilles, 2005; Maharaj, 2008a) and diversity in terms of human, and social capital as well as experiences and values (van der Walt & Ingley, 2003; Letendre, 2004; Murphy & McIntyre, 2007),

- Functionality of board processes: **asking challenging questions** (McNulty & Pettigrew, 1999; Finkelstein & Mooney, 2003; Roberts et al., 2005; Maharaj, 2008a), to foster **open discussion, candour and constructive debate** (e.g. Lorsch & MacIver, 1989; Sonnenfeld, 2002; Rindova, 1999; Roberts, 2002; Finkelstein & Mooney, 2003; Roberts et al., 2005; Siciliano, 2005; Nadler et al., 2006), **finding the appropriate level of engagement**; (Nadler et al., 2006; Finkelstein & Mooney, 2003), **adequate access to information** (Demb & Neubauer, 1992a; Letendre, 2004; Leblanc, 2004a), **work together as a team with a common goal** (Finkelstein & Mooney, 2003; Aram & Cowen, 1986), and finally engage in a **feedback process and an evaluation** of the board's own performance, (Sonnenfeld, 2002; Cascio, 2004; van der Walt & Ingley, 2003; Nadler et al., 2006) and **have a clear sense of what is expected of them** (Murphy & McIntyre, 2007).

Groupthink

An emerging theme in the empirical projects was the issue of groupthink. Groupthink is prone to occur when there is a high level of similarity in terms of social and ideological background (Janis, 1972). Among symptoms of groupthink are illusions of invulnerability, an unquestioning belief in the morality of the group, a tendency for rationalising warnings and negatively stereotyping those who are opposed to the group's views. Although diversity has been associated with initial conflict, it can enhance a group's performance if it is integrated. Homogenous groups tend not to recognise how similarly members think because they share common values and norms (Maznevski, 1994). As boards have been found to be particularly susceptible to homosocial reproduction, a cycle often broken only when faced with a crisis (Boone et al., 2002; cited in Murphy & McIntire, 2007), they may be particularly vulnerable to groupthink.

Social ties

In addition to the already cited papers on social ties, a recent paper was consulted, claiming that the biggest predictors of influence on a board were ties to others,

membership in cliques, and prior relationships with other directors, and that a greater density of strong ties might lead to higher levels of trust on the board (Stevenson & Radin, 2009).

Board gender demographics

The previously cited literature on gender demographics was reviewed. The work of Ely (1995) and Kanter (1977) demonstrates that the relative number of females in the workplace and in positions of power can, to a great extent, restrict or facilitate the input and effectiveness of females. In a very relevant recent study (Konrad et al., 2008; Erkut et al., 2008; Konrad & Kramer, 2006) on Fortune 1000 board members, demonstrate the effect of having three or more women on a board. The study suggests that two women on a board, as opposed to one, increased the women's feelings of inclusion and comfort, provided validation and decreased stereotyping, resulting in a greater impact on the board. However, symptoms of tokenism prevailed; women still had to work hard to be heard and had to be careful in keeping a certain level of distance from each other in order to avoid being seen as conspirators. When the number of women on the board reached three or more, a critical mass seems to have been achieved. The women were more comfortable being themselves and associating with one another, the likelihood of stereotyping was drastically reduced and the women felt free to be more active, raise issues and felt they were being heard. Even more interestingly, reaching this critical mass seemed to have an impact on the males as well, resulting in their adoption of a more collaborative style. In addition it seemed to have an overall positive impact on the dynamics in the boardroom, shifting it to a more female oriented style – **"Women's tendencies to collaborate, to ask difficult questions and to raise a broader set of issues start to become the boardroom norm."** (Konrad et al., 2008, p.155).

2.6.3. Project 3 findings

The findings of project 3 are reported extensively in chapter 3. As in my previous study both males and females on both types of board (that is traditional and newly established) had a similar general understanding of their basic roles and seemed to

embrace the paradoxes of holding management accountable, as well as adopting supporting roles and participating in strategy. In contrast to project 2 findings, males and females both reported making strategic contributions. Females on both types of board, like the females in Project 2, defined questioning and improving board performance and decision making as one of their key roles. Males on gender balanced boards, interestingly, also defined questioning and improving board performance and decision making as one of their key roles, whereas the males on male dominated boards did not.   In addition, informal relationships were not seen as important by either males or females on boards with a gender balance or high level of females, but were seen as vital by males on male dominated boards. In addition, boards with a gender balance or entirely female had highly effective dynamics, described as high levels of open discussion, questioning and a trusting atmosphere, whereas male dominated boards showed symptoms of ineffective dynamics. Finally gender balance and female boards seemed to result in a perceived higher power status of female board members which, in turn, led to increased role fulfilment by the females.

3. Key findings

The findings of this DBA derive from two key empirical studies. While the first empirical study offered interesting findings in terms of how role interpretations are gendered, the second study added both contrast and depth to the initial findings, as well as an opportunity to examine the effect of gender demography on role interpretation.

3.1. Key findings of Project 2

The findings of Project 2 provided an understanding of how male and female directors interpreted their roles. Most research to date on the role of the board has looked at it from the perspectives of agency, stakeholder and stewardship. In line with Roberts et al.(2005) and Pye & Pettigrew (2005), the findings of this study indicate that the board role is substantially more complex. The findings support the view that going beyond the traditional theoretical framework is necessary and that a search for theoretical pluralism and a greater understanding of board processes and dynamics are needed in order to fully understand the workings of corporate boards.

The study revealed the following key findings:

3.1.1. Basic role interpretation

Embracing the paradoxes. Both males and females reported bringing a different perspective as an important contribution. Both parties explicitly stated shareholders as their number one priority, while looking out for other stakeholders was also seen as important by both males and females. In addition both males and females saw the advising and consulting roles as important.

3.1.2. Nature of contribution

Male board members assumed a general role and emphasised strategic input.
Male board members in this study reported a high level of strategic input to the boards on which they served; the females, however, did not. Furthermore, the males reported having an input on a very wide and general level.

Females associate their roles with specific knowledge and skills. Females generally identified their main contribution as bringing specific, often professional, knowledge and skills to the board.

Females adopt a role of supporting the CEO or other board members and facilitating a good atmosphere. Females seemed to interpret and enact a supporting role to a much deeper level than the males did and also talked about making a contribution by facilitating a comfortable atmosphere.

Females are much more vocal about their role of asking intriguing questions. Females spoke a lot about the highly valuable role of questioning and pushing for better preparation of management as well as their role to improve decision making.

3.1.3. Reaffirmation

Some issues that emerged indicated that females needed some level of reaffirmation of their value, whereas the males seemed to take their authority for granted.

Females talked about the importance of preparation. The females were quite vocal about the importance of being well prepared at board meetings while there was no mention of this subject by the males

Different assessment of contributions. Females generally assessed their own contribution through the feedback they received, often from fellow board members. The males generally assessed their contributions through corporate results.

3.1.4. Relationships

Males considered the development of informal relationships as vital to board effectiveness. Males were very vocal about the importance of establishing and developing informal and personal relationships with their fellow board members and considered it a crucial part of being effective on a board. Females on the other hand had only low levels of informal relationships with their fellow board members.

3.1.5. Trust

Trust was discussed very differently by males and females. Males' interpretation discussion of trust evolved from the discussion of the importance of informal relationships and was considered a key ingredient of successful board membership.

Trust was something that was built up over time and helped to predict the behaviour of other board members. Women on the other hand talked about the importance of acquiring trust as individuals among their fellow board members.

3.1.6. A question of authority

The key findings of Project 2 are summarised in *table 4*. The observation that females looked for reaffirmation from other board members, emphasised the importance of being trusted, and the feeling that they were not part of powerful networks reveals that their relative power status and level of authority was rather uncertain, whereas the overall sense of the male comments portrayed an authority that was taken for granted. The informal relationship and trust with other board members was such that they assumed they made useful contributions.

	FEMALES	MALES	
Basic role interpretation	looking out for shareholders interests (Agency) looking out for interests of other stakeholders (Stakeholder) advising and supporting (Stewardship)		similarities
Nature of contribution	specific / expert probing / questioning facilitating a good atmosphere	general / strategic	differences
Reaffirmation	feedback	business results	differences
Authority	uncertain	taken for granted	differences
Relationships	lacking	endured and essential	differences
Trust	important to gain trust	endured and the key ingredient	differences

Table 4: Summary of the findings of Project 2.

3.2. Key findings of Project 3

The findings of the second empirical study were quite broad. Project 2 left me with the question as to whether the valuable but different contributions of female board members were appreciated. The observations that female board members on the male dominated boards in project 2 had to struggle for respect and did not participate in powerful networks provided a reason to question the impact and the actual effectiveness of their contributions and speculate whether they were given an

informal "out-group" status on the board. It was clear that the norms of the boardrooms were masculine and challenging to the token women on boards.

In project 3, I sought to explore if the gender demography of boards would affect individual role interpretation and, if so, how it would impact on female directors' contributions. Project 3 examined the views of directors from three types of board: gender balanced boards, an all female board that had recently been reconstructed due to the economic crisis, and male dominated boards of companies whose boards had remained intact during the economic crisis. The key findings are as follows.

3.2.1. Role interpretation

Similar understanding of basic roles. As in my previous study both males and females on all three types of board in Project 3 had a similar general understanding of their basic roles and seemed to embrace the paradoxes of holding management accountable, as well as adopting supporting roles and participating in strategy. In addition a responsibility towards a wider pool of stakeholders, such as employees, customers, creditors and society in general was considered to be an important part of their responsibilities.

Females and males reported strategic contributions equally. Contrary to the findings of Project 2 females and males alike, on all types of board, talked about the importance of their strategic contributions.

3.2.2. Specific role interpretation

Females on all types of board defined questioning and improving board performance as key roles. As in Project 2, women on all types of board continued to define critical questioning and helping to improve board performance and decision making as one of their key roles.

Males on gender balanced boards defined questioning and improving board performance as key roles. Unlike the males in project 2, and the males on male dominated boards of project 3, the role interpretation of males on boards with a gender balance resembled that of females. The males on gender balanced boards

defined critical questioning and improvement of board performance and decision making as one of their key roles.

In terms of a more specific role interpretation, this study demonstrated that board gender demographics seemed to have more of an effect on males' role interpretation than on females' role interpretation. Females from both male dominated and gender balanced/female boards continued to emphasise questioning and improving board performance and decision making as central to their roles. However males on gender balanced boards were found to adapt to these roles, namely to put forward critical questions, to probe, improve decision making and push for better board practices, to a much greater extent than males on male dominated boards.

On gender balanced boards males and females had a shared role definition.
The males and females on gender balanced boards shared an understanding, not only of their basic role, but also in the way they described being successful in their role and to whom they felt accountable. The males' role definition had shifted notably and become similar to the role definition of females on all types of board, namely defining their key role as asking critical questions, making managers accountable and improving board performance. Both males and females were very vocal about the level of open interactions, candour and trust on the boards and seemed to have made a point of discussing their mutual roles and objectives very early in the process. The level of trust was particularly described as "not being afraid to voice your views and opinions, even though they contrast with those of other board members". This is very much in contrast with the findings of Project 2 where the male interviewees defined informal relationships as prerequisites of building trust amongst board members which in turn was connected with predictability of behaviour, which they felt would lead to a more effective board.

3.2.3. Relationships
On gender balanced boards and the all female board informal relationships were not considered important. Informal relationships still seemed to be

considered an important factor by the males on boards with male dominance, supporting the findings in project 2, where males defined informal relationships as a prerequisite of trust, which in turn was, in their opinion, a necessity on an effective board. The females in project 3 again lacked informal relationships and did not think they were important. Interestingly, on the gender balanced boards, informal relationships were not considered to play an important role by males either.

3.2.4. Dynamics

Gender balanced boards and the all female board had highly effective dynamics. The boards with all females or a gender balance seemed to possess some of the qualities that are described in the literature as features of highly effective boards, such as: engaging in open discussions and active debate, asking challenging questions and sharing a common goal (Maharaj, 2008a; Murphy & McIntyre, 2007; Leblanc & Gilles, 2005; Roberts et al., 2005; Leblanc, 2004a; Cascio, 2004; Letendre, 2004; Finkelstein & Mooney, 2003; Sonnenfeld, 2002; Roberts, 2002; van der Walt & Ingley, 2003; McNulty & Pettigrew, 1999; Rindova, 1999; Pettigrew & McNulty, 1995; Demb & Neubauer, 1992a; Lorsch & MacIver, 1989; Aram & Cowen, 1986). The board members had high levels of knowledge and skills, independence of mind, as well as bringing individual diversity to the board.

Male dominated boards did not have as effective dynamics as gender balanced and all female boards. In contrast, members from boards with male domination were not as vocal about boardroom dynamics and director interactions. This lack of discussion, combined with a high emphasis on relationships outside the boardroom, may suggest that the openness and interactions of these boards are substantially lower. This is supported by the persistent focus of the males on the importance and weight of the Chairman/CEO interactions, and comments by a female director that a tradition for over-emphasis on the Chairman/CEO relationship somehow muted or demobilised the board as an entity. Repeated comments from females on male dominated boards indicated that questioning, from women directors in particular, was generally not seen as welcome. Matters sometimes needed to be discussed "off

the record" to get points across and here the females felt they were not being successful in pushing things forward. These observations may indicate that male dominated boards are less open.

3.2.5 Power status and role realisation

High female representation leads to a higher power status of female board members and a greater sense of contribution. The relative positioning of females on all types of board in Project 3 seems to have shifted from Project 2 where females reported serving auxiliary functions, were somewhat insecure about their authority and felt excluded from the informal networks. However, the degree of the shift is much greater in the case of the females on boards with gender balance or all female. The overall sense from the conversations with these females, and their manner of presentation, indicated a high level of confidence with their role and position as board members, compared to the female interviewees in Project 2. There was a sense that they were contributing and doing the right thing even though it wasn't "confirmed and approved" by external feedback.

Females on male dominated boards in Project 3 were more active than females on male dominated boards in Project 2, but voiced the feeling of being excluded. Females on male dominated boards in Project 3 engaged more than females in Project 2 in strategy discussions and emphasised having a general function in a similar way to the males. This is in contrast with Project 2 where females were found to consider their input to be in terms of specific knowledge and skills.   An explanation for this higher level of activity cannot be directly derived from the research data. Two factors could possibly have an effect; the fact that the females in Project 3 had more experience in serving on boards, and/or that the critical conditions of the company could push them to be more vocal and proactive.   The females on male dominated boards persistently voiced their frustrations and feelings about not being effective enough, their questions not being well received, and their efforts not being recognised. They lacked the informal networks which were again defined as important by their male counterparts. In project 3, there is evidence that

the females on male dominated boards are to some extent stepping into more active roles but, as they do not share the males' views and ideas on how to run an effective board, they experience frustration and not being optimally effective.

		Role interpretation	Value of contribution	Informal relationships	Dynamics
Project 2	How does gender have an effect?	Females are more likely to contribute by asking critical questions and improving board performance	Females' contributions are less likely to be valued due to lack of inclusion	Males see informal relationships as extremely important. Women are excluded from informal relationships	Not discussed
Project 3	How does gender demography have an effect?	Females' role interpretation does NOT seem to be affected by gender demography.	Females' contributions are much more likely to be valued when female representation is high due to an equal power status to males.	Informal relationships are seen as important by males on male dominated boards.	Females on male dominated boards comment on lack of open discussions and questions not being welcomed.
		Males tend to adopt roles like questioning and improving board performance when female proportion on a board is balanced or high.		Informal relationships seen as UNimportant by both males and females on boards where female representation is high.	Candour and open discussions seen as a vital part of being effective as a board by both males and females on boards with gender balance or high female representation

Table 5: Summary of findings of projects 2 and 3

4. Contributions

4.1. Contributions to knowledge

The theoretical contributions of this study are divided into three sections: roles and contributions; male dominated boards; and, gender balanced and all female boards. *Table 6* provides an overview of the theoretical contributions.

	Proposition	Previous research	Project 2	Project 3
Roles and activities	Females are less active in the strategic role		Not reported before	
	Board members embrace the paradoxical roles of controlling, supporting and boundary spanning	Roberts, McNulty & Stiles, 2005; Demb & Neubauer, 1992	Supported	Supported
	Female directors add valuable contributions; asking challenging questions and pushing for better results	Bilimoria & Huse, 1997; Huse & Solberg, 2006, Konrad, Kramer & Erkurt, 2008	Supported	Supported
Male dominated boards	Social culture and norms of the board rooms are of masculine nature	Bradshaw & Wicks, 2000	Supported	Supported for male dominated boards
	Females accommodate by high levels of preparation, influencing behaviour and facilitating a comfortable atmosphere	Huse & Solberg, 2006, Zelechowski & Bilimoria, 2003; Bilimoria & Huse, 1997	Supported	Questioned
	High levels of informal relationships have positive effects on impact on the board level	Westphal & Milton, 2000; Pye, 2004; Carpenter & Westphal, 2001	Supported	Questioned and extended
	Females lack or neglect the benefits of social capital which can potentially diminish their effectiveness	Singh & Vinnicombe, 2004	Supported	Contradicted for gender balanced boards
	Females have low social and power status on male dominated boards		Emerged	Deeper understanding
	Lack of gender balance can inhibit effectiveness	Kanter, 1977; Ely, 1995	Supported	Supported
Gender balanced boards	Gender integration can facilitate effectiveness	Kanter, 1977; Ely, 1995		Supported
	Critical number of women reduces the effect of tokenism, creates a more supportive atmosphere and affects male participants and the dynamics of the board in general	Konrad, Kramer & Erkurt, 2008		Supported and expanded
	Gender balanced boards have high levels of male and female similarities and shared ideology and a unified understanding of role and role execution			Emerged
Gender balanced and all female boards	Gender integrated and all female boards have higher levels of openness, interactivity, candour and trust			Emerged
	Females on gender balanced and all female boards have high levels of confidence and feelings of being valued			Emerged

Table 6: Summary of theoretical contributions

4.1.1. Role interpretation

The study *supports* previous findings of board members embracing the paradoxical roles of controlling and consulting as well as paying attention to the boundary spanning role and looking out for the interests of a wider pool of stakeholders (Roberts et al., 2005; Demb & Neubauer, 1992a). Both these empirical studies indicate that both males and females, either on male dominated or gender integrated boards, had a similar general understanding of their basic roles and seemed to embrace the paradoxes of holding management accountable, as well as adopting a supporting role and participating in strategy, and a responsibility towards a wider pool of stakeholders.

The role adopted by female board members has been associated with promoting the interests of a wider pool of stakeholders (Konrad & Kramer, 2006). In this study, males and females alike explicitly stated shareholders as their number one priority while looking out for other stakeholders, as well as adopting an advisory and consulting role, was seen as important by both males and females. This study therefore does *not support* that promoting the interests of a wider pool of stakeholders is attributed to females.

The males in Project 2 reported having an input on a very wide and general level, whereas the females interpreted their role as bringing specific input based on specific knowledge and skills. The nature of these contrasting role interpretations by males and females has *not been reported* in any previous studies to my best knowledge.

The study *supports* earlier findings which indicate that the role of asking challenging questions and pushing for improved decision making is a major contribution of female directors (Bilimoria & Huse, 1997; Huse & Solberg, 2006; Konrad et al., 2008).

Project 2   **Project 3**

Boards of large companies   **Boards of large companies**   **Reconstructed boards**
Females in token positions   Females in token or minority positions   Gender balance or females in high proportions

Males
Importance of
Relationships
Centre of power
Authority taken
for granted

← Inefficient dynamics →

Males
Importance of
relationships
Centre of power
Taking control

Males
Asking questions
Independence
Authority present

Effective dynamics

Females
Asking questions
Nurturing roles
Authority lacking

Females
Asking questions
Seeking
improvements

Females
Asking questions
Independence
Authority present

Voicing
feelings of
not being
valued

Feelings of
confidence
and being
valued

Figure 3: A summary of the findings of Projects 2 and 3.

4.1.2. Male dominated boards

It was evident from my results of both projects 2 and 3, that the social culture and norms of boardrooms are quite masculine and deeply rooted in predetermined assumptions about behaviour and success *supporting* the ideas of masculine hegemony (Bradshaw & Wicks, 2000) and non inclusive cultures (Zelechowski & Bilimoria, 1997) on the board.

My results from male dominated boards *supported* earlier findings on women's accommodation strategies on male dominated boards. They tend to practice high levels of preparation (Huse & Solberg, 2006; Zelechowski & Bilimoria, 2003), engage in influencing behaviour and alliance building (Zelechowski & Bilimoria, 2003) and facilitate a good atmosphere in the boardroom (Bilimoria & Huse, 1997). However, results from gender balanced and all female boards in Project 3 *question* that high levels of preparation, influencing, alliance building and informal

relationships are inevitable female behaviours (Huse & Solberg, 2006; Zelechowski & Bilimoria, 2003). High levels of preparation can be attributed to efforts to counteract tokenism and informal relationships only seem to play a role when they are seen as the norm of the majority and part of the group culture.

The importance of informal relationships, previously found to have positive effects on board dynamics (Westphal & Milton, 2000; Pye, 2004; Carpenter & Westphal, 2001), was *supported* by the male interviewees on male dominated boards. The males reported engaging in informal relationships to be a very important part of being successful in their role. However, females on male dominated boards seemed to lack or neglect the benefits of informal relationships, not associating them in any sense to their role, which could potentially diminish their effectiveness, *supporting* Singh & Vinnicombe (2004). Westphal (1999), Westphal & Milton (2000), Pye (2004), and Stevenson & Radin (2009), indicate that social ties on boards are important for effectiveness. However, their research only covered male dominated boards. According to my findings social ties are important only to the extent that they are part of the "rules and norms" of the board. The rules and norms on the other hand are most often established by the "majority" or the body holding the power on a particular board.   Therefore my findings *extend* the findings of these studies and *question* their generalisability.

Project 3 brings to the forefront issues around the lack of female social status, touched upon in previous literature (Huse & Solberg, 2006; Zelechowski & Bilimoria, 2003; Konrad et al., 2008). The lower social status of females on boards is supported by the finding that they attributed their contribution on the board to tangible factors, such as specific knowledge and skills, and high levels of preparation, and that they look for reaffirmation through peer feedback and feel they have to earn trust in the boardroom. In addition, the fact that the women did not participate in informal relationship building, defined by males as essential for effectiveness on the board, further *suggests* that their general power status on the board is low. This observation is somewhat different from the importance of

inclusion at board level as discussed by Zelechowski & Bilimoria (2003). It is rather the issue of being a part of the actual power cluster and perhaps engaging in informal relationships in order to make alliances with such parties (Huse & Solberg, 2006). The highly masculine culture of the board (Ragins et al., 1998; Marshall, 1995; Bradshaw & Wicks, 2000) and a minority status on boards (Ingley & van der Walt, 2003) may mean that female voices are not heard. These previous findings support the observations of my study; Since the females are generally not part of the informal network of male dominated boards, their contributions are less likely to have an impact.

4.1.3. Gendered balanced and all female boards

In line with Kanter (1977) and Ely (1995) the findings *suggest* that a lack of gender balance can inhibit female contribution. As already discussed, high levels of preparation and influencing tactics have been found to be important behaviours of females on male dominated boards (Huse & Solberg, 2006; Zelechowski & Bilimoria, 2003). My study reveals that when the boards are gender balanced or all female there is no indication that these tactics have any relevance. In addition the informal relationships that were considered very important on male dominated boards had no relevance on gender balanced and all female boards.

My findings *support and add to the* findings of Konrad et al., (2008) that a critical number of women will not only reduce the effect of tokenism, and create a more supportive atmosphere where females are more likely to raise issues and be heard, but also that this critical number does affect the male participants and the dynamics of the board in general.

What *emerged* very clearly was the difference in dynamics and interactions between the male dominated boards and the boards with higher proportions of females. The male dominated boards seemed to have many of the cultural characteristics described by Mace (1971), Lorsch & McIver (1989), Hill (1995) and Nadler et al. (2006) who mention issues such as discouraging challenging and open questioning, and norms of consensus and that delicate polite behaviours and taboos seem to paralyse the board's

ability to act. The male dominated boards in my study seemed to have rather low levels of open discussions, emphasising the importance of informal relationships and the Chairman/CEO dialogue, making the boards less effective, but also potentially muting those who are not considered a part of the board "norm". On the other hand, gender integrated boards and the all female board seemed to possess many of the characteristics described as ideal boards in prescriptive literature: promoting open discussion (Sonnenfeld, 2002; Finkelstein & Mooney, 2003; Cascio, 2004; Nadler, 2006; Buchholtz et al., 2005; Maharaj, 2008a), asking challenging questions (Finkelstein & Mooney, 2003; Roberts et al., 2005; Nadler, 2006; Maharaj, 2008a), and sharing a common goal (Aram & Cowen, 1986; Finkelstein & Mooney, 2003; Murphy & McIntyre, 2007). This is in line with Pearce & Zahra, (1991), who found that boards with high power, in relation to the CEO power, tended to have higher numbers of females on the board, and Fondas & Sassalos (2000) who found boards with one or more females to have a greater more effect on management decision making.

What explicitly *emerged* was the importance of high levels of open interactions, candour and trust on the gender balanced and all female boards. The board members seemed to have made a point of discussing their mutual roles and objectives very early in the process. Although individuals came from different backgrounds and even though the level of informal relationships and previous acquaintances was very low, their frequent meetings, open interactions and sharing a common goal seemed to have brought them sufficiently together to have, in a relatively short time, developed a high level of trust amongst each other. The level of trust was particularly described as *"not being afraid to voice your views and opinions, even though they contrast with those of other board members"*.   This is very much in contrast with the findings from male dominated boards (in both Project 2 and 3) where the male interviewees defined informal relationships as prerequisites of building trust amongst board members.

What *emerged* as characteristic of the women on gender balanced boards and the all female board was their high level of confidence. In fact this confidence level could both be considered to facilitate effective contributions or be a result of the females feeling that they are being effective.

In addition, what *emerged* on the gender balanced boards was the high level of similarities and shared ideology between male and female directors, and a unified understanding, not only of their basic role, but also in the way they talked about being successful in their role and to whom they felt accountable.

Finally, the importance of informal relationships and building trust through external interaction which had high relevance on the male dominated boards, seemed to have no significance on the gender integrated and all female boards.

The findings from project 3, in which male and female directors were interviewed on two gender balanced boards and one all female board, indicated interesting differences in perceptions of their non executive director role and contributions compared to the male and female directors on male dominated boards. These findings are tentative and now need to be tested on further samples.

4.2. Contributions to methodology

While this study does not provide concrete contributions to methodology it applies methods that have not been used very much in this context.

The study answers calls for increased emphasis on *qualitative research methods* at board level focusing on what boards or board members actually do, rather than what they look like (Daily et al., 2003; Leblanc, 2004a; Finkelstein & Mooney, 2003) and focusing on processes and mechanisms which presumably link the inputs to outputs (Pettigrew, 1992).

It furthermore contributes to the sharpening of the focus onto individual board members as the *unit of analysis* (Pye & Pettigrew, 2005), examining interpretations of each individual board member on their role on the board and their board experiences as opposed to commenting on boards as whole entities or eliding between individual and collective role interpretation.

Finally, it contributes to looking at role interpretation in different *contexts*, particularly in terms of gender demography, responding to calls of paying attention to the issues of context and process over time, and their relationship to outcomes (Pye & Pettigrew, 2005).

4.3. Contributions to practice

4.3.1. Recommendations for male dominated boards

The results of this study reveal the somewhat ineffective dynamics of traditionally composed boards. Traditional male dominated boards lack the levels of open discussion and challenge that are considered essential for effective boards. The actual power and decision making seem to take place through informal relationships and sometimes in an isolated dialogue between the chairman and CEO, muting the board members who are not a part of the informal system. Reforms and improvements are unlikely to yield better results when the traditional culture of the boards remains intact. In order to improve board results and be able to fundamentally change the ways they act and perform, they need to make every board member accountable; the boards need to open up the discussion that takes place at the formal board meeting and allow for a more candid and confronting debate. In addition they need to emphasise discussions on the collective roles, responsibilities and objectives of the board, and build a combined level of trust between all board members by allowing open discussion, appreciating different perspectives and encouraging challenging questions.

This process is much more likely to be successful if the composition of boards is substantially restructured to include a higher level of gender diverse individuals, with

sufficient knowledge and skills, but also with the courage, integrity and rapport to reassess the traditional ways of board procedures.

4.3.2. The case of the female director

Females seem to be consistently more inclined to take on the role of asking challenging questions and pushing for better results. This study indicates that adding females to the board is beneficial. However, in order for this added value to materialise, the input must be appreciated by the board, and that depends on the prevailing boardroom culture.

In my opinion, most attempts to demonstrate the benefits of having females on boards have looked at female board members in a male dominated context, where their way of defining their role is not aligned to the definition of the majority of the board members, and thus their potential impact is not materialised. What my research implies is that when boards are gender balanced or female dominated and/or when traditional rules and norms do not exist, women on boards feel like "fish in water" and their very valuable contributions are realised. In my opinion, this study reveals that the scarcity of females on boards might precisely be a result of prevailing norms and assumptions about what is anticipated of a board member – a model females are unlikely to fit into or confirm to. On the other hand, boards, traditionally male dominated, are in desperate need of redefining their ways of defining effectiveness, towards a more open and interactive style. Possibly this can be accomplished by actively recruiting members from a wider pool of talent and increasing the representation of board members previously regarded as unconventional, typically females. Until then the few token females on male dominated boards might have to be satisfied with coping strategies such as high levels of preparation and making alliances with the most influential members.

4.4. Conclusions

This thesis provides three important findings.

It seems quite clear that female non-executive directors can bring valuable contributions by challenging questioning and pushing for better results. Increased gender balance seems to direct male directors towards adopting a role similar to what females were found to adopt throughout both projects. In addition, a higher proportion of females on boards does seem to positively affect the dynamics of the entire board, making it more open, challenging but at the same time constructive.

The main obstacles to valuable female contributions seem to be the closed and tightly networked cultures of the traditionally male dominated boards, where matters tend to be discussed/settled through informal relationships.   This study provides evidence that increasing the gender balance of boards changes male contribution on the board and opens a way for increased female contribution, which in turn may positively impact on board performance. Females on gender balanced and all female boards were found to be much more confident, repeatedly expressing feelings of being effective.

Finally the findings of this study question the importance of female preparation and alliance making, and reveal that informal relationships are only an essential part of being effective on a board in the male dominated context.

5. Limitations and suggestions for further research

5.1. Limitations

The limitations of this study and its findings can be grouped into two sections. First there are a number of issues regarding the study design, as a qualitative study is limited to a small sample size and a particular context. Second it must be acknowledged that there can be alternative explanations for the differences found between the interpretations of board members on boards with different gender demographics. The proceeding section will in turn cover both types of limitations.

5.1.1. Limitations due to study design

This thesis reports the findings of a qualitative study, based on two sets of in-depth interviews with a total of 24 board non-executive directors. A qualitative research method allows for more depth and understanding of the issues to be examined. However qualitative studies are generally based on a small sample size, within a particular context, which means that the findings cannot be used to generalise about a larger population (Easterby-Smith et al, 2002) and this certainly applies to the findings of this study.

Sample size

In this study the first set of data was gathered through 11 in-depth interviews of six females and five males all being directors of male dominated boards. The second set was gathered through 14 interviews with; three females from male dominated boards, three females from gender balanced boards, two females from an all female board, three males from male dominated boards and three males from gender balanced boards. This is obviously a small and limited sample. Previous qualitative studies on female non executive directors have been based on sample sizes of four to eight interviewees (Bilimoria & Huse, 1997; Zelechowski & Billimoria, 2003; Huse & Solberg, 2006). Although subgroups in this study contain a limited number of interviewees, the sample is in general quite comparable to previous studies.

Narrow context

It should be acknowledged that the study is conducted on non executive directors on Icelandic boards only. Although the boards of many of the 50 largest Icelandic companies were represented, the study is limited to one country and a rather small one. This fact cautions against generalizations and conclusions drawn to how things are in other countries with different cultures and different economic conditions. Finally the particular conditions and context, whether company or economy related, at the time of the study can have an effect on the results and further limit the ability to generalise from the findings.

Researcher bias

Using in-depth interviews as a research method requires a high level of involvement of the researcher. The study and its results are therefore subject to a researcher bias. This applies to the perceptions and beliefs of the researcher that might have affected the research design, the interview conduct and probing, analyses of transcripts, and interpretation of results. My initial desire to examine, and perhaps demonstrate, the valuable contribution of female directors might have affected my objectivity and interpretation of the data. My way to counteract that was to approach the data with an open mind and sense of curiosity, searching particularly for making sense of the whole conversation rather than looking for certain trends and cues. Indeed a substantial amount of the knowledge and understanding derived from the data did come as a surprise. My previous personal board experience might have been a cause for developing certain assumptions about director behaviour and role interpretation, but also offers a deeper understanding of the board's tasks and responsibilities. Finally, as already mentioned in this thesis, my previous relationships and acquaintances with some interviewees could have affected my tone and as well as the conversation, as well as the data interpretation. However, in general, I felt that this factor was beneficial, as the interviewees I knew personally seemed to be more open and willing to share ideas.

5.1.2. Alternative explanations for the findings

Although this study sets out to examine gendered role interpretations and the effect of gender demographics on board directors' behaviours, it should be explicitly stated that several other factors could have contributed to the research outcome. This particularly applies to the results of Project 3, where the effects of board gender demography on role interpretation are studied. Although the differences detected between the two types of board in the study have, in previous studies, been associated with gender demography (Konrad et al., 2008), they could also be attributed to other factors, for instance the economic context, the unusual recruitment process of the new boards, individual characteristics of the interviewees or other situational context. Each of these factors will be discussed briefly.

Economic context

The findings of this study indicate that contextual factors can have an effect on role interpretation and an impact on female directors' effectiveness. As indicated in the literature review, boards have been reported to become more active in times of crisis (Lorsch & MacIver, 1989; Mace, 1972; Mace, 1973), but such apparent effects of crises on board dynamics and discussion is not known to have been reported previously. In fact Lorsch & MacIver reported on rigid norms and behaviours all too often paralysing boards' abilities to act, and delaying detection of problems or an upcoming crisis (Lorsch & MacIver, 1989).

In the context of a worsening economic situation, board members seem to be feeling the increased pressure of the responsibility borne by the board. This is consistent with the findings of Lorsch & MacIver (1989) that boards become more open in periods of crisis. This might indicate that the female input of asking challenging questions, probing for answers and pushing for improvement, might be considered of higher value in times of crises, as opposed to when things are booming. In an economic upswing there may be a higher likelihood of groupthink, less reason to question methods in general and there is not a pressing need for alternative solutions. Therefore alternative views might not be as welcomed.

The unusual circumstances of the recruitment process

Taking into consideration that the conditions and circumstances during the recruitment of the new boards were quite unusual, the criteria for recruitment could very well have an effect on how individual board members perceive their roles.

In my previous study there were indications that individual role interpretations could be attributed to reasons for the appointment of particular board members. This indicates that "who" appoints directors and under what conditions can affect how the individual behaves on the board and how the role is enacted. The circumstances regarding the appointment of the three new boards were indeed quite extreme. When the companies collapsed, all the previous board members were dismissed and new ones were appointed. Due to the extreme gravity of the situation one might even say that the board members were in fact appointed to "speak up". The boards of the other companies, however, similarly to the boards of the Project 2 study, consisted of members that were either large shareholder themselves, appointed by large shareholders, were employees of large shareholders, or were appointed from alternative sources for the sake of being independent non-executive directors. This could be explored as a possible explanation for the difference in role interpretation and particularly the large difference in board dynamics reported by the interviewees.

Individual characteristics of interviewees

Individual characteristics of interviewees could certainly have an effect on the results of the study. Indeed the newly formed boards consisted of individuals that were particularly chosen because they were considered to be highly professional and undisputed. While many of the new members had extensive board experience, others did not. Although not detectable in the background information gathered in the study, individual characteristic could possibly account for the differences found in role interpretation and the individual's description of board dynamics.

Other circumstantial factors

The financial crises leading to the reconstruction of the boards examined created a situation very different from the one prevailing in the previous years and what could be considered "normal" business circumstances. While this context could offer various explanations, in my opinion it might have been precisely the failure of the business system that lead both to the recruitment of boards with unusual composition, and triggered the new directors appointed in these "new times" to question the ways things had been done previously. Traditional rules and norms have not fostered an ambience of open discussion, task conflict and challenging questions. Faced with a huge task, the newly appointed members knew that they should do anything but emulate the norms and behaviours of their predecessors, and it was up to them to find out how. The after crisis notion that traditional rules and norms had to be thrown out and others had to be established can very well be offered as explanations for the very different dynamics on these boards.

5.2. Suggestions for further research

This study builds mainly on references from two bodies of literature; the corporate governance literature, and the women on boards (WOB) literature. This section will offer suggestions for further research to each body of literature in turn, but concluding that both sets could benefit from more cross consulting, or even merging the two.

5.2.1. Expanding the corporate governance literature

Role theories

The corporate governance literature is rooted in theories that describe or explain **what** the role of a board should be. According to these theories a board should according to agency theory (Fama & Jensen, 1983) be controlling, according to stewardship theory (Davis & Donaldson, 1997) supporting, boundary spanning (Pfeffer, & Salancik, 1978) and in line with stakeholder theory looking out for the interest of a wider pool of stakeholders (Freeman, 1984)). These theories, that seem

to be fairly well established, do however not take into account **how** boards can or should accomplish their role and what could facilitate the process. In other words, it seems that it is fairly well established <u>what</u> boards should do, but less so <u>how</u> boards should fulfil their role. Attempts in predicting board effectiveness have mainly focused on director characteristics rather than interaction, assuming that a certain characteristic, such as independence, will lead to certain behaviour (Finkelstein & Mooney, 2003).

The repeated calls for process research (Daily et al., 2003; Leblanc, 2004a; Finkelstein & Mooney, 2003, Pettigrew, 1992) highlight the need to expand on the knowledge and understanding of how boards act and interact in order to fulfil their roles, and the need for alternative ways of theorising on boards (Pye & Pettigrew, 2006), namely on what makes a board effective in fulfilling these roles.

My study revealed that gender and board composition had an effect on how individual board members interpreted their roles and how they acted to fulfill it. This implies that various other contextual factors could also affect these things and thus influence how effective the whole board is. Further process research on role interpretation of board members and the effect of different contextual circumstances on role interpretation and ultimately effectiveness is therefore recommended. Further studies in this area could contribute to building theories on what makes board members or entire boards effective in **fulfilling** their roles. Existing theories fall short in this matter and further consultation with other bodies of literature including literature on team dynamics and top management team interaction is encouraged. Furthermore, opening the "black box" of board behaviour calls for a different approach, not only in terms of research methods, but also a redefinition of what to examine, in what context.

The results of my study particularly recommend four avenues for further exploration; the effect of gender composition on role interpretation, the effect of the recruitment process on role interpretation, what factors can facilitate open discussion, active

debate and critical questioning on boards, and finally to examine further the issue of trust in the context of boards.

The effect of gender composition on role interpretation

The main focus of this study was to examine the effect of different gender compositions on the role interpretation of male and female directors. The findings indicated that interviewees had a fairly unanimous understanding of the role of the board. It was in how they acted to fulfil the roles that they differed. All the women reported a similar tactic, but the male tactic differed depending on whether they served on male dominated or gender balanced boards. While these findings are supported by Kramer et al. (2008), as well as Ely (1995) and Kanter (1977), further research in this same area is needed in order to support or contradict these findings. Establishing the effect of gender composition on role interpretation and tactics for role fulfilment is essential to conduct theories on the effects of board composition.

The effect of the recruitment process on role interpretation

One of the main alternative explanations for the differences found between members of male dominated boards and the other boards were the unusual circumstances of the recruitment process of the newly formed boards. The results of my first study indicated that the reason or circumstances of appointment could have an effect on how roles were interpreted and executed.

The issue of who gets appointed, why and how, and how that relates to role interpretation and role fulfilment is an avenue that is interesting to explore further. The current literature on board recruitment is limited and seems to be restricted to dealing with the issue of director independence and ability to make decisions independent of management (Leblanc, 2004b; Cantor, 2005; Conger & Lawler, 2001; Maharaj, 2008b; Olson & Adams, 2004; Watson, 2004).

What factors produce an exemplary board?

My research revealed that the gender balanced and all female boards had many of the characteristics of exemplary boards, such as high levels of interaction and open

discussion, practiced critical questioning and had a shared vision (Aram & Coven, 1986; Lorsch & MacIver, 1989; Demb & Neubauer, 1992; Pettigrew & McNulty, 1995; McNulty & Pettigrew, 1999; Rindova, 1999; Roberts, 2002; Sonnenfeld, 2002; Finkelstein & Mooney, 2003; van der Walt & Ingley, 2003; Cascio, 2004; Leblanc, 2004; Letendre, 2004; Leblanc & Gilles, 2005; Roberts, McNulty & Stiles, 2005; Nader et al., 2006; Murphy & McIntyre, 2007; Maharaj, 2008).

These findings indicate that it would be interesting to examine further what factors characterise boards that possess these qualities. In depth interviewing or observation of board meetings could be used to assess the level of activeness while also examining contextual factors such as composition, individual director characteristics, backgrounds and other factors.

Trust, in the context of boards

One of the more interesting findings of this study portrays how the issue of trust is differently defined on male dominated boards on one hand and the balanced or all female boards on the other. While trust was defined as "not being afraid to voice your views and opinions even though they contrast with those of others" on balanced and all female boards, it was mainly defined as "being able to predict behaviour" on the male dominated boards. Examining this issue further could help shed light on many of the underlying assumption on board behaviour and interaction. First of all it would be interesting to examine if similar findings are reported in different cultures, countries and context. Second it would be interesting to examine what effect different definitions of trust have on board effectiveness.

Applying a gendered lens to corporate governance research

In general the corporate governance literature has been blind to many contextual factors affecting the work of the board. The issue of gender has largely been absent in mainstream corporate governance literature. Taking into consideration the fact that the business world is becoming increasingly complex and that the talent pool is increasingly populated by women, there is a growing need to make use of the most capable resources that can contribute different viewpoints to the increasingly

complicated decision making arena. This applies to both boards and the literature that examines their roles and effectiveness. Therefore incorporating a gendered lens into the general corporate governance literature, for instance by focusing on gathering data from both male and female board members while examining board procedures, is highly encouraged.

5.2.2. Advancing the WOB literature

The WOB literature has to date focused only on studying women, as opposed to gaining understanding of male and female similarities, differences and interactions. Some studies have focused on women's contribution to particular roles, such as the stakeholder role and effect on corporate governance procedures or philanthropy (Ibrahim & Anglidis, 1994; Wang & Coffey, 1992; Singh & Vinnicombe, 2004). However the field in general needs to move from looking at what type of roles women enact to studying **how** women can be effective in their role execution.

The few studies looking at role effectiveness of female board members have to a great extent focused on accommodation and influencing tactics (Bilimoria & Huse; 1997; Bradshaw & Wicks, 2000; Zelechowski & Bilimoria, 2003; Huse & Solberg, 2006), and the effect of social capital (Zelechowski & Bilimoria, 2003; Huse & Solberg, 2006). Gaining an understanding of these issues might be highly relevant for women's effectiveness in male dominated cultures. However, my findings indicate that adaptation strategies are not necessarily needed when boards have higher numbers of females, nor will they result in changing the board behaviour to a more active communication style. Therefore, being attentive to cultures and norms of boards when studying women's role execution is highly recommended.

Finally, bringing the WOB literature closer to mainstream corporate governance literature by studying male and female differences, similarities and interactions could contribute to the understanding of board dynamics through a gendered lens, uncover

issues of culture and underlying assumptions and further shed light on the benefits of board diversity.

5.3 Reflections on my learning and personal experience

This five and a half year journey leading to this final piece of writing for the DBA thesis has been very educating, both in terms of academic training as well as personal development. My motivation to undertake research in the field of women on boards was due to the scarcity of women on boards and in top executive positions. I was not content with the explanations offered for female scarcity at board level. My personal experience, working with professional women and serving on a few corporate boards, told me that it was too superficial to claim that women either lack qualifications or personal interest or the ambition to rise to the highest levels of the corporate world. I was also sceptical about the reasoning that women would have to learn to adjust and adapt to the male way of "doing business", as myself and many of my female colleagues had voiced the frustrations of the highly political and sometimes unprofessional culture of the male dominated business world. It was clear to me that as women represent half the workforce in Iceland, and have for more than 25 years outnumbered men as university students and graduates, that the business world was not making full use of the human capital available in the country.

At the time I started my studies the discussion on female scarcity on boards had just begun to surface in Iceland, and the discussion of quotas in Norway was fairly recent. As I felt that the act of introducing quotas was a rather harsh reaction, I was eager to find ways to demonstrate that there were actual benefits to increasing diversity in the boardroom by adding females.

My journey and findings have demonstrated that increasing the number of females on boards can actually be quite beneficial as they can bring valuable contributions, improving the overall performance of the board, so indeed the business world was missing out on not utilising female talent. But the study also revealed that it was more complicated than simply putting the women to work, as prevailing norms and

cultures can inhibit the benefits females can bring to the board. The study to me uncovered that the culture and norms of the board, which have been created over decades, or even centuries, of male dominance are very rigid and not receptive to either different types of board members or different definitions of how to be successful.

Formal training for new board members has not been very common. It is only quite recently that one of the universities in Iceland started to offer courses with the aim of training board members with regard to roles, procedures and responsibilities of the board. Being one of the main lecturers in this programme, it seems to me that the conventional way to learn the board role is for new members to watch and listen to those already on the board. This way, new members learned the prevailing norms and traditions, instead of simply having an opportunity to obtain a foundation and then be able to only critically and independently assess the board processes and the issues facing the board.

My personal conclusion is that balance might have existed in the world of business when the entire economy relied only on the male workforce. As the economy has become more complex, diverse and fast paced there is a need for more diverse talent within the workforce. Darwin's evolution theory tells us that homogeneity will lead to exemption. Homogeneity in the decision making arena will lead to groupthink and exaggeration. This is one of the things I believe the recent economic crisis has taught us.   The world has changed and the balance needs to be restored. My study demonstrates that the creation of new boards provides an opportunity both for recruiting more females and for creating new rules and norms.

This is an observation that has been put into practice by my current employer Audur Capital, a financial service company founded by two experienced women with the aim of incorporating feminine values into finance, as those values have been largely absent from that sector. As with the male dominated boards, the financial sector has been dominated by males and male driven values. Female executives and directors

have been scarce and short-lived in that sector. Instead of trying to change this very prevailing culture from the inside, the founders of Audur Capital decided to create a company built on values such as risk awareness, long-term orientation and profit with principles – values traditionally lacking in the financial sector – to which both males and females could adhere.

It is my firm belief, supported by my research findings that it is time to redefine the mantras of what it takes to be successful in business, and harvest both the male and the female talent available to the business world. We simply cannot afford not to.

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CHAPTER II - A SCOPING STUDY OF THE LITERATURE

Women in the Non-Executive Director's Role:

A scoping study of the literature and a Systematic Review protocol

Thoranna Jonsdottir
November 7th 2005

1. Introduction

The advancement of women to the upper echelons of corporations remains slow (Daily et al., 2000), with the board level being no exception (Catalyst, 2003a, b; Singh & Vinnicombe, 2004a).

Interest in the reforms of corporate governance has led to a stream of research in the areas of board composition, governance structure, and professional and social backgrounds of the top management team but empirical data show inconsistent findings on whether those reforms have an impact on company performance (Zahra & Pearce, 1989; Dalton et al., 1998; Jensen & Zajac, 2004; Dalton et al., 1998).

Research in the field of women on boards has covered the areas of: numbers and proportions of female board members; profile of female directors including social capital and human capital; advancement strategies of female directors and barriers to their advancement; and, making a business case for women directors.

Little is known, however, about the experiences of women on corporate boards – their effect on board processes, team dynamics, and governance. In addition, very little is known about how male and female directors experience becoming and being board members.

The main studies that have been identified on women's experiences in the upper echelons of business are the following: Kakabadse et al., (1998) surveyed 750 managers in the UK and Australia on leadership styles; Lord (2005) interviewed 34 women in leadership positions of Australian universities on leadership roles; and, Gallese (1991) interviewed 24 senior female directors in the US, on women's aspirations to top positions. Burke (1994a, 1997) surveyed close to 300 women serving on boards of directors in Canada, particularly looking at their efforts to promote women's issues. Two qualitative studies on women on boards of directors have also been identified: Bilimoria & Huse (1997) interviewed two American and

two Norwegian women board members on their board experience; and, Bradshaw & Wicks (2000) interviewed 20 Canadian women board members, particularly on the issues of raising a different voice in the boardroom or conforming to current procedures. The research proposed will largely build on these latter two papers.

According to Pettigrew (1992), research on corporate governance and boards of directors has largely followed three traditions: interlocking directorates and institutional and societal power; the study of boards of directors; and, the composition and correlates of top management teams. Many of those studies, however, rely on proxies for characteristics and performance, and very little is understood about the actual behaviour of board members and board processes (Huse, 1998; Daily et al., 2003). Furthermore, expanding the women on boards literature with fine grained research has been suggested by the major scholars in the field i.e. (Bilimoria, 2000; Mattis, 1993; Burke, 1993). Although the number of studies on actual board behaviour and activities has been picking up (Lorsch & McIver, 1998; Demb & Neubauer, 1992a; Pettigrew & McNulty, 1995; Huse, 1998; McNulty & Pettigrew, 1999; Roberts & Stiles, 1999; Pye, 2002; Roberts et al., 2005), further research on expanding the board literature to observational and qualitative studies has been called for (Huse, 2003; Pettigrew, 1992; Daily et al., 2003; Jensen & Zajac, 2004). This study seeks to contribute to the gaps in the board literature and the women on boards literature.

The proposed research looks at:
How do women on boards experience being, or becoming, directors?
How does their presence on the board affect board culture, board dynamics or board behaviour?

These questions will be addressed in an exploratory study by conducting in-depth interviews with female board members as well as two to three of their fellow male board members. The aim is to gather empirical data from 25-30 members of six to eight boards of the largest Icelandic companies.

Three main areas of literature have been identified as relevant to this study: the corporate governance literature serves as a theoretical framework, including the role of the board and the underlying theories; the women on board literature is covered in detail to explore the area of research done so far; and finally, literature on board diversity, board dynamics appointment procedures and board culture since these issues are likely to emerge in an exploratory study.

Research focus and Relevant literature

Boardroom dynamics as special kind of team

Corporate governance
Board roles / Director's roles

Gender diversity; impact on board behaviour, activities, experiences

Board (team) diversity, board processes & board culture

Women on boards
Numbers – Demographics – Business case – Advancement

Women's effect on board dynamics and board behaviour

Figure 4: A map of the research focus and relevant bodies of literature

The aim of this literature review is to set the theoretical foundations for the role of the board, and to identify what is known about women on boards and what is known about various board issues such as the impact of diversity, appointment procedures and board dynamics and culture. This entails a review of the literature on corporate governance, board and director roles, director characteristics, the impact of diversity on board performance, board processes and gendered culture.

2. Governance, Board Roles and Structures

Major theoretical underpinnings of the research to be undertaken are board roles and governance structure. This chapter serves to clarify the roles of the board and the main theoretical assumptions relating to those different roles. Since the proposed research project will focus on non-executive directors, the chapter covers in particular the role of the non-executive director. Finally, this section acknowledges the recent calls for reforms in governance and covers research that has been done in the field of governance structure and performance.

2.1 The role of the board

The functions of the board have been summarised by several researchers including Monks and Minow (2004) as the following: to select, evaluate and, if necessary, replace directors and decide on their compensation; to review and approve financial objectives and major strategies; to provide advice and counsel to top management; to select and recommend for elections candidates for the board of directors and evaluate boards' processes and performance; and to review systems to comply with laws and regulations (Monks & Minow, 2004). Three main roles of board directors have been identified in the literature; to oversee and **control** the actions of managers, to **serve** management by providing sound advice, and to provide **resources** such as access to useful relationships and information (Johnson et al., 1996; Zahra & Pearce, 1989). Several theories underpin the role of the board and can be associated with the roles identified.

2.1.1. Agency theory and the controlling role

The governance literature defines the control role of the board as one of paramount importance (Zahra & Pearce, 1989; Monks & Minow, 2004). In addition to guarding shareholders' interests by monitoring management performance, the hiring and firing, and compensation of the CEO and other top level managers, are central to the controlling role (Johnson et al., 1996). The control role stems largely from agency theory which claims that separation of ownership and control calls for a monitoring function by a board of directors that will ensure that executives act in the interests of the shareholders rather than themselves (Fama & Jensen, 1983). Agency theory supports the view that a board should be composed primarily of outside directors to

ensure that objectivity and a sufficient amount of independence from management are secured.

2.1.2. Stewardship theory and the serving role

In contrast to agency theory, stewardship theory takes a different view of managers, its core being that interests of managers and their principals are aligned. Therefore stewards will act in the company's best interest at any given time (Davis et al., 1997) and hence the control function of the board is not as central as in the agency perspective. The serving role is considered to be of wide significance, considering that a large amount of director time is spent on advising and supporting the CEO and management (Lorsch & MacIver, 1989). Inside directors are in this aspect considered valuable due to their firm and industry expertise, but outside directors are valued for their objectivity and wide exposure to the external world (Demb & Neubauer, 1992a).

2.1.3. Resource dependence theory and the resource dependence role

The resource dependence role of the board (Pfeffer & Salancik, 1978) relates to the importance of securing and facilitating access to essential resources such as capital, expertise and information. External directors have particularly been associated with serving the resource dependency role, and a company that has to rely to a large extent on external resources should therefore aim for a large board that would essentially provide more linkages to the external environment.

2.1.4. Stakeholder theory

Stakeholder theory has its roots in the conviction that companies have a wider responsibility than only to shareholders. Stakeholders can be defined as "any group or individual that can affect or be affected by the realization of a company's objectives" (Freeman, 1984). Stakeholders can be grouped into contractual (primary) stakeholders and community (secondary) stakeholders (Clarke, 1998; Pesqueux & Damak-Ayadi, 2005). Contractual stakeholders are those who have a direct and determined relationship to the company, such as shareholders, employees, customers, distributors, suppliers and lenders. Community stakeholders are situated

at the borders of a firm and may be impacted by its actions without having a contractual connection to it, such as consumers, regulators, government, media and local communities (Clarke, 1998). Instrumental stakeholder theory claims that firms which practice stakeholder management will perform better in terms of financial outcome, growth etc., but normative stakeholder theory emphasises the intrinsic value of meeting ethical obligations (Pesqueux & Damak-Ayadi, 2005).

Attention has been drawn to the fact that recent scandals in the corporate world did not only harm shareholders but affected to a wide extent other stakeholders (Huse, 2003). It has also been claimed that the relationship between firms and other stakeholders has been damaged by the constant drive to maximise shareholder value, resulting in the destruction of long-term shareholder value (Cassidy, 2003). Bringing stakeholder representatives to the board has, however, not resulted in increased stakeholder performance (Hillman et al., 2001).

2.2. The roles of executive and non-executive directors

According to Demb & Neubauer (1992a), boards and their individual directors deal with the tension of two paradoxes: the necessity of being detached from considerations of self interest while retaining commitment to and involvement with the company; and, the capacity of having in-depth, first hand, knowledge while still bringing a broad wider context perspective. While non-executive directors have particularly been associated with detachment and broad perspective, executive directors are considered valuable for their in-depth knowledge and involvement with company affairs.

2.2.1. The role of the non-executive director

The role of the non-executive director (NED) has been receiving greater attention during the past decades (Higgs, 2003). "Non-executives are seen as "guardians" of the corporate good and act as buffers between the executive directors and the company's outside shareholders" (Pass, 2004:53). Demb & Neubauer (1992a) state that non-executive directors are most valued for their independence, their objectivity

and their wide range of experience with matters outside the company and its industry. Based on agency theory assumptions, corporate governance reforms have largely emphasised increasing the levels of independent, non-executives as a means to enforce the board's control role. It has, however, been highlighted that in order to serve as consultants to management and contributors to strategy, non-executives must acquire a certain level of rapport and accountability with management (Roberts et al., 2005). Higgs (2003) defines the role of the non-executive director as the following: to constructively challenge and contribute to strategy development; to scrutinise the performance of management, to manage risk and secure that information is accurate; and to determine appropriate levels of remuneration of executives and play a prime role in appointing and when necessary removing directors. NEDs are claimed to bring the unique benefits of serving a boundary spanning function (Zahra & Pearce, 1989), where their diverse knowledge of the complex business environment and position as outsiders gives them a unique vision of the system that surrounds and maintains organisational well-being (Barratt & Korac-Kakabadse, 2002).

In a recent survey, NEDs were perceived as crucial to the board function and 82% of FTSE chairman felt they were effective (Russell Reynolds Associates, 2002). Chairmen furthermore felt that NEDs should devote more time to board activities, and increased demands on their time should result in higher pay. Another recent survey of UK non-executive directors revealed that a substantial majority (91%) are current or former executives of other companies and the average number of non-executive directorships held by each director is around two (Pass, 2004).

2.2.2. The role of the executive director

In countries with a one tier board, such as the UK and US, executive (or inside) directors are those who hold a full time executive position with the company and are often responsible for particular business units. Executive directors thus, as full-time employees, "carry the mandate to fully develop their businesses" (Demb & Neubauer, 1992a:102). Executive directors are considered particularly valuable to

the board for two reasons: first they bring to the board an in-depth knowledge and experience of the company and its industry and are able provide first hand access to information; second their personal interests and perhaps financial well-being are aligned with the well-being of the company, which implies that they will be more involved and committed to the objectives of the companies businesses (Demb & Neubauer, 1992a).

The role of the executive director is by nature dual: that of being responsible for developing their part of the business and, as directors of the company, being responsible for the benefits and well-being of the company as a whole. This duality is thought to bring some difficulties to the role of the executive director. Furthermore, the fact that the executive directors are more attached, have more personal stake and are more involved in company affairs, brings about the danger of their putting self-interests ahead of company interests, and a certain tendency to acquire a kind of a tunnel vision after a long tenure with the same company. The role of the non-executive director is precisely to balance out these potential disadvantages.

2.3. Corporate governance and board performance

Corporate governance mechanisms have been defined as essential means for achieving corporate ends (Sternberg, 1998), and being *"about the use of corporate power and the ability to control this power"* (Huse, 2003:215).   In recent years several measures have been taken to reform governance procedures (Cadbury 1992; Sarbanes-Oxley, 2002; Higgs, 2003) largely seeking to increase board independence particularly by increasing the number of outside directors and by separating the CEO-Chairman roles. Iceland, like other western countries, has followed suit and the Icelandic stock exchange and the Chamber of Commerce jointly published "Guidelines for Corporate Governance" in early 2004 (Icelandic Chamber of Commerce, 2004) building largely on the Cadbury and Higgs reports.

The increasing importance of the board's self evaluation of performance has been highlighted (Higgs, 2003), and tools to assess the collective board's knowledge of

governance principles and legal duties have been developed (Heracleous & Luh Luh, 2002). However, few companies have formal evaluation processes (Russell Reynolds Associates, 2002), and attention has been drawn to the difficulty of finding the correct measuring tools and the high risk of deceptive results if the improper tools were to be used (Scissons, 2002).

A few studies have been able to show a positive relationship between an increased number of outside directors and social responsibility (Ibrahim & Angelidis, 1995) and on lower levels of corporate fraud (Uzun et al., 2004). Furthermore, a meta review of board size and financial performance did show a positive relationship between the two (Dalton et al., 1999), while other studies show the opposite (Pearce & Zahra, 1992). Despite activism towards board reforms, research aimed at demonstrating a link between performance and board governance structure has resulted mostly in conflicting findings (Zahra & Pearce, 1989; Johnson et al., 1996). A meta review of research on board composition (insider/outsider ratio), leadership structure (combined/separated Chairman/CEO roles) found no relationship between those and financial performance (Dalton et al., 1998).

Although agency theory activists have been quite successful in pushing for increased levels of outside directors and for director independence (Russell Reynolds Associates, 2002), stewardship theory and the benefits of the inside director contribution has regained significance (Dalton & Daily, 1999) since research has failed to demonstrate a relationship between higher levels of outsiders and corporate performance (Dalton et al., 1998; Daily & Dalton, 2004).

It should also be noted that despite the increased pressure to increase board independence from management, it has been demonstrated that increased board independence will not necessarily moderate CEO power, since CEOs have been shown to adapt to increased board power by influencing director selection towards more passive directors (Zajac & Westphal, 1996) and by exercising higher levels of ingratiation and persuasive behaviour towards board members (Westphal, 1998),

indicating that increased independence of directors does not necessarily result in increased board power.

In terms of corporate governance, research also shows conflicting findings. A recent paper by Gompers et al., (2003) did demonstrate a strong relationship between corporate governance and stock returns in a study of 1,500 companies during the 1990's. In the study, 24 distinct corporate governance provisions were used as proxies for shareholder rights, indicating that increased rights of shareholders were positively linked with corporate performance. However, in another study of 115 randomly selected UK companies, no evidence was found of linkage between board characteristics recommended by the Cadbury report and firm's financial performance (Laing & Weir, 1999).

Conflicting findings have been attributed to the application of different theoretical frameworks, differences in the definition of financial performance and the fact that the bulk of the data relies on proxies rather than actual observations of behaviour (Zahra & Pearce, 1989; Johnson et al., 1996). It has also been suggested that board composition and board behaviour might have an indirect, rather than a direct effect on financial performance, adding further weight to the need for a more fine grained analysis that can shed light on any causal relationships between board composition and particular features that may impact on firm performance (Zahra & Pearce, 1989; Dalton et al., 1998).

2.4. How do board members contribute?

The preceding sections have elaborated on the role of the board and non-executive directors. Governance research conducted to date has mainly focused on linking board size, composition and CEO duality to corporate performance. Conflicting findings call for a more detailed analysis on what actually happens on the board and how board members, individually and collectively, contribute to the different roles of the board (Pettigrew, 1992; Huse, 1998; Daily et al., 2003).

Little work has been done in this field although interests and efforts seem to be increasing. A frequently cited qualitative study by Lorsch & MacIver (1989) finds that board members do play a contributing role and have even been found to take quite a participative role in times of crisis. Demb & Neubauer (1992a) did a qualitative study based on interviews with 71 board members from eight countries. The study dealt with: defining the tasks of the board; division of responsibility between the board and managers; commitment versus detachment of board members; board culture and climate; and, evaluation of board performance.

More recent studies include Roberts et al. (2005), Stiles (2001), Pye (2001a, 2002, 2004), Roberts & Stiles (1999), Huse (1998), Pettigrew & McNulty (1995, 1998) and McNulty & Pettigrew (1999). Roberts et al., (2005) conducted 40 in-depth interviews with company directors, commissioned for the Higgs Review. Challenging strict agency perspectives towards board reforms, they concluded that non-executive directors needed a certain level of attachment, and particularly accountability, towards executives in order to be of value both in the contribution and monitoring roles of the board. Non-executives delivered, according to their findings, most value when: they were engaged but non-executive, challenging but supportive, and independent but yet involved.   In an examination of the impact of the board on strategy, Stiles (2001) conducted in-depth interviews with 51 directors and surveys of 121 company secretaries and four case studies of UK plcs. Stiles defined the board's involvement in strategy as: defining business and setting values; maintaining strategic frameworks; gate keeping by second guessing strategy proposals from management; confidence building by helping managers refine and perfect their plans; and, selecting directors.

Pye (2004) analysed the effect of social capital and the impact of external relations on the internal working of boards, particularly looking at the effect of context and time using empirical data from two interview studies conducted in the late 1980's and late 1990's respectively. Furthermore Pye (2001a, 2002) observed a change in how directors talked about and explained their organising. While in the late 1980´s

explanations were rather diffuse and evolved around decentralisation, divisionalisation and diversification, explanations a decade later were more consistent with directors being fairly unanimous in emphasising strategic focus, shareholder value and corporate governance. Her papers also gave a valuable perspective on studies of organisations from a methodological perspective, putting forward the question of whether organisational studies could be replicated. Roberts & Stiles (1999) particularly looked at Chairman/CEO relationships by interviewing 30 chairmen/chief executive dyads. They defined basically two types of relationship – competitive and complementary – with the latter far outweighing the former in terms of effectiveness and success.

Huse (1998) looked at boards' relationships with stakeholders in a qualitative study; he looked particularly into the Scandinavian tradition of having employee representatives on the board. Pettigrew & McNulty (1995, 1998) studied power and influence in and around the boardroom, where they defined among others minimalist and maximalist boards according to the relative involvement and impact of the board. Their conclusion was in line with Lorsch & McIver (1989) that non-executive's influence tends to peak in times of crisis, and that negative influence seemed to be easier for non-executives to exercise than positive influence. They also found that the chief executives' and chairmen's attitudes and behaviours, as well as relative expertise and experience, power from internal and external power figures, authority from board committees and relationships and network building outside the board, tended to affect the power status of individual non-executives (Pettigrew & McNulty, 1995). In a later paper McNulty & Pettigrew (1999) looked at the strategic role of chairmen and non-executives. Their findings revealed that strategies are rarely initiated by non-executives and that the high rate of approval of management's strategy by the board does not necessarily reflect the board's rubber stamping role but rather, since they are actively used as sounding boards to test ideas and question assumptions, management tends to prepare their proposal better in order to increase the likelihood of approval. A key feature was the non-executives' role in encouraging

strategy being formed. Finally the paper reported that non-executives seemed to be more involved in strategy than in previous studies.

The recent studies have certainly added to the understanding of board behaviour, but a great deal remains to be done. The proposed research will seek to add to the foundations of board and directors' activities.

3. Research on women directors

The research into women on boards has contributed substantially to the women in management literature. This chapter will review the main research areas on women on boards, which are largely focused on numbers, characteristics and how women progress to the board rather than what happens once they are on the board.

3.1. The representation of women on corporate boards

The early research agenda on women on boards has to a great extent focused on descriptive statistics of women on boards. Data have been formally collected since the mid 1990s in the US by Catalyst (Fortune 500), and since the late 1990's in the UK (FTSE 100), Canada (Catalyst), and in 2004, the Nordic countries did a joint census. The advancement of women onto corporate boards of directors has been slow in past years, although significant improvement is reported in most cases as far as non-executive (equivalent to outside directors in the US) directors are concerned. Little progress is reported on executive or inside directors. The substantial improvement on the number of boards with at least one female member looks promising, but the somewhat slower advancement of the proportions of seats held by women might be an indicator of women on boards being largely seen as tokens (Burgess & Tharenou, 2002; Kanter, 1977).

In the UK, the number of women on FTSE 100 boards has gone from 5.8% in 2000 to 9.7% in 2004. The number of non-executive directors (NEDs) is reported significantly higher and has risen from 9.1% in the year 2000 to 13.1% in 2004 (Singh & Vinnicombe, 2004a). The number of male only boards went down from 42% in 2000 to 31% in 2004.

In the US, the percentage of women board members on the Fortune 500 boards has been tracked by Catalyst since 1995. During this time the number has risen from 9.6% to 13.6% in 2003 (Catalyst, 2003a). The number of all male boards in the US has gone down from 19% in 1995 to 10.8% in 2003. Despite these significant

improvements in the number of directors in the US, figures for female corporate officers and inside directors are far less encouraging. In 1997, women held only 2.5% of the highest echelon positions of the Fortune 500 and only eight women held an inside board member position, down from ten a decade earlier (Dalton & Daily, 1998). There has been no increase in the number of female CEOs, and no sign of change in the foreseeable future (Daily et al., 1999). Contrary to what might be expected from increased levels of female entrepreneurs there seems to be no sign of increase in the level of female directors in the Inc.100 (Daily et al., 1999).

Figures from Canada indicate that women held 11.2% of directorships of the FP 500 companies, and 51.4% of boards were all male (Catalyst, 2003b).

A study by the Centre for Corporate Diversity in Norway on the 500 largest companies in the five Nordic countries reveals the average percentage of women on boards to be 16.5%, ranging from as high as 21.6% in Norway down to 11.4% in Iceland. With the exception of Iceland, all countries had a higher proportion of women on boards that were listed on the national stock exchange (17.8% average). The proportions of all male boards ranged from 26.8% in Norway to 50% in the Icelandic companies. The Nordic companies had a relatively high proportion of boards with a 25% or higher representation of females, averaging at 27.8%. This might very well be due to the smaller average size of the boards in the Nordic countries, 7.6 members, compared to the average size of 11 in the UK, US and Canada (Nordic 500, 2004). According to Nordic 500, Icelandic companies seem to lag significantly behind their neighbours. Due to the fact that only 14 Icelandic companies were included in the data, the results might be misleading. Recent data show that the figures are 11.4% for the 100 largest Icelandic companies, and 7.4% for the 26 companies listed on the stock exchange (Frjals verslun, 2005). (See Appendix 1 for more information on Icelandic boards).

Women seem to be largely absent from the Chairman role. In the period between 2000 and 2004, only one woman (appointed in 2003) has served as Chairman of a

FTSE 100 board (Singh & Vinnicombe, 2004a). Of the 242 companies listed on the Canadian Stock Exchange, three boards were chaired by women (1.2%) (Catalyst, 2003b). None of the companies listed on the Icelandic Stock Exchange has a female Chairman of the board, but out of the 100 largest companies three boards are chaired by women (Frjals verslun, 2005).

A number of studies have shown that the size of the company increases the probability of having a woman on the board (Burke, 2000; The Conference Board of Canada, 2002; McCormick et al., 2002; Catalyst, 2003a; Singh & Vinnicombe, 2004a). It has furthermore been stressed that care should be taken when comparing Fortune 500 to other companies (Burgess & Tharenou, 2002) and boards with fewer members.

3.2. Profiles and characteristics of female directors

A number of studies have examined the profiles and characteristics of female directors, using demographics or information on education and proxies from published sources. A study of women across five countries (US, Canada, Australia, Israel and New Zealand) revealed that the average age of women on boards ranged from 47-56 years, being by far the highest in the US. A substantial majority were university graduates 68-93% and levels of graduate education ranged from 28-83% (Burgess & Tharenou, 2002). Burke found that female directors on Canadian boards in 1992 were younger, better educated, more likely to have business-oriented backgrounds and to be full-time employed in organisations than a decade earlier, indicating that they were becoming, not only a well prepared but also a much needed resource in an era of pressures for improving effectiveness of corporate boards (Burke, 1995). Furthermore Kesner concluded as early as 1988 that women were not appointed for 'window dressing' purposes but were holding important positions on the boards of large corporations (Kesner, 1988).

Female corporate inside directors of Fortune 1000 firms were found to differ significantly from a random set of their male counterparts. Although men and women did not differ in terms of experience-based qualifications or board tenure (Zelechowski & Bilimoria, 2004), which is an improvement from the 1980s where women were shown to have less tenure and were less likely to have business occupations (Kesner, 1988), they were found to hold fewer directorships of other corporations, hold less powerful corporate titles, occupy more staff functions and be less likely to be top earners of the corporation in addition to earning considerably less than male inside directors (Zelechowski & Bilimoria, 2004). This indicates that women might be ascending to top levels without gaining the associated prestige, influence and impact, resulting in a decreased likelihood of advancing to the CEO position.

Burgess & Tharenou (2002) found that female executive directors had greater managerial achievement, higher education levels and were older than their male counterparts, indicating higher rates of acquisition of human capital. A recent study comparing human capital of newly appointed male and female directors to the boards of FTSE 100 companies found that male directors were more likely to be executive/inside directors than females and were also more likely to have sat on FTSE 100 boards previously, but were similar in age and ethnicity, nationality, international work experience and international board experience. Women were also found to be more likely than men to possess both business and community expertise (Singh et al., 2006).

3.3. Women's strategies for advancement to board level

A good deal of research has focused on women's advancement strategies. This section will deal with the factors that have been identified as essential for advancement to the executive and non-executive director appointments.

Contemporary literature on management and leadership indicates the growing importance of an androgynous management style (emphasis on both tasks and

people) (Powell, 1989) and for the female leadership advantage (Eagly & Carli, 2003). Despite these observations, and the fact that men and women seem to have similar aspirations to access the top management suite (Catalyst, 2004b; Powell & Butterfield, 2003), women are arriving on the board at a much slower rate. There is a substantial difference in the paths to the executive and the non-executive board seat. While the executive seat is achieved through normal career progression and often achieved in the mid to late thirties or early forties age period, the non-executive seat is normally accessible at the end of an executive career, often going to CEOs of other companies (Burgess & Tharenou, 2002).

3.3.1. Advancing to executive directorships

Some of the traits needed for advancement of both males and females to management include making the right career decisions, gaining human capital through education and experience, as well as possessing interpersonal and relational assets. Family determinants seem to play a role too, but at very different levels for males and females. Having a spouse and children is likely to be beneficial for men, but it is more often than not inhibiting for women (Elmuti et al., 2003). Although women are more likely to have their career advancement inhibited by negative stereotyping (Catalyst, 2004b), both male and female managers tend to display stereotypical masculine personality characteristics. Furthermore, being similar to those already in the majority or in positions of power is likely to affect one's career favourably (Kanter, 1977; Elmuti et al., 2003).

Studies of women who have succeeded in breaking through the glass ceiling show quite consistent findings e.g. (Ragins et al., 1998; Catalyst, 2004b). The critical factors identified are: 1) constantly exceeding expectations; since women are generally stereotyped as not credible they report having to work harder than men and make themselves indispensable, 2) developing a style that men are comfortable with; that is having to deal with all the dos and particularly the don'ts, in order to fit in, 3) seeking difficult or high visibility assignments; women are shown to have to explicitly state interest or otherwise are assumed not being interested, and 4) having

an influential mentor (Ragins et al., 1998; Catalyst, 2004b). Males and females have been found to follow a similar route to achieving directorships, with gaining a mentor, challenging assignments and gaining visibility being key factors to success (Vinnicombe, 2003; Vinnicombe et al., 2000). The importance of fitting in and the emphasis on hard work is supported by Bradshaw &Wicks (2000) in their research on female board members in Canada.

3.3.2. Advancing to non-executive directorships

For women, gaining a seat on a board seems quite dependent on their skills in managing visibility. Burgess & Tharenou (2000) define the most critical factors for getting on a board to be, in addition to training and career development: ability to create a public image, to have extended impression management skills (self promotion skills), to use networks, and to have CEO and board contacts. Burke's findings indicate that visibility to male CEOs, board members and chairmen was the most common route to board nomination (Burke, 2000). Data from New Zealand indicate that a high public profile is important for women wanting to get on boards (Pajo et al., 1997). Burke has furthermore identified personal relationships as well as track record and appropriate expertise as the most important factors for board nominations (Burke, 1997)

3.4. Barriers to women's advancement

Many of the obstacles and barriers reported by women aspiring to the top level can be associated with negative stereotypes (Kanter, 1977). Women identify negative stereotyping as a hurdle in 46% of cases while men report the same in 5% of cases (Catalyst, 2004b). While stereotyping often affects women in a negative manner, males have been known to gain from stereotyping. Women are rejected because they lack training yet men can more easily get jobs for which they are not specifically trained (Ragins et al., 1998).

Other barriers to women's advancement, that were more significant for women than for men, are exclusion from informal networks, inhospitable work environment and

lack of mentors (Ragins et al., 1998; Catalyst, 2004b), as well as the greater need to have a good track record and lack of cultural fit (Lyness & Thompson, 2000). Men and women seem to attribute lack of line experience as an obstacle for women but not so much for men but displaying a style different from organisational norms and a lack of awareness of organisational politics were experienced as hurdles equally by men and women (Catalyst 2004b).

Powell & Butterfield (2002) identify five theoretical explanations for the slow, or lack of, advancement by diverse individuals to management levels that are largely occupied by white males: discrimination, jobholder schema, similarity attraction, social identities and status, all favouring the recruitment of more white males. They also identify one framework (organisational culture promoting equal employment opportunities) as supporting the opposite, although their empirical research did not support any of those theories in particular (Powell & Butterfield, 2002). Although women on boards match up to their male peers' qualifications, some bias toward selecting members on committees has been detected, with a larger proportion of nominations to compensation, executive and finance committees going to males (Bilimoria & Piderit, 1994a). This indicates support for a certain form of homosocial reproduction at the board and top management level (Kanter 1977). However, Singh & Vinnicombe (2003) found no evidence of committee membership bias in FTSE 100 boards, where male and female directors were equally likely to sit on nomination, remuneration and audit committees.

The main reasons for a scarcity of women on boards is believed to be lack of interest on behalf of CEOs or others recruiting for boards, lack of women's visibility, and the persistent belief that women are not yet qualified. CEOs view lack of experience (line management, profit and loss responsibilities) as the single biggest hurdle to women's advancement to top management, with "not having been in the pipeline long enough" as a close second (Ragins et al., 1998). Burke reported that Canadian women directors' views of the scarcity of women on corporate boards include the fact that board recruiters do not know where to look for qualified women. The

recruiters do not think women are qualified enough and companies are not interested in looking for women, or are afraid to take on women that are not already on boards. Finally, women directors believe that there are not enough qualified women making their interest known (Burke, 1997).

Male CEOs report a lack of qualified women as the main reason for their scarcity, followed by not knowing where to look and women not making their interest known (Burke, 1994b). Studies from New Zealand and Australia report similar findings (Pajo et al., 1997; Sheridan, 2001; Sheridan & Milgate, 2003). Recruitment criteria have been found to be different for companies having two or more women directors compared to those having less than two women directors (The Conference Board of Canada, 2002). Burke (1994b) reported CEOs to be looking for the same qualities in females as they would look for in males, making it difficult for any female to measure up.

An interesting explanation for the slow advancement of women into the boardroom is the view that women directors might dilute executive power. In general, board members who are outsiders or independent are claimed to dilute executive power. Women directors in general are more likely to be independent or have outsider status, which by definition could make them less attractive as board members to those in power (Fondas, 2000).

A recent paper by Singh & Vinnicombe (2004b) argues that the scarcity of women in the boardroom may be explained by the social exclusion of females by male dominated groups and by the fact that women in general possess lower levels of social capital, and are thus less likely to bring indirect benefits from access to information and resources from their network.

In order to advance more women to board and top executive levels, companies would need to commit to a culture of equal opportunities and promote the business benefits of such strategies (Powell, 1990). Top executive and front line managers alike should

be committed to fostering and embracing a work environment that appreciates the contribution of male and female initiatives (Mattis, 2001). CEOs are critical change agents for advancing women to the board level, and if they do not understand the nature of the barriers for women, it is nearly impossible for them to develop effective solutions (Ragins et al., 1998; The Conference Board of Canada, 2002).

3.5. The business case for women directors

In recent years there has been a growing shift from a focus on equal opportunity and affirmative action, towards promoting diversity as a business perspective and a way to utilise the skills and benefits of a wider pool of available resources in order to stay competitive in an international environment (Cassell & Biswas, 2000; Gilbert et al., 1999; Robinson & Dechant, 1997). Almost all UK top companies state a commitment to diversity management, particularly gender and ethnic or cultural diversity, on their websites, with a substantial number of companies in other European countries following suit. Individual diversity, particularly at senior level, is seen as desirable, for better decision-making, better reputation and better governance (Point & Singh, 2003).

Substantial attention has been paid in the last few years to demonstrate the business case for increasing the number of women directors (e.g. Stephenson, 2004; Bryan, 2001; Daily & Dalton, 2003), rather than emphasising affirmative action (Carter et al., 2003) which is believed to be of inferior benefit and even likely to increase the risk of women and minorities receiving a token status (Biggins, 1999).

Bilimoria (2000) identifies and suggests further research on four key factors for making the business case for women directors: 1) Overall corporate financial status and reputation; 2) Strategic input on women's product/market issues and corporate direction; 3) Effective boardroom behaviours; and 4) Contribution to corporate women employees. Bilimoria (2000) also quotes Catalyst studies on the connection between profitability and the presence of women on boards. Those findings were

further supported by a study by Catalyst (2004a) reporting both higher return on equity and total return to shareholders for companies with female representation. Data from the UK also indicate a link between the presence of women and financial performance (Singh & Vinnicombe, 2004). An extensive study of Fortune 1000 companies showed that firms with two or more women directors, were larger firms, had larger boards, met more frequently and had higher return on assets than firms with no women directors (Carter et al., 2003). A study by Schrader et al. (1997) indicated that large firms with high percentages of women managers also had high return on assets, return on equity and return on investment. The lack of connection of financial performance to level of women in top management was, however, attributed to the lack of a critical mass of women at this level.

The effect on reputation is highlighted by the view that advancing more woman has to do with gaining credibility through signalling to all stakeholders (most of which have diverse memberships) that their voices will be heard at the top (The Conference Board of Canada, 2002). Furthermore Bilimoria (2000) points to the additional pressures of institutional investors and shareholder associations on corporations to put more emphasis on diversity,e.g. the TIAA/CREF (Biggs, 1995; Browder, 1995).

Several arguments have been put forward about the increasing purchasing power of women, concluding that companies can better meet market needs if women are involved in top decision making (Mattis, 2000; The Conference Board of Canada, 2002; Gilbert et al., 1999). In addition, a more diverse group that possesses different levels of experiences, attitudes and perspectives has been shown to add to creativity, which in turn leads to more innovative business solutions and better use of business opportunities (Bilimoria, 2000).

More recently it has also been suggested that the representation and/or proportion of women on boards is positively related to better corporate governance practices (Singh & Vinnicombe, 2004a; The Conference Board of Canada, 2002); however, a causal relationship has not been demonstrated.

3.6. What is known about the activities of women on boards?

Relatively little is known about the experiences of women directors and the impact of women on board activities. Burke (1997) reported that, although women directors felt they were in general making little impact on issues regarding female issues, they did feel their contribution was mostly towards making female employees feel more positive about working for the company. An earlier study by Burke showed that female directors had little impact on top level women, with the exception of possibly acting as role models (Burke, 1994a)

Women reported that they saw issues of equal opportunity, balancing work/family needs, social responsibility issues, environmental issues and issues of female customers as important and appropriate for boards to address. However, although they felt a certain responsibility towards those issues, they were not likely to draw attention to them (Burke, 1994a; McGregor et al., 1997).

Female board members have been associated with being more philanthropically driven (Ibrahim & Angelidis, 1994), and a positive relationship has been found between the number of women and minority directors, and the level of charitable contributions made by companies (Wang & Coffey, 1992).

Women are said to gain benefits from being directors. Women report the acquisition of skills, application of skills for strategy development and learning more about corporate governance, as their main personal benefits from serving on a board. Less important benefits were income, raising women's issues, helping own careers, additional personal prestige and contacts (Burke, 2000).

Fondas & Sassalos (2000) studied 115 large US corporate boards, finding that boards with one or more females had more influence over management decisions. They reasoned that female directors were often well prepared and highly motivated having had to face high hurdles in their advancement. They possessed a diverse and varied background, were more likely as outsiders to be objective and independent, and brought a different voice to the boardroom. These factors were found to positively

affect management decisions, provided the norms of collegiality, equality, consensus and private decision making prevailed on the board.

While few studies have considered the impact of women at board level, even fewer have been of a qualitative nature. In a study based on interviews with 20 white women who sit on Canadian boards, Bradshaw & Wicks (2000) explored how these women first experienced and then complied with or resisted hegemonic masculinity. Their findings indicated that these women had generally reached their position through hard work and assimilating male behaviours. They perceived themselves primarily as caretakers of shareholders' interests and were unlikely to see themselves as, or act as, change agents, but highlighted the importance of fitting in and not rocking the boat. Thus they were much more likely to comply with the masculine hegemony rather than resist it. Bilimoria & Huse's (1997) study of two American and two Norwegian female directors and their board experiences revealed their common perception of adding, as females, a new, more diverse perspective to the boardroom, focusing on women's and other soft issues and being an inspiration to other women in the company. They also indicated putting in an effort to enhance board effectiveness by facilitating a comfortable atmosphere while not being afraid to ask difficult and probing questions. A difference was observed between directors from the two countries with respect to their awareness of and attitudes towards gender-related boardroom processes and structures. The Norwegian women were more feminist oriented, talking about having to confront the male environment, while the American women talked about the importance of fitting into the culture (Bilimoria & Huse, 1997).

Two large qualitative studies of women leaders have been identified. A qualitative study of 24 senior female directors identified that misconceptions about women's ability to achieve and exercise power was a recurring theme in hindering women from reaching the top (Gallese, 1991). Lord (2005), who did an exploratory study on the experience of 34 women in leadership positions of Australian universities, found the impact of gender to be a central core around how they talked about

stepping and settling into, and strengthening and sustaining their leadership roles. Lord (2005) concluded by supporting Marshall's (1984) findings that women in business are travellers in a world that was not designed by them nor for them.

3.7. The scarcity of research on women's impact on boards

Numbers of women on boards and in leadership positions remain low. Research has shown that women who get to the board seem neither to lack human nor social capital. Explanations for the low numbers have focused on advancement and barriers to advancement. Less attention has been given to their turnover rate that could possibly account for the slow rise in numbers.

Exploring the business case has also been a theme of interest. Most studies of the business case rely on the practice of correlating numbers of females on the board to corporate outcomes. Many of these studies have shown a positive relationship between the two, but the cause and effect relationship remains to be explained.

The experiences of women on boards and their impact is a largely under-researched area. Tapping into their experiences can contribute to explaining how they settle into and sustain their board position and how they affect board culture, dynamics and behaviour. In order to gain an understanding of the board environment, the next chapter will cover areas of board dynamics and research on the effect of directors' characteristics and board diversity.

4. Board issues

The following chapter will deal with matters that are likely to surface in the process of the exploratory fieldwork. The issues looked into include, director characteristics, diversity and performance, benefits and problems related to diversity, board appointment procedures, board processes and the impact of gendered culture on the board. The chapter serves mainly as an overview of various board issues that the author has encountered throughout the course of the first year of the DBA programme. The issues are not necessarily intended to serve as major frameworks for the gathering of empirical data.

4.1. Director characteristics, board diversity and performance

In 1984, Hambrick and Mason called researchers' attention to the need to investigate in more detail the upper echelons of corporations, namely the relationship between the composition of individual characteristics of top management teams (TMTs) and corporate performance (Hambrick & Mason, 1984). Although TMT usually refers to the executive team, issues concerning member characteristics are also applicable to the board level (Jensen & Zajac, 2004). Hambrick and Mason identified a need for research based both on clinical and statistical methods; however, statistical methods have been largely predominant in the field of research on board and TMT composition (Zahra & Pearce, 1989; Johnson et al., 1996).

Several studies have been directed at directors and top executive characteristics and corporate performance. Innovation has been found to correlate with TMT educational levels and functional background (Bantel & Jackson, 1989), and executive team tenure has been found to have a significant effect on firm's strategy and performance (Finkelstein & Hambrick, 1990). Demonstrating a business case for diversity on the top management team has, however, not been an easy task. Hambrick et al. (1996) found heterogeneous teams exercised a broader gathering of information, higher decision creativity and boldness, but demonstrated friction and

slowness in decision making and action. Murray (1989) hypothesised that the benefits of homogenous and heterogeneous management teams were contingent on circumstances, with the former being more effective in stable environments of fierce competition, and the latter more suitable in a changing environment. They concluded that the relationship between management and performance was subject to multiple factors too difficult to identify and untangle. Ingley & van der Walt (2003) drew similar conclusions on the benefits of board diversity from a variety of sources (e.g. Milliken & Martins, 1996; Forbes & Milliken, 1999; Westphal & Milton, 2000; Carpenter & Westphal, 2001) and developed a model indicating diversity to be beneficial when strategic complexity was high, and when the perspective of diverse members were accepted by majority members, thus resulting in a realised but unexpected outcome. These findings strengthen the case for taking a closer look at how members who are visibly different (i.e. females) do or do not deliver benefits to the board.

A large review of the impact of team diversity in general found no evidence of diversity being either particularly good for business or resulting in problems of increased conflict. Similarly, the authors argued strongly for changing the emphasis from promoting diversity, through a simple business case, to emphasising the need for companies to take action and create a culture where diversity is fostered so that benefits from all the diverse talent available could be realised, (Kochan et al., 2003). This is an equally valid assumption in the context of boards.

Following inconsistent findings on the effects of diversity and governance structure on strategy and performance at the top management level, Jensen & Zajac (2004) have suggested combining the emphasis of directors' and executives' individual characteristics in upper echelon theory (Hambrick & Mason, 1984) with the structural emphasis of agency theory (Fama & Jensen, 1983). Jensen & Zajac (2004) subsequently found that demographic characteristics did predict corporate diversification and acquisition strategies, but that they varied significantly depending on the governance position in which the characteristics were observed, which

suggests that distinction should be made between different subgroups of corporate elites when researching the effect of management elites. A more fine grained analysis looking into the characteristics of board members, their view of their role as board members as well as their qualitative impact, may well contribute to this line of research.

4.2. Diversity of board members

The aim of the proposed study is to look at the effect of women board members on board culture, behaviour and dynamics. As women on boards can be assumed to increase the level of diversity of the board, having an understanding of the benefits and problems of diversity is of relevance. The following sections will explore the main findings of research on group and board diversity.

4.2.1. Benefits of diversity

Increased group diversity is claimed to bring both cognitive and symbolic benefits (Milliken & Martins, 1996). One of the key roles of boards, in addition to the controlling and advising roles, is to provide the essential links between the company and key resources necessary to maximise its performance (Pfeffer & Salancik, 1978). Recruiting board members from a broader range of backgrounds will enhance and widen these links (van der Walt & Ingley, 2003). Several moral factors argue for diversity, such as diversity in order to reflect the profile of broad ownership or the increased level of social responsibility by representing a wider profile of society. In addition, increased diversity at the boardroom table should increase creativity and stimulate debate around important strategic issues which will, in addition to decision comprehensiveness (looking at issues with a wider lens and considering multiple approaches, courses of action and decision criteria), lead to improved decision making (Simons et al., 1999; Simons et al., 1999) particularly in turbulent times (Carpenter & Westphal, 2001). Job-related diversity (diversity in experience in strategic decision making) is particularly claimed to provide more benefits than visual or non job-related diversity (Simons et al., 1999). Furthermore, Forbes and Milliken argue that diversity will have a positive impact on the board's task

performance and thus firm performance, through increased cognitive conflict that is associated with better decision making, and through higher levels of the presence of functional area knowledge and skills (Forbes & Milliken, 1999).

4.2.2. Problems related to board diversity

Although increased diversity has been associated with a positive impact on board and firm performance, several factors indicate that bringing diversity to the boardroom will be a double edged sword, leading to negative effects such as a decrease in group cohesiveness and use of knowledge and skills (Milliken & Martins, 1996; Forbes & Milliken, 1999). Increased group diversity has been associated with a higher turnover of group members due to lower levels of social integration (O'Reilly et al., 1989), implying that minority group members might not only be burdened with low impact levels but also be at higher risk of defecting from the group. Furthermore, Goodstein et al. (1994) found that increased diversity was limiting to the strategic function of the board, particularly in directing strategic change during periods of environmental turbulence.

The concept of fault-lines as a way of determining the nature of diversity has been defined by Lau & Murnighan (1998). Fault-lines divide a group's members into subgroups on the basis of one or more attributes. Gender is an example of a factor that divides a group into male and female subgroups. If particular members are separated from other members by more than one fault-line, the fault-line is claimed to be stronger. Lau and Murnighan argue that whereas diversity in general can add the benefits of increased creativity, strong fault-lines within a group will increase the level of subgroup conflict and lower performance.

4.3. Board appointment procedures

Building on cases that advocate diversity in the boardroom, there is strong criticism of the common procedures of requiring previous boardroom or top management experience, and the traditional approach of identifying candidates by "who you know" rather than "what you need" (Tyson, 2003; Sheridan & Milgate, 2003), as

well as emphasising personal preferences of board members rather than qualifications (Nash, 1989). Hegemonic views of current male directors indicate, however, that reforms are unlikely to be initiated by those who are currently in the position of power (Sheridan & Milgate, 2003). The effect of socio-psychological and socio-political factors on CEOs and board members, leading to the choice of directors of with demographical similarity, has been identified by research (Westphal & Zajac, 1995). It has also been highlighted that the apparent lack of planning in the director recruitment process is not compatible with stricter guidelines regarding the selection and nomination processes of board members (Daily & Dalton, 2004), and the need for greater transparency in the nomination process of top executives has been drawn to attention (Cutting & Kouzmin, 2002).

The Higgs Review, issued in 2003, indicated that an open, fair and rigorous appointment process is essential to a successful board (Higgs, 2003). The review also revealed that a high level of informality surrounds the current processes of appointing non-executive directors and that almost half of non-executive directors surveyed for the review were recruited through personal contacts or friendships. Very few (4%) went through an interview in their recruitment process, and even fewer (1%) were recruited after answering an advertisement, which Higgs thought could lead to an overly familiar atmosphere in the boardroom (Higgs, 2003). Higgs concluded and recommended that in order to practice a rigorous, fair and transparent recruitment process, all boards should have a nomination committee which should consist of a majority of independent non-executive directors. The nomination committee should evaluate the balance of skills, knowledge and experience on the board before making an appointment and should prepare a description of the role and capabilities required for a particular appointment (Higgs, 2003).

The Tyson Report, which focused on how board effectiveness could be enhanced through a wider range of background and experiences among board members, recommended primarily that a broader, more rigorous and more transparent search process was needed as well as casting a wider net for the director search (Tyson,

2003). The need to increase diversity in the boardroom, to formalise and make the recruitment process more transparent and to look in non traditional places has been highlighted in the popular press (e.g. Connolly, 2004; Stackpole, 2003). Bilimoria & Piderit (1994b) suggested that although boards do seem to pay attention to diversity when appointing to board committees, a more stringent process for committee appointment was needed. Finally, due to increased pressures for board performance, companies are experiencing more difficulties in recruiting directors with the time and right qualifications, particularly with adequate skills in finance and accounting (Harris, 2002).

While tapping into the experiences of women directors, specific recruitment procedures for female directors could be identified and explored.

4.4. Board processes
It has been highlighted that directors should generally be more active in participating in decision making processes (Scherrer, 2003). As this paper has already argued little has been done on measuring the level of participation or on understanding how directors contribute to decision making processes.

Strebel (2004) identifies four main board roles – auditing, coaching, steering and supervising – that are contingent upon four factors: board perspective, board behaviour, internal conditions and external conditions. A board will assume an auditing role when management is effective and insignificant externalities are involved, a coaching role when management is ineffective and the perspective is focused and short-term, a steering role when the board is involved with execution and the perspective is broad and long-term, and a supervising role when the board assumes a monitoring role and externalities are significant. Similarly Pearce & Zahra (1991), identified four types of boards depending on the relative CEO/board power after interviewing and surveying CEOs and board members. *Caretaker boards*, (low CEO and low board power), and *statutory boards* (high CEO/low board power) tended to lack independence and necessary expertise as well as being

associated with a lack of understanding of their responsibilities. The most effective boards were the *proactive boards*, where board power was high in relation to CEO power, and *participative boards*, where both board power and CEO power were found to be high, more often associated with being more efficient, better informed and more careful but still quicker in decision making. Boards with high power in relation to CEO power are not only associated with higher financial performance, but tend to have a higher number of females on the board. (Pearce & Zahra, 1991). Pye & Camm (2003) similarly defined four different roles for non-executives: *consultant*, *auditor*, *super-NED* and *tame pensioner,* depending on how active they were in their strategic contribution and risk management contribution. They concluded that the importance of each role was rather contingent and possibly different remuneration schemes would apply to directors acting in different roles. In a recent study Jonsson (2005) constructed a two dimensional model from the literature in order to map the roles of Icelandic boards. The model distinguished board roles in terms of power and involvement and gave the labels *Rubber stamping* to low power, low involvement boards, *Advisor* to high involvement low power, *Watch dog* to high power low involvement and finally *Pilot* for high power, high involvement boards.

4.5. Benefits of board interlocks

Multiple directorships are one way in which a board gains access to diverse resources. Early research on board interlocks and social networks focused largely on counting the number of board interlocks but lacked any examination of the substantive context of board appointments (Pettigrew, 1992). While governance reforms tend to criticise interlocks and promote the independence of directors, those interlocks have been found to be beneficial.

Carpenter & Westphal (2001) found interlocks to contribute to strategy by providing directors with relevant strategic knowledge and perspective. In stable times it is of particular benefit to companies to have directors who serve on boards of companies of a similar nature, while in turbulent times experience from a variety of sectors and industries can prove beneficial. However female directors are less likely to hold

multiple directorships than male directors (Singh & Vinnicombe, 2004), making them less attractive as directors in terms of corporate linkages.

The effect of social capital on an individual's impact on board processes has been studied by Westphal & Milton (2000) who suggest that minority influence on boards can be improved if minority members have previous experience of being in a minority position on a board, and if they have direct or indirect social network ties to majority directors through common memberships, for example of other boards (Westphal & Milton, 2000). This could be particularly beneficial to women directors who tend more often than not to be in a minority position.

4.6. The impact of gendered culture on the board

Attention has also been drawn to the gendered culture; the business world being primarily masculine (Marshall, 1984). Women who have reached the upper levels report feeling as constantly being tested out and as if they had interrupted the "normal life" of the senior men who had no willingness to develop a culture in which women could be included more equally (Marshall, 1995). CEOs have been reported to*: "have no way of understanding the corporate environment faced by their female employees because it is an environment that they do not currently experience, nor did they face it in their rise to the top"* (Ragins et al., 1998:36)*.* These findings imply that women face an additional burden when rising to the upper echelons (Marshall, 1995). Research on the board level confirms masculine hegemony, leading to women conforming to prevailing boardroom procedures rather than acting as instigators of change (Bradshaw & Wicks, 2000).

When examining women's experiences of serving on boards and their impact on boardroom dynamics, it is very relevant to be aware of and look for reports on the impact of gender culture differences at board level. Considering that women are mostly in minority positions on boards increases the risk of their impact and voice not being heard and thus they will not be contributing to the activities of the board (Ingley & van der Walt, 2003).

5. Identifying the research gap

This paper started by exploring the role of the board and the theoretical underpinnings of corporate governance. Recent reforms have focused on increasing the number of outside directors and separating the role of the CEO/chairman, but research shows inconsistent findings on whether these reforms improve performance or not (Dalton et al., 1998). Dalton et al. (1998) concluded that research in this arena would be unlikely to be fruitful and attention should rather be given to how board members actually make an impact. Research on actual board behaviour has been gaining ground but more remains to be done (Daily et al., 2003).

The women on boards literature has largely focused on the number of women, their characteristics and how they get to board positions, as well as correlations between number of female directors and corporate performance. Very few studies have been done examining the experience and impact of women on boards apart from the Bilimoria & Huse (1997) study, which was limited to a very few interviews, and the Bradshaw & Wicks (2000) study which the proposed study will largely draw on.

Gaining an understanding of the experiences and impact of women on boards can contribute to the understanding of how women affect board culture, dynamics and behaviour and even whether they are more likely to adopt certain governance roles. It can also cast light on how they adapt to and sustain their position on the board, whether they feel they are getting their point across and to what extent they are perceived as tokens.

The proposed research will be a response to a call for further research on board culture and dynamics, and will contribute to the understanding of the individual board member effect on those issues. The next step in the research process is to conduct a systematic review of the literature addressing the question of what is known about directors' experiences and their effects on board dynamics and culture.

CHAPTER III - PROJECT 1: A SYSTEMATIC LITERATURE REVIEW

A systematic review of the literature on the experiences and activities of directors and non-executives on corporate boards

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June 2006

1. Introduction

Despite the interest and emphasis on corporate governance reforms in the last decade surprisingly little is understood about actual board behaviour and the effect of individual board members on board dynamics and culture (Pettigrew, 1992; Huse, 1998; Daily et al., 2003). Recent reforms have largely been based on an agency perspective (Fama & Jensen, 1983) emphasising the controlling role of the board, but less attention has been given to the serving or stewardship role (Davis et al., 1997) or the networking or resource dependence role (Pfeffer & Salancik, 1978). The research tradition on boards has developed around board structures and the effects of reforms such as increasing the level of non-executives and separating the chairman and CEO roles in order that the board can fulfil its agency-based control role. Research has primarily relied on proxies, looking at board size, board composition (executives vs. non-executives), leadership structure (combined/separated chairman/CEO role) and, in some instances, demographics, and relating those to financial performance (Zahra & Pearce, 1989; Johnson et al., 1996). Studies have also been done on the relationship between compliance with corporate governance provisions and financial performance (Gompers et al., 2003; Laing & Weir, 1999), and relating board composition or demographics to compliance to corporate governance provisions (Singh & Vinnicombe, 2003). Results have revealed largely inconsistent findings (Dalton et al., 1999). Great inferential leaps have been made from input variables such as board performance with no direct evidence on the processes and mechanisms which presumably link the inputs to the outputs (Pettigrew, 1992). Phrases like "Board research on cross roads" (Dalton et al., 2003) and "The coming revolution in corporate governance" (Leblanc, 2004a) are common in contemporary board literature. This has called for a string of qualitative research, focusing on what boards or board members actually do rather than what they look like.

The aim of the systematic literature review process is to establish, in an objective and standardised way, what is currently known about an area of research, and therefore to lead to the question of what is not yet known. The aim of this systematic review is to

take account of the research that has been done with the aim of and the attempt to open "the black box" of boards and examine in particular board behaviour, dynamics and culture, and ultimately, to define a gap in the body of knowledge and literature on board processes.

2. Methodology

2.1. Research question

In the protocol the following aim and research questions were put forward:

The aim of the review is to answer the question:

What are the experiences and activities of directors (including non-executives) on corporate boards of directors?

Additional sub questions were proposed as follows

- How do directors and non-executives experience **being** a director?
- How does director **behaviour** affect board dynamics?
- How do directors affect **board behaviour**?
- How do directors affect **board culture**?

Furthermore the aim was to address the research question:

What is the experience of females in the director, top executive and leadership roles?

The reason for including this question was the fact that I am interested in taking a gendered approach to board studies. At the end of the review the main research question has remained the same and the four sub question are addressed in the review. However I decided to drop the second main question posed in the protocol:

What is the experience of females in the director, top executive and leadership roles?

The reason for doing so is that when starting to use the search strings and reviewing titles of abstracts and full papers, the researcher realised that this question called for a

different review addressing a substantially different set of literature looking at female leadership style in various context, which was not at all my focus. Furthermore it was concluded that the aim the researcher sought by putting the second question forward, i.e. to explore women's experiences and activities as directors and non-executives, **would be fulfilled by the first research question**, since the search strings and search criteria would include studies on both male and female directors. A short check was made in order to verify that conclusion, and it was found that articles identified through the search strings that were particularly composed to address the second research question and dealt with women's experiences and activities on the board, had also emerged through other search strings. Therefore search strings 6 and 7 (see chapter 2.2.2) which were composed explicitly to address the second research question, were deleted from the review.

2.2. Search strategy

The search strategy set forward in the protocol included four main sources of data:

1. Articles and books from the scoping study
2. Articles, books, working papers and other publications recommended by the review panel
3. Journal articles identified by database search, based on keywords and search strings
4. Journal articles, books, working papers etc. by cross-referencing the sources identified through the three previous strategies

The sequence of the use of each strategy was the following:

1. Initial approach to panel members
2. Using keywords and search strings to identify relevant articles
3. Cross-referencing those articles that were identified and selected in the database search
4. Reviewing the scoping study for relevant articles
5. Seeking final recommendations from panel members

2.2.1. Panel recommendations

In the research protocol, a list of persons forming a panel for assistance and recommendations was put forth. All the persons in the list were contacted during the process of the review, although their level of involvement varied. In addition to the members on the list, Dr. Annie Pye, at The University of Bath, whom the researcher met at EURAM, was added to the list.

Person	Title / Organisation	Role
Val Singh	Senior research fellow / Cranfield School of Management	DBA supervisor
Andrew Kakabadse	Professor / Cranfield School of Management	DBA panel member
Ruth Bender	Senior lecturer / Cranfield School of Management	DBA panel member
Susan Vinnicombe	Professor / Cranfield School of Management	DBA panel member
Morten Huse	Professor / BI -Handels Högskolen, Norway	Board specialist
Diana Bilimoria	Associate Professor / Case Western Reserve University, US	Women / board specialist
Deirdre Andersen	PhD student / Cranfield School of Management	SR - assistance
Heather Woodfield	Information specialist	Database specialist
David Denyer	Senior research fellow / Cranfield School of Mgmt.	SR - specialist

Table 7: List of panel members consulted in the systematic review process.

In addition to the listed members, the researcher sought assistance and advice from cohort colleagues in the Cranfield DBA programme.

At the beginning of the process, panel members were either formally or informally asked to recommend articles or papers for the review. The suggestions made were rather general but were noted down and later checked against the identified data from search strings and cross referencing. It was therefore decided to make an effort to include the panel at a later stage in the process and once all papers from the scoping study, data base search and cross referencing had been identified, the full list was

sent to panel members and they were asked to review the list and make suggestions for additions. The recommended items were reviewed and assessed, first according to the selection criteria for titles and abstracts and then according to the full paper selection and quality criteria.

2.2.2. Database search with keywords and search strings

A substantial part of the review was based on a database search using keywords developed from the research questions and structuring these keywords into search strings. The search strings were run through five databases which yielded over 500 articles. These articles were reviewed and assessed, first according to selection criteria for titles and abstracts and then to selection criteria for full papers, as well as being assessed in terms of quality.

Keywords

From the research question and sub questions the following set of key words was identified:

Director experience
Director activities
Director role
Director behaviour
Director impact

After trial searches had been done it was discovered that the term "***board member***" was frequently used instead of the term "***directo***r". Therefore "***board member***" was used in addition to the term "director" in connection with the key words in the search strings.

The keywords ***board behaviour***, ***board dynamics*** and ***board culture*** were identified as relevant since the aim was to look at directors' experiences and impacts on those issues.

Furthermore the keywords **women directors** and **female directors** were considered important in identifying gendered experience, but for reasons already discussed these were dropped from the search.

Finally the goal was particularly to look for answers built on qualitative data and therefore the keywords **qualitative studies** were identified and included.

The context of the review and the research question is **corporate boards** and **boards of directors**. Therefore it was vital to include these terms in the search strings.

Search strings

The following search strings were constructed**:**

1. (board member* experienc* OR director* experienc*) AND (board* of director* OR corporate board*)
2.
 (board member* behavio* OR director* behavio*) AND (board* of director* OR corporate board*)
3.
 (board member* impact OR director* impact) AND (board* of director* OR corporate board*)
4.
  (board member* activit* OR board activit*) AND (board* of director* OR corporate board*)
5.
   board behavio* OR board dynamic* OR board culture*
6.
(women director* OR female* director*) OR(women board member* OR female board member*) AND experienc*
7.
(women director* OR female* director*) OR(women board member* OR female board member*) AND (board* of director* OR corporate board*)
8.
qualitative AND (board* of director* OR corporate board*)

Table 8: Search strings from protocol

As already stated, the decision was made to eliminate search strings numbers 6 and 7 since these were explicitly composed to address the second research question in the

protocol; "*What is the experience of females in the director, top executive and leadership roles?*" which was eliminated.

Therefore the search strings applied in the review were the following:

1. (board member* experienc* OR director* experienc*) AND (board* of director* OR corporate board*)

2.
 (board member* behavio* OR director* behavio*) AND (board* of director* OR corporate board*)

3.
 (board member* impact OR director* impact) AND (board* of director* OR corporate board*)

4.
  (board member* activit* OR board activit*) AND (board* of director* OR corporate board*)

5.
   board behavio* OR board dynamic* OR board culture*

8.
 qualitative AND (board* of director* OR corporate board*)

Table 9: Search strings used

Databases

The following databases were identified as relevant for the searches:

ProQuest and **EBSCO** are the most widely used search engines for business and are considered to be a reliable and thorough source business publications. These two databases were strongly recommended by Heather Woodfield, information specialist at Cranfield University Library.

After some consideration it was decided to include **PsycINFO**, since the research questions evolved around individual experiences and conceptions of the board and board behaviour. Although this source did not yield many references, some of them were quite relevant for the purpose. Similarly **Social Sciences Citation Index** and **Sociological Abstracts**, which were recommended by Heather Woodfield, were included for the sake of relevance of the articles found, although they did not yield large quantities of articles.

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It was considered originally to include **Blackwell** and **Elsevier**, but a decision to exclude them was based on the grounds of their intention being to provide the full text of articles, rather than just identifying them. Furthermore articles stored in **Blackwell** and **Elsevier** are likely to surface in searches through **ProQuest**, **EBSCO** and the other databases included.

Finally it was recommended by Heather Woodfield to include **Google Scholar**. After several attempts of running the search strings through that database, yields were quite far from being in the relevant areas, and considerable rearrangement of the search strings was needed to yield relevant data. It was therefore concluded that the **Google Scholar** database should not be included in the study.

Search string yield

The following number of journal articles was identified through the use of the eight search strings initially constructed.

search strings	ProQuest		EBSCO		PsycINFO		Social Science Citation Index		Sociological abstracts	
	# of hits	relevant	# of hits	relevant	# of hits	relevant	# of hits	relevant	# of hits	relevant
1 (board member* experienc* OR director* experienc*)AND (board* of director* OR corporate board*)	118	16	5	2	3	3	1	1	0	0
2 (board member* behavio* OR director* behavio*) AND (board* of director* OR corporate board*)	71	26	7	4	0	0	1	1	0	0
3 (board member* impact OR director* impact) AND (board* of director* OR corporate board*)	61	21	4	3	0	0	0	0	0	0
4 (board member* activit* OR board activit*) AND (board* of director* OR corporate board*)	106	14	8	5	0	0	4	2	2	0
5 board behavio* OR board dynamic* OR board culture*	19	8	29	18	23	7	18	11	7	0
6 (women director* OR female* director*) OR(women board member* OR female board member*) AND experienc*	52	9	41	17	17	6	19	na	15	na
7 (women director* OR female* director*) OR(women board member* OR female board member*) AND (board* of director* OR corporate board*)	109	39	42	11	15	6	18	na	14	na
8 qualitative AND (board* of director* OR corporate board*)	20	8	9	8	***		0	0	11	0
Total	549	141	133	68	58	22	61	15	49	0
*** search did not yield any relevant data										

Table 10: Search string yield

2.2.3. Articles and books from cross referencing

After identification and final selection of articles from the database search, the reference lists of those articles were reviewed. Initially articles and books were selected on the basis of titles. These titles were matched against the articles already

selected for the full paper review, and the remaining articles went through an abstract review, using inclusion and exclusion criteria for titles and abstracts. After passing through the abstract review the remaining papers and books were assessed according to inclusion and exclusion criteria for full papers, as well as quality criteria.

2.2.4. Articles and books from the Scoping study

All articles and books included in the scoping study were appraised according to the criteria set out in chapter 2.3. However, this was not done until the review of abstracts and titles from the search string yield and cross referencing was completed.

2.3. Selection Criteria and Paper Selection

Papers reviewed were not limited to certain time frame, geographic area or sector.

2.3.1 General selection criteria for titles and abstracts

The following selection criteria were developed for reviewing titles and abstracts.

Inclusion criteria:	Rationale:
Papers have to have directors and executives in the board context as their **main theme**.	The focus of the study is the corporate board and its directors.
Papers have to be related to the experiences or activities **of the board** or members **on the board**.	The focus of the study is the corporate board and its directors.
Papers have to consider director activities and director roles on the board in general sense.	The focus is directors and boards in general, papers concerning particular tasks and topics are beyond the scope of the review.
Selection of papers will not be sector or region specific.	The study is done in a general context but should not be sector or region specific.
Selection of papers will not be limited to a particular time frame.	In a general context there are no particular turning points within the board context. The field is relatively new so it is predicted that the bulk of papers will be recent although papers dated further back will be interesting to look at.

Exclusion criteria:	Rationale:
Papers relating to the external experiences of boards, prior experiences of directors and papers where the term experience is used as a learning sample will be excluded.	The term experience is used in a personal contextually related manner, therefore other meanings or contexts should be excluded.
Papers regarding boards of non-profit organisations will be excluded.	The focus of the study is companies and corporations
Papers related to the role of boards in strictly a legal context will be excluded.	The context is business and individuals, not legal frameworks.
Papers related to roles under certain conditions such as in takeovers, bankruptcy etc., or relating to board roles only in certain industries, such as banking, will be excluded.	The focus is on general experiences and activities not on particular context specific events.
Papers covering board activities that apply to a particular sector only (such as banking) will be excluded.	The study is sector non-specific.
When using a search string containing the word quality, the word must be in a research context.	The term quality relates to the research method.

Table 11: Inclusion and exclusion criteria

2.3.2. Selection criteria for full text papers

Conceptual/theoretical papers must:

- Include theories or frameworks that apply to board or director behaviour, activities or board member experiences or their effects on dynamics or culture on the board
- Present or define its contribution to existing knowledge

Empirical papers must contain:

- A clear definition of methodology
- A clear definition of sample and sample selection
- Either
    - o interviews with directors,

o surveys of directors

or

o case studies involving directors.

Empirical papers built on proxies or data from annual reports will not be included.

- Clear reports on results and the ability to link them to previous research and findings
- A contribution to existing knowledge on actual board behaviour

Methodological papers must contain:

- Clear and consistent assumptions
- A review of methodologies adopted earlier in addressing same question
- Justifications for the methodologies used

2.4. Yield from selection criteria

2.4.1. Database search

The following table shows the number of articles identified from each database through each search string, as well as the number of articles assessed as relevant from reviewing titles and abstracts.

	search strings	ProQuest # of hits	rele- vant	EBSCO # of hits	rele- vant	PsycINFO # of hits	rele- vant	Social Science Citation Index # of hits	rele- vant	Sociological abstracts # of hits	rele- vant
1	(board member* experienc* OR director* experienc*)AND (board* of director* OR	118	16	5	2	3	3	1	1	0	0
2	(board member* behavio* OR director* behavio*) AND (board* of director* OR	71	26	7	4	0	0	1	1	0	0
3	(board member* impact OR director* impact) AND (board* of director* OR	61	21	4	3	0	0	0	0	0	0
4	(board member* activit* OR board activit*) AND (board* of director* OR corporate	106	14	8	5	0	0	4	2	2	0
5	board behavio* OR board dynamic* OR	19	8	29	18	23	7	18	11	7	0
8	qualitative AND (board* of director* OR	20	8	9	8	***		0	0	11	0
	Total	549	93	133	40	58	10	61	15	49	0

*** search did not yield any relevant data

Table 12: Relevant articles from search strings after reviewing titles and abstracts

The number of articles selected for full paper review from the database, after reviewing titles and abstracts, was 158. There were 67 duplicates, resulting in a net number of 91 articles selected for full paper review.

Search string yield & review of titles and abstracts	total	relevant	
ProQuest	549	93	
EBSCO	133	40	
PsycINFO	58	10	
Social Science Citation Index	61	15	
Sociological abstracts	49	0	
Total from all databases	850	158	
DUPLICATES			**67**
Number of papers for full review from serch strings			**91**

Table 13: Summary of search string yield after reviewing titles and abstracts

After the full paper review of the 91 articles 44 were accepted based on a full paper review.

2.4.2. Cross referencing

The following table shows the number of articles identified through cross referencing.

Cross referencing	total	rejected	accepted
Number of references in the 44 articles included	1477		
Selected references after review of titles	300		
duplicates	132		
Numer of references for abstract reviewing	**168**		
Allready reviewed as full papers	17		
accepted			14
rejected		3	
References for abstract review	**151**		
books	25		
accepted			5
rejected		19	
not available		1	
Reports and working papers	11		
rejected due to lack of availability		11	
Journal articles for abstract review	115		
abstract not available		14	
rejected after review of abstract		61	
accepted for full paper reveiw			40
TOTAL FROM CROSS REFERENCING	168	109	59
Number of references for full paper review			**45**

Table 14: Yield from cross referencing

The number of references selected for a review of the abstract after having reviewed titles and removed duplicates was 151 of which 25 were books. Since it was not possible to review the abstracts of the books, books were selected on the basis of the relevance of the title, elaboration on the theme in the citing article and the number of times it appeared in the cross referencing. One book selected for full paper review: Stiles & Taylor, 2001: ***Boards at work; how directors view their roles and responsibilities***, was not available in time for the completion of the review. Furthermore, the eleven reports identified by assessment of title were not available for abstract review and were therefore dropped from the review. Finally abstracts could not be located for 14 references which were subsequently dropped.

2.4.3. References from scoping study

As already noted references used in the scoping study were reviewed **after** identifying papers from database search and cross referencing. Of the references in the scoping study, 34 were considered relevant for the systematic review. Of those 32 had already been included in the review and only two passed on to full paper review.

References from scoping study	total
Total number of references in scoping study	146
Number of relevant references from reviewing titles and abstracts	34
Already included in full paper review from search strings and cross referencing	32
Number of references for full paper review	2

Table 15: Yield from Scoping study

2.5. Quality Appraisal

The following scheme for quality appraisal was set forth in the research protocol:

	0 - Low or absent	1- Medium	2 - High	Not applicable
Well defined theory	not enough information to assess	theory is fairly well defined	theory is very well defined	element not applicable to the paper
Alignment of concepts and ideas	not enough information to assess	concepts and ideas are fairly well aligned	concepts and ideas are very well aligned	element not applicable to the paper
Research design	not enough information to assess	research design is fairly rigorous and reasonably justified	research design is rigorous and very well justified	element not applicable to the paper
Conclusion in alignment	not enough information to assess	the conclusions are fairly well in alignment with the theme of the paper	the conclusions are very well aligned with the theme of the paper	element not applicable to the paper
Contribution to knowledge	not enough information to assess	contribution to knowledge is claimed but is limited in importance or significance	contribution to knowledge is significant	element not applicable to the paper
Appropriate methodology	not enough information to assess	methodology is acceptable	methodology is very appropriate	element not applicable to the paper
Data analysis	not enough information to assess	data analysis contributes reasonably to understand the aim of the paper	data analysis very significant for concluding the aim of the paper	element not applicable to the paper

Table 16: Quality appraisal criteria

Papers were assessed according to the quality criteria at the same time as conducting the review of full papers. Those papers not passing the quality review had also been excluded on the basis of exclusion criteria. Therefore all the papers passing the inclusion/exclusion criteria passed the quality review.

2.6. Number and sources of accepted papers

Full paper review	total	rejected	na	accepted
Source				
Search strings	91	46	1	44
Cross referencing	45	15	1	29
Scoping study	2	0	0	2
Panel recommendations	2	0	0	2
	140	**61**	**2**	**77**

Table 17: Number and sources of accepted papers
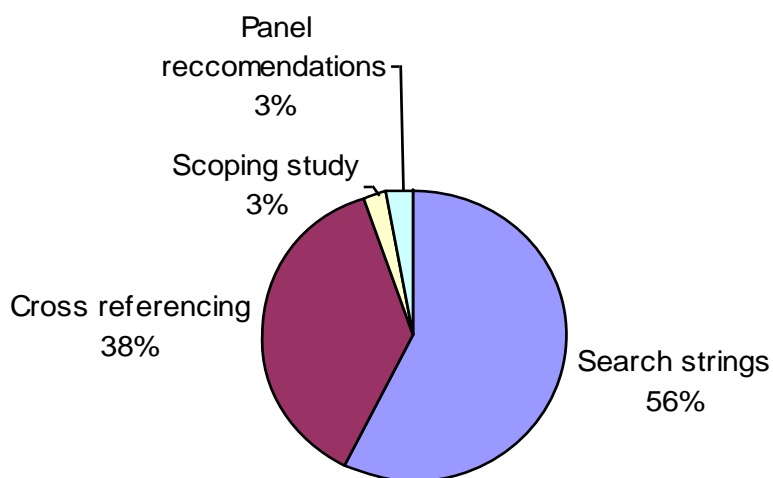
Figure 5: Sources of papers accepted

2.7. Excluded articles from full paper review

Articles were excluded during the full paper review according to full paper selection criteria and quality criteria. The following is a list of reasons for exclusions.

Reasons for rejection after full paper review	number
Based on archival data - not a contribution to behaviour	6
Main focus not on boards - not within the scope of the review	10
Not a contribution to knowledge on board behaviour	11
Theoretical framework lacking	3
Theoretical framework lacking - lacks contribution to knowledge on board behaviour	17
Not within the scope of the review due to legal focus	6
Deals with volunteer boards	3
Not dealing with board processes but underpins the research question	5
Total - rejected after full paper review	61

Table 18: Reasons for rejection after full paper review

2.8. Data Extraction

The data from the articles that passed through the initial evaluation of titles and abstracts were extracted into a ProCite format. Information on the nature of the paper and study characteristics, along with quality assessment and key findings were recorded into the ProCite format.

The data served as basis for inclusion or exclusion of full papers and for the quality appraisal. All decisions on inclusions or exclusions and the rationale for those decisions were recorded into the ProCite format. Articles that passed through the full paper review and the quality appraisal continued to the synthesising stage.

2.9. Synthesis

For the papers that passed through the full paper review and quality appraisal, a detailed description of key concepts and findings was constructed. Issues and key

findings were grouped into themes and a comprehensive picture of the ground covered was constructed. The aim was to synthesise and put together an image of the experiences of board members and their effect on board dynamics, behaviour and culture and in that way to contribute to the understanding of board processes.

3. Descriptive analysis

3.1. Types of studies included

Of the 77 papers and publications included in the review, 25 were of a theoretical or conceptual nature, 50 contained empirical data, and two were purely methodological.

Types of papers included	number
Theoretical / conceptual	25
Empirical	50
Methodological	2
Total - accepted after full paper review	77

Table 19: Types of papers included
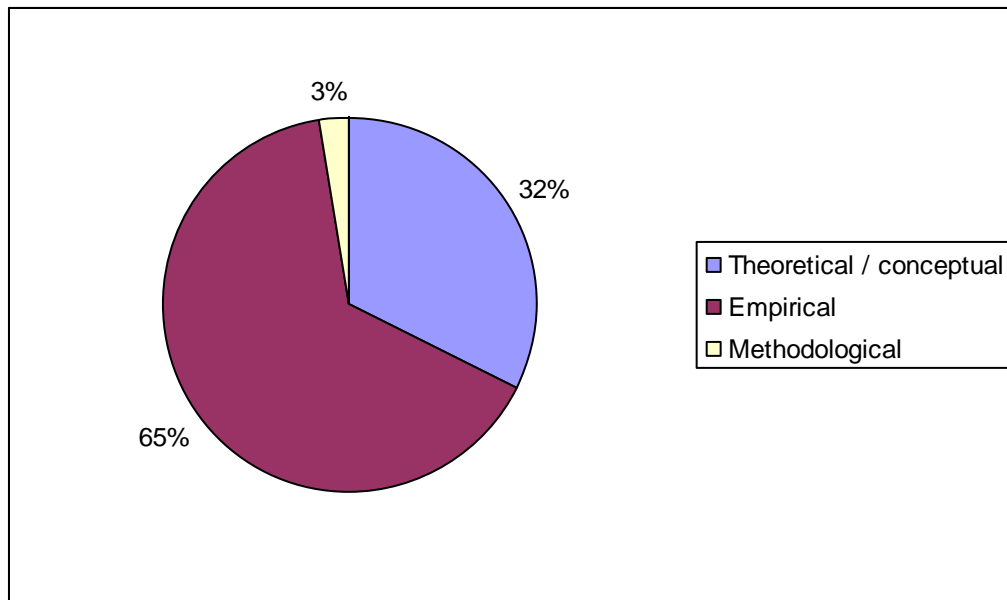
Figure 6: Percentages of paper types

3.2 Studies by journals

The 77 papers came from a surprisingly high number of journals. In all articles from 32 journals were included. Of these, 19 journals contributed only a single article. Thirteen journals contributed two or more articles; of these *Long Range Planning*

and *Corporate Governance – an international review*, contributed by far the highest numbers, ten and nine articles respectively.

Journal name	number of articles	percentage
British journal of sociology	1	1,4%
Entrepreneurship and regional development	1	1,4%
European journal of work and organizations	1	1,4%
European management journal	1	1,4%
Human relations	1	1,4%
International journal of management	1	1,4%
International review of women and leadership	1	1,4%
The journal of business strategy	1	1,4%
Journal of general management	1	1,4%
Journal of management development	1	1,4%
Journal of managerial issues	1	1,4%
Journal of managerial psychology	1	1,4%
McKinsey Quarterly	1	1,4%
The Mid-Atlantic journal of business	1	1,4%
MIT Sloan management review	1	1,4%
Organization studies	1	1,4%
Organizational dynamics	1	1,4%
Organizational research methods	1	1,4%
Vanderbilt law review	1	1,4%
Academy of management journal	2	2,8%
Administrative sicence quarterly	2	2,8%
International studies of management and organizations	2	2,8%
Journal of business venturing	2	2,8%
Academy of management executive	3	4,2%
Academy of management review	3	4,2%
British journal of management	3	4,2%
Corporate governance	3	4,2%
Journal of management studies	4	5,6%
Women in management review	4	5,6%
Harvard business review	5	7,0%
Corporate governance - an international reveiw	9	12,7%
Long range planning	10	14,1%
Total	71	100%
Books and book chapters	6	
Grand total	77	

Table 20: Sources of references

3.3. Studies over time

No particular time constraints were set for the review. The rationale was that there are no particular turning points within the board context. The field is relatively new

so it is predicted that the bulk of papers would be recent although papers dated further back were considered interesting to look at.

The 77 papers included in the review were published in the time interval between 1958 and 2006. The bulk of the papers are, however, less than a decade old. Of the 50 empirical papers 76% are from 1997-2006, and of the 25 theoretical papers 64% are from the same period. Of all the papers in the review 71% were published within the last 10 years.
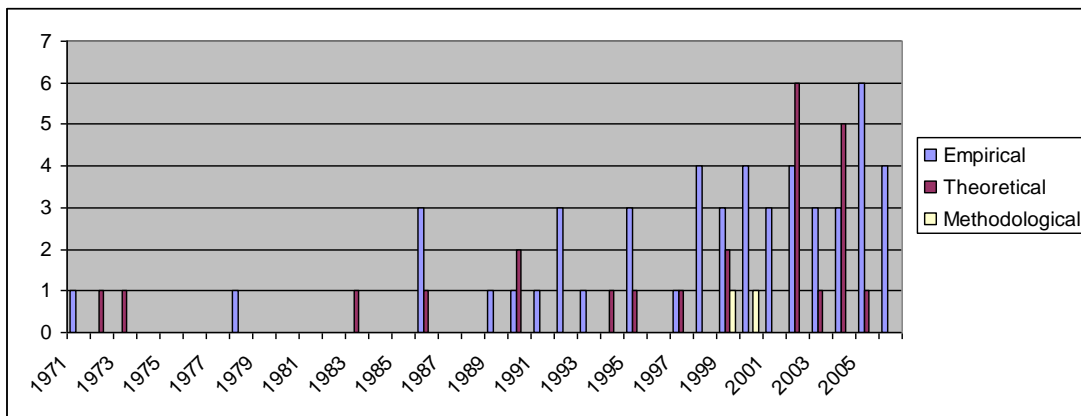
Figure 7: Dates of publication

3.4. Empirical studies by countries

The bulk of the empirical studies came from the UK and the US. A few studies were conducted in Canada, Scandinavia and Australia & New Zealand. Three studies were conducted across two to eight countries.

Empirical studies by countries	
UK	18
US	17
Scandinavia	5
Australia & New Zealand	4
Canada	2
Netherlands	1
2-8 countries	3
	50

Table 21: Empirical studies by countries
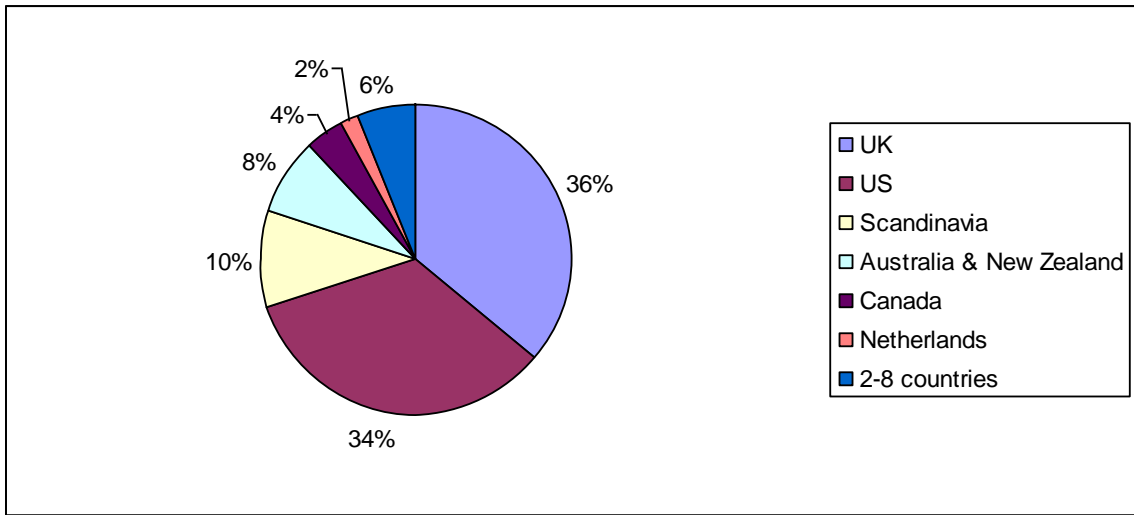
Figure 8: Studies by countries - percentages

4. Overview of board research

After reviewing papers and publications the selected items were grouped into the following themes: role of the board and its directors; board's involvement in strategy; boards as social entities; and female board members.

Research on board behaviour can be divided into a number of subgroups. The first group to emerge was research elaborating on the role of the board and its directors. These papers expand on the control, strategy and service roles (Zahra & Pearce, 1989), rooted in the agency (Fama & Jensen, 1983), stewardship (Davis et al., 1997) and resource dependence perspectives (Pfeffer & Salancik, 1978).
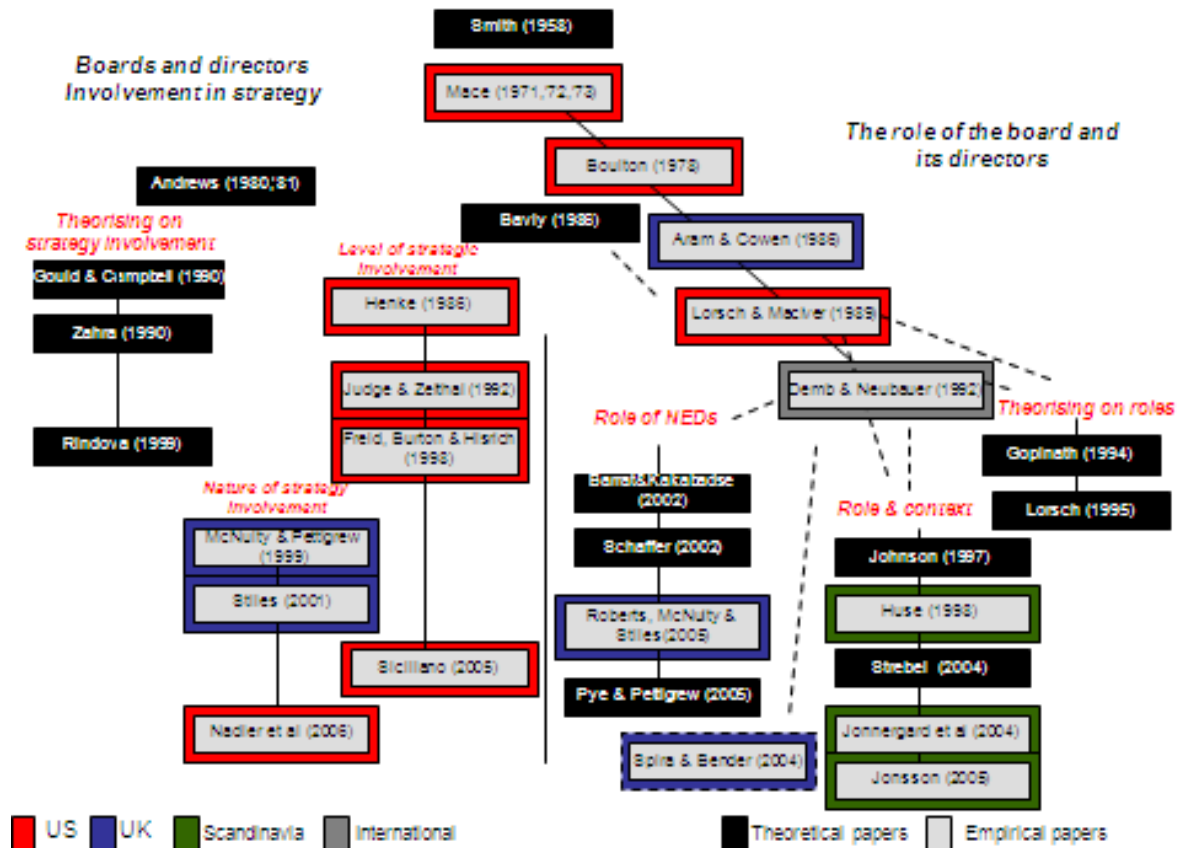
Figure 9: Boards roles' and Boards' involvement in strategy

A related theme is the board's and directors' involvement in strategy. The debate runs from the speculation of whether the board can or should be involved in strategy, to examining how the board and its directors are in effect involved in strategy. Although research on boards' and directors' involvement in strategy serves as an important background for the research to be undertaken, it is not a focal theme in the proposed research.

The third theme identified is a fragmented one; defining the board as a social entity, a team of individuals drawn together to make decisions that should at minimum protect the value of shareholders, and preferably augment their value. This section was grouped into several sub themes: power and control; chairman/CEO relationships; social ties; and, empirical research on board behaviour, processes and culture.
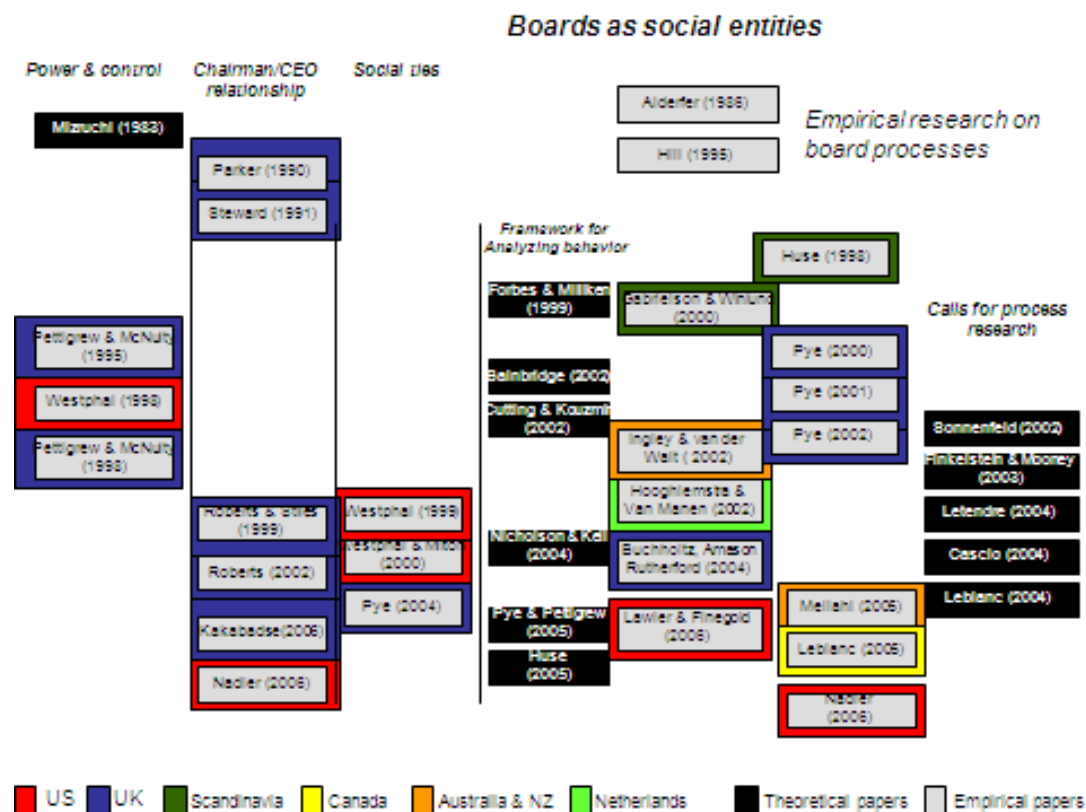
Figure 10: Boards as social entities

The fourth and final theme was that of women directors in particular. The reason for grouping the female studies in a separate theme is that these studies tend to deal explicitly with women's experiences of and confrontation by the traditional rules and norms of male dominated boards, but not with board interrelations as such. Considering the fact that I aim to take a gendered approach to board interaction they are highly relevant for the proposed research.

Female directors

Adapting to masculine culture	Affecting the culture	Inclusion Being heard
Marshall (1995)		
	Bilimoria & Huse (1997)	
Bradshaw & Wicks (1986)		
Sheridan (2001)		
		Zelechowski & Bilimoria (2003)
	McGregor (2003)	
		Huse & Solberg (2006)

Legend: US (red), UK (blue), Scandinavia (green), Canada (yellow), Australia & NZ (orange)
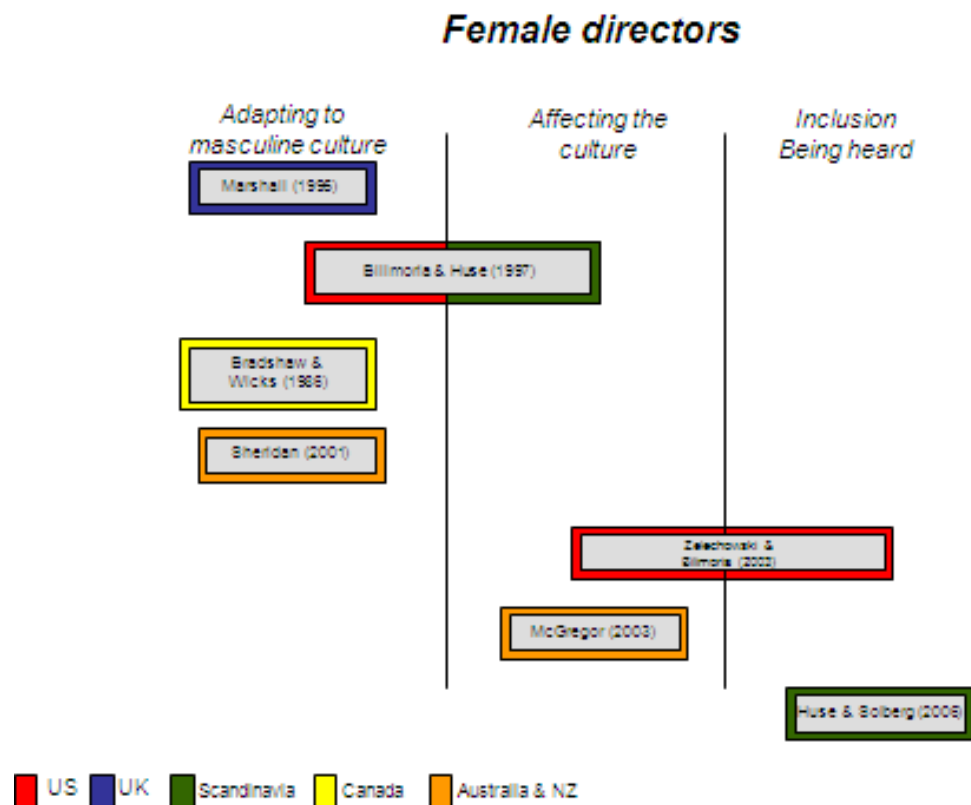
Figure 11: Female directors

5. The board – its directors and roles

A great deal of the work done on boards deals with the role of the board in general, or the role of the non-executives and the role of the board in strategy in particular. This chapter starts by looking at some of the earliest work identified, and observations on the board and its roles. It then goes on to look at the main pieces of research in this field. Research on the board's general role branches off, in the early 1990s – on the one hand to look at the role of the non-executive director and on the other to look at the contextual factors of the board's role. An additional branch was looking at roles of committees which are elaborated on in one of the papers identified. Research dealing with the board's role and involvement in strategy in particular, branches fairly quickly off the stream of research dealing with the board role in general. Research on board's involvement in strategy is dealt with in a separate chapter.

5.1. Early observations

The earliest publication identified for this systematic review dates back to 1958 (Smith, 1958). Its title; "Put the board of directors to work!" sets the stage for the discussion that was to follow throughout the next five decades. The author points out that although boards bear the ultimate responsibility and accountability to the shareholders, they were largely seen as no more than "a legal fiction". The paper presented a call for the transformation of boards into free constituencies composed of capable, independent members and acknowledged that although it would not be possible to pin down specific principles in the role of the board, it was necessary to start making improvements on the current practice (Smith, 1958). In his seminal study on boards, based on in-depth interviews with 75 directors and shorter discussions with hundreds of others, Mace (1971) found the board's role to be a provider of advice and counsel, to serve as some sort of discipline, and to act in crisis situations. However, according to Mace, the board did not have primary influence nor did it establish the basic objectives, corporate strategies or policies of the

company. He also found that board members rarely asked discerning questions or even selected the president. Mace basically concluded that the board of directors was a largely inactive endeavour, or at least less active than it could or should be. Elaborating further on his findings in two journal articles, Mace (1972, 1973) describes the role of the board as being advisory to the president, providing discipline, and taking action in crisis, such as replacing the CEO. He concluded the reality of board activities to be that directors rarely had time for analysis, discerning questions were commonly unwelcome and that the CEO was not being replaced unless in extraordinary circumstances. Mace advised boards to get rid of inside directors, define the specific functions of the board and put them in writing as a charter for board activities, establish criteria for formal evaluation, encourage critical questioning by board members (as it was their own company) and that compensation should be as high as the expectations towards the directors (Mace, 1972, 1973).

A great deal of research on boards in the last three decades has been inspired by these early discussions. Research focusing on the insider/outsider ratio, board power and leadership structure and the role of the board in general has been the main area of interest. Although boards, corporations and their environment and context have largely developed since then (e.g. Gopinath et al., 1994) the reality of boardrooms described by Mace still seems to hold to some extent (e.g. Nadler et al., 2006). While Smith (1958) and Mace (1971,1972,1973) advocated increased board activities and involvement, the alternative argument was to accept the limitations inherent to a board and manage expectations accordingly, and limitations should be made clear (Bavly, 1986).

5.2. Roles and activities – Empirical studies

Four empirical studies fitted into the category primarily focused on roles and activities. Of these the studies by Lorsch & MacIver (1989) and Demb & Neubauer (1992a, b) are by far the most significant.

Calls for increased activity and accountability of boards raised questions such as what type of information is necessary for directors to assume these increased levels of activity and responsibility.   In a study involving interviews with 45 directors and chief executives and case studies of the evolution of seven corporate boards, boards were found to develop from a legitimising stage, through an auditing stage to a directing stage (Boulton, 1978). The author defined five areas of changing emphasis of director information needs as the board develops: 1) Reporting formats – from general to more detailed, 2) Time horizons – from focus on the past and present to a future and long-term focus, 3) Performance criteria – from lack of any significant criteria to management by objective programmes, 4) Decision making process – from low involvement to high involvement, and 5) Information variety – from simple to more diverse and complex.

Another early examination of value creating boards (Aram & Cowen, 1986) involved case studies of three boards identified by surveying 13 directors and CEOs of large companies, who were asked to identify firms with board-management relationships having the greatest likelihood of creating and maintaining shareholder value. Directors' involvement in the central managerial process of the firm was analysed in terms of three basic elements of planning and control: goal and strategy formulation, management control, and executive compensation. Directors in each firm were found to participate actively in reviewing business strategies of the company and its divisions and in all cases senior officers and managers jointly evaluated strategic issues.   In terms of management control, each company provided several ways to evaluate current information, quarterly reports were discussed at full board meetings and materials distributed well in advance. Finally, all the firms tied a major portion of annual incentive bonus to performance targets which were established in the planning process and reviewed on a monthly basis. The authors built a model for a management process by which value creation can occur at the board level. The model emphasised the necessity of the general conditions of having **skilled people** with **adequate information** and a **clear** understanding of their role and specific conditions. They also emphasised the importance of having adequate time to devote

to the value added tasks, a board agenda intended to promote value added activity, and a system for supplying directors with adequate information for effective decision making (Aram & Cowen, 1986).

One of the most widely cited publications is Lorsch and MacIver's book published in 1989. The findings and discussions are based on interviews with over 100 directors, CEOs and corporate officers, and surveys of around 900 outside directors of the S&P 400. The authors examined directors and their perceptions of their roles, as well as the boards' working styles and habits in normal times and in times of crisis. Lorsch & MacIver (1989) identified three types of directors' constitutions: the traditionalists who viewed their task to be strictly defined as taking care of shareholders' interests; the rationalisers who viewed that paying attention to the interests of other stakeholders would eventually lead to the shareholders being better off; and finally, the broad constructionists who believed that companies had a wider duty in society of contributing to the greater good of all their stakeholders and therefore the board's and directors' duty was to serve all these parties. In normal times the directors saw the job of the board to be caring and nurturing the CEO, giving just advice, and serving as a sounding board for management, determining strategic direction and advocating for "doing the right thing". The meeting agenda had the main effect of determining was discussed at meetings, and since the CEO controlled the agenda he also ruled the discussion. In general, boardroom norms were found to discourage directors from openly questioning and challenging CEO performance or proposals. Directors were found to lack a forum for discussion, and the reluctance to violate the group's norms was a potential for the delay in detecting problems or an upcoming crisis. According to Lorsch and MacIver's findings, it was in times of crisis that the boards actually did become active and step into play. Although the nature of the crisis was found to affect specific challenges, all too frequently the norms of delicate behaviours and taboos seemed to paralyse the boards' abilities to act. Only when these norms were overcome was the board ready to deal with the crisis at hand. Lorsch & MacIver (1989) concluded that in order to be effective, boards must be adequately involved at normal times in order to be able to prevent trouble and crises.

In order to make this happen, much relies on the CEO or chairman to create inclusive working procedures and an atmosphere of openness and dialogue.

The most extensive study on boards and board roles was done by Demb & Neubauer (1992a) when they interviewed 71 directors from 11 boards in eight different countries. In their studies Demb and Neubauer found a remarkable similarity across countries and sectors, with regard to the role of the board. In their interviews and surveys of over 200 directors (Demb & Neubauer, 1992b), they found that less than 20 activities were associated with boards' tasks and responsibilities. Of these the same five predominated as the high priority tasks of the board. Setting corporate strategy, overall direction, mission and vision of the company was seen as priority number one, followed by succession activities and controlling, monitoring and supervising activities. Reviewing and approving the use of resources and taking care of shareholders were considered to be the fourth and fifth high priority tasks of boards. Demb and Neubauer identified three main paradoxes that boards have to deal with. The first is the fact that the board bears clear legal responsibility, while management possesses the infrastructure, knowledge and time to be able to bear that responsibility. The paradox thus is; "how to allow both the board and management to retain effective control without diminishing the initiative and motivation of the other." (Demb & Neubauer, 1992:13). The second paradox deals with the fact that board members are expected to provide critical judgement on management performance, and at the same time ensure that this judgement is independent. The former requires in-depth knowledge and intimacy with the affairs of the corporation, while the latter requires detachment and distance. The third and final paradox focuses on the working style of the board. As a working unit the board needs the trusting familiarity of a close-knit group, while at the same time group members should be independent, be able to raise critical questions of colleagues and resist groupthink. Demb & Neubauer (1992) suggest activities that may assist in enabling boards to deal with the paradoxes. First they suggest a balance of executive and non-executive members and the separation of the roles of chairman and CEO, or alternatively a process that can empower the outside directors with an opportunity for

non-executive directors to interact on strategy and make sure they have good access to information. In addition, they suggest frequent meetings and the establishment of committees, when needed, for more in-depth exposure and better control, including a nomination committee. They furthermore suggest that boards should be no larger than eight to ten members to ensure adequate participation in discussion, and they advocate retreats and specific discussions of performance and mission. Finally they recommend boards to periodically review their performance.

5.3. Theorising on roles and activities

Following the initial empirical work, one theoretical and one conceptual paper on the role and activities of the board were identified.

Gopinath et al. (1994) discuss the changing role of the board and its search for a new strategic identity. They conceptualise the evolution of the board from a traditional model to an emerging model in three dimensions: change in underlying assumption, board identity and board role. The change is from the underlying assumption that the commonality of interests between shareholders, management and the corporations is to be maintained to the emerging assumption that interests of shareholders and management may diverge from that of the corporation. Board identity is changing from the focus on representing the owners to the focus of representing the company, and the board role from a control/service role to a strategic decision making/control/service role. The authors conclude that "Boards would find themselves better grounded if they focus on meeting the interests of the organization as a distinct entity separated from but bounded by the interests of the shareholders" (Gopinath et al., 1994:183).

In a 1995 Harvard Business Review article, Lorsch elaborated further on the role and involvement of boards. According to Lorsch (1995) the 1990's was the decade of empowering boardrooms.   This empowerment, Lorsch claimed, would call for CEOs' clear understanding of the power and responsibilities of the board, and the non-executives' recognition and respect for the boundary between monitoring

management and actually managing the company. Above all this would call for a new form of teamwork where directors and managers collaborate effectively in order to achieve corporate success. Lorsch claimed that protests for increased board empowerment were misguided. First the increased power of the board does not necessarily imply decreased CEO power. Second the advising and monitoring do not need to be in conflict simply because being effective in each role is based on the same ingredient – access to information, and time for board members and management to discuss that information. Thirdly, board members are not only useful in a crisis situation, they should constantly be working to prevent a crisis, or practising skills and knowledge to be better equipped to handle a crisis situation should one occur. And finally that increased empowerment does not imply that the level of activity and integration cannot or should not depend on a company's situation. Directors of empowered boards are focusing on constant evaluation of CEO performance and corporate strategy. Key ingredients for such empowerments are directors' appropriate knowledge of company affairs and the effective self monitoring of the board itself (Lorsch, 1995).

The work by Lorsch & MacIver (1989) and Demb & Neubauer (1992) raised an abundance of issues and questions that research could address. A continuing issue was the board's and directors' roles. Some of the following research looked at the board's role based on context, and a new stream of research, looking at the non-executive role in particular, seemed to emerge. These will be dealt with in the next two sub-chapters. Other issues concerning board behaviour and processes such as the chairman/CEO relationship, the issues of power and control, the effect of social ties, and last, but not least, the effect of boardroom culture, processes and relationships on board activities, were areas on which a new window of understanding on the workings of the board was about to be opened. The latter issues will be the topic of later chapters of this review.

5.4. Looking at the role and context

Five papers that dealt particularly with the role of the board and context were identified; two are theoretical and three empirical – interestingly all the empirical studies come from Scandinavian countries. These vary from the company's life cycle stages to macro environmental changes.

From an inter company perspective Johnson (1997) theorises on how the role of the board, and therefore its need for different capabilities, changes over the company's life stages. Companies in their early life, i.e. at the inception stage, tend to face their main challenges in terms of securing resources; therefore a board with ties to resources could help a company to conquer this challenge. During the growth stages, issues such as operations, control and coordination are theorised to become more demanding and therefore the company has a greater need for managerial expertise. Finally during the maturity stage, organisational prestige becomes the focus of attention and boards in that life stage therefore tend to seek members who can bring prestige and social contacts (Johnson, 1997).

Strebel (2004) also discusses the need for a board to adopt different kinds of roles based on different circumstances from both an internal and external perspective. In a company with a strong management team and low levels of externalities, the board is well fitted to take on a monitoring/auditing role. In the case of strong management but a high level of externalities, the board should switch to a supervisory role, advising management on how to deal with the externalities. In the case of a weak management team, boards should either adopt a steering role, when externalities are high, or a coaching role when the levels of externalities are low. Strebel (2004) concludes that a board must take conditions into consideration when determining its dominant role at any given time. An important step that boards must take is to recognise or anticipate when a change in condition calls for a role shift.

In an ethnographic study of three companies facing different challenges and situations, Huse (1998) found the role of the board to be highly contingent. The

companies were either recovering from bankruptcy, restructuring due to changing market conditions, or refinancing. The role of the board was found to be quite dependent on the situation each particular company was facing. In the case of the recovering company the role was mostly legitimising, while in the restructuring company it was advising, and monitoring was the role of the company in the phase of refinancing.

Along the same lines is a preliminary study of board roles and role development of Icelandic boards (Jonsson, 2005). The study proposes four main board roles from the literature: rubber stamp, watch dog, advisor and pilot. Directors of eleven Icelandic companies were exposed to an open ended questionnaire on the role of the boards on which they served, and how this role has evolved during the past years. Different boards were found to assume different roles – either a single role or a mixture of roles. Roles were reported to have changed over time and in that sense had been a response to the company's changing needs and changing environment. These findings cast further light on the fact that both company and industry specific factors and, at times, the evolution of contextual factors, can affect the role assumed by the board.

Moving finally to a more macro level, Jonnergard et al., (2004) explored the way Swedish companies responded, over a five year period, to changes in the national pattern of corporate governance. They found that as the pattern of corporate governance had shifted towards more external constraints, boards' activities had shifted more towards decision management; they had added a substantial amount of activities to their agenda and shifted their focus more towards a financial orientation. However, the values and attitudes of directors appeared to be more stable over this relatively short time period.

These studies certainly cast light on the fact that boards are by no means static, insulated entities that can shape and determine their own workings at will, but rather dynamic bodies that are shaped and affected by the very context in which they work.

5.5. Looking at the non-executive role in particular

Although Demb & Neubauer (1992) elaborated quite substantially on the non-executive roles and highlighted the difference between executive and non-executive directors' roles, the most likely reason for the particular interest in the role of the non-executive, stems from the emphasis that is put on this role by reports on governance reforms (i.e. Cadbury, 1992; Higgs, 2003, etc.). Two theoretical papers, that have the non-executive's role as its main focus, were identified. The only empirical study was that of Roberts et al., (2005) commissioned for the Higgs review. This chapter also includes a commentary by Pye & Pettigrew (2005) on the Roberts et al. (2005) paper.

According to Barratt & Korac-Kakabadse (2002), non-executive directors can be seen to act primarily as the formal link between the shareholders and the firm. Their role is to act as advisors to management and make sure that the company is being run in the interests of its owners. Non-executives can be defined as boundary spanners and as such they have a unique perspective on shareholder management. The boundary spanning position can, however, potentially lead to role conflict, but with adequate clarification of the expectations towards the non-executive role, the possibility of role conflict could be diminished. Finally non-executives can serve as reflexive educators, by educating executives about the perceptions of others.

An interesting paper by Schaffer (2002) theorised about the difference between executive and non-executive directors' assessment of firm performance, and related directors' assessment processes to attribution theory. Executive directors were theorised to generally tend to displace the blame away from management and attribute poor performance to environmental factors. Non-executive directors would, on the other hand, be more inclined to rely on certain informational cues (consistency, consensus and distinctiveness) in making attributions. High distinctiveness, high consensus and low consistency would be related to external causes, whereas low distinctiveness, low consensus and high consistency would be related to internal causes.

An extensive study on the non-executive role in particular was done by Roberts et al., (2005), who conducted 40 in-depth interviews with company directors, commissioned for the Higgs Review. Non-executives delivered, according to their findings, most value when they were engaged but non-executive, challenging but supportive, and independent but yet involved. Non-executives must have the adequate means to know what is going on, take time to listen and learn before trying to contribute, and make sure that the executive responsibility of driving the decision making is not overridden. Thus the non-executive should serve as a contributor rather than as an active player. A vital role of the non-executive is that of asking informed but challenging questions phrased in the appropriate context, i.e. probe for "what is being done? , why? and, how does that affect so-and-so?" While the importance of independence, i.e. the capability to see things objectively and to foster openness, was stressed, **it was not seen as relevant to distinguish and separate the tasks and responsibilities of board members into the three conventional roles of serving, controlling and boundary spanning, rather that the directors should seek to embrace the paradox that implicitly lies in the demands of the different roles.** Challenging strict agency perspectives towards board reforms they concluded that non-executive directors needed a certain level of attachment and particularly accountability towards executives in order to be of value both in the contribution and monitoring roles of the board.

Commenting on the Roberts et al., paper, Pye & Pettigrew (2005) stressed the need to strengthen the theoretical and methodological foundations of board process research. Although the commentary served well to point to the limitations of the Roberts et al. study, it is an even more significant contribution to the framing and understanding of board process research in general. As such, this paper will be elaborated on further in subsequent chapters.

5.6. Examining the role of committees

One of the papers identified focused specifically on the roles of board committees. Spira & Bender (2004) compared and contrasted the tasks of the auditing and

remuneration committees. These two committees can be seen as having a conflicting role; the audit committee being largely of a conformance nature whiles the remuneration being of a performance nature. The findings of the researchers indicated that although membership of each committee makes different demands and requires a slightly different focus, the tasks are not as irreconcilable as has been suggested, and do depend on different individual behaviours and relationships.

5.7. Conclusions on the role of the board and its directors

A good deal of the research covered in this chapter is centred around the role of the board, the context effect on that role, and the role of the non-executive directors. This type of board research is largely rooted in board role theories such as agency theory, stewardship theory and resource dependence theory. Although no definite conclusion can be drawn from research into the role of the board and its directors, it can be inferred that boards are becoming more active and more aware of their responsibilities. A good deal about the nature of the board's role is becoming clearer and the paradoxes of being close enough to give valuable guidance and counsel, but yet distant enough to provide sound assessment and evaluation have been drawn attention to (e.g. Demb & Neubauer, 1992a; Roberts et al., 2005). While early studies emphasised the non-executive's distinct roles of controlling, serving and advising (e.g. Pearce & Zahra, 1989), later studies have stressed the importance of embracing the paradox that implicitly lies in the demands of the different roles (Roberts et al., 2005). Boards are by no means insulated and static entities, but rather dynamic social makings that are affected by their environment and context (i.e. Jonsson, 2005; Jonnergard et al., 2004).

6. The role of the board in strategy

The particular issue of the board's role and involvement in strategy has been the foundation for a significant stream of research. Although this stream of research can be classified within the strategy and decision making arena, being aware of and understanding this dialogue is important for a researcher of board behaviour. The subsequent subchapters will give an overview of work in the field of the board's role and involvement in strategy.

6.1. Theorising on the director's role in strategy

Early discussion on boards and strategy centred largely on the appropriateness and capability of the board to become involved in strategy (e.g. Andrews, 1981). A decade later Goold & Campbell (1990) addressed the question of what type of contribution to strategy non-executives could make, given their limited time, knowledge and insight into a particular company. Their general view was that the strategic role was limited, but they did identify three potential strategic roles for non-executives. *Due process*: making sure there is a process for strategy in place; *commercial logic*: checking for the robustness of decision making; and *strategic control*: monitoring non-financial goals of the company. Zahra (1990) had a different point of view and argued for increased participation of the board in strategy. In his article he describes three schools of thought regarding the board's involvement in strategy. The first ideology promotes the strict protection of the shareholder interest view, indicating that the only role directors play in strategy is to review, counsel and ratify management decisions. The second school of thought considers the contribution of boards to strategy to be in terms of refinements, probing and ensuring that agreement on direction exists among the executives. The third and final ideology is the one advocated by Zahra (1990), which argues for the need for boards to go beyond their control and service role, and form a partnership with the CEO in mapping strategic directions for the firm. Zahra (1990) argues that considerable gains can be realised by the increased involvement of the board in strategy formulation and development. He furthermore went on to outline possible

ways for promoting the participation of directors in strategy, namely: careful selection of directors, including strategic items in directors' orientation programmes, broadening directors' strategic span of attention and defining areas of potential interest. Zahra concludes that to realise the board's full potential and move away from rubber-stamping activities, attention should be given to the board's composition, internal processes and the appropriate mix of skills that directors possess (Zahra, 1990).

In line with Zahra, Rindova (1999) argues that despite limited time and specific company or industry knowledge, directors can still be a very useful source for strategy input and decision making. Due to their broad exposure to different business contexts and their substantial experience of decision making, they can be considered to possess valuable problem solving expertise. Involving directors in strategy and decision making can thus enable the board to deal more effectively with complexity and uncertainty. Outside directors' involvement will also reduce the effect of problem familiarity and increase scanning effectiveness. External variety is claimed to lead to increased diversity of interpretation frameworks and conceptual models, whereas requisite variety is related to the diversity of perspectives relative to the complexity of a firm's environment. Boards are also claimed to benefit from representative variety which refers to the diversity of perspectives relative to different stakeholders interests (Rindova, 1999).

6.2. Strategy involvement – empirical evidence

Seven empirical studies focusing explicitly on the strategic role of the board and its directors were identified (Henke, 1985; Judge & Zeithaml, 1992; Fried et al, 1998; Sicilliano; 2005; McNulty & Pettigrew, 1999; Stiles, 2001; Nadler et al., 2006). Four of these studies Henke, 1985; Judge & Zeithaml, 1992; Fried et al, 1998; Sicilliano; 2005) are focused on measuring the level of strategic involvement and/or the effect of input variables such as size, organisational age, level of outside representation, or venture capitalist involvement to output variables such as financial performance. Three studies (McNulty & Pettigrew, 1999; Stiles, 2001; Nadler et al.,

2006), based mainly on interview data, are aimed at understanding the elements and nature of strategic involvement.

6.2.1. The level of strategic involvement

In the earliest study, Henke (1986) surveyed 234 directors of Fortune 1000 companies and found that the level of strategic involvement had increased compared to Mace's (1971) findings. Henke found boards to be active in influencing the decisions of numerous strategy related issues. However, the boards did not seem to recognise their relatively high level of involvement in strategy decision making. Chairmen were therefore claimed not to be taking advantage of the board members' knowledge and expertise. That being the case, boards did not seem to be influencing their firms' future in a coherent manner.

Judge & Zeithaml (1992) conducted research into the board's involvement in strategic decision processes by interviewing 114 board members of companies from four populations: general medical hospitals, biotechnology firms, textile firms and large diversified firms from the Fortune 500. They related the interview findings to archival data on firms' age, business diversification, board size and insider representation. Their findings indicated that institutional and strategic choice frameworks both appeared to be useful in explaining board involvement in the strategic decision making process. Organisational age was found to be positively related to the strategic involvement of boards, whereas its level of diversification was negatively associated with board involvement, which is consistent with the industry perspective. The board size and the level of insiders were found to be negatively related to board involvement, offering support to the strategic choice perspective. Finally, board involvement was found to be positively related to financial performance. The authors concluded that their findings support that the institutional and strategic choice perspectives offer complementary explanations for board involvement (Judge & Zeithaml, 1992).

Building on Judge and Zeithaml's research, boards of companies backed by venture-capital firms were found to be more involved both in strategy formulation and evaluation than boards of companies where members did not have large ownership stakes (Fried et al., 1998). However, they did not find performance to be related to the level of board's strategic involvement.

A recent study by Siciliano (2005) identified three levels of strategy from the literature: traditional. reviewing and collaborative. It then addressed the question of the level of board involvement in strategy as well as examining if a relationship exists between strategic activities of the board and organisational performance level. Overall the level of participation was found to be at mid-range, and directors generally reported a higher level of strategy involvement than the level reported by CEOs. The study found a relationship between weak financial performance and the probability of the board being involved in traditional strategy planning (low involvement), and also found that firms performing better tended to be involved with managers as partners in strategy making decisions (high involvement). The paper concluded that the organisation's final condition is linked to the board's strategy role, although it did not explain its causality (Siciliano, 2005).

6.2.2. The nature of strategic involvement

In a study involving interviews with 108 company directors of large UK companies, McNulty & Pettigrew (1999) looked at the strategic roles of chairmen and non-executives.   Their findings revealed that strategies are rarely initiated by non-executives and that the high rate of approval of management's strategy by the board does not necessarily reflect the board's rubber stamping role. Rather, since the directors are actively used as sounding boards to test ideas and question assumptions, management tends to prepare its proposals in a way that is likely to increase the chances of the board's approval. A key feature was the non-executives' role in encouraging strategy to be formed. The paper reported that non-executives seemed to be more involved in strategy than previous studies had indicated.

Stiles (2001) conducted in-depth interviews with 51 directors, surveyed 121 company secretaries and analysed four case studies of UK plcs. Stiles' main aim was to identify the perceptions of directors of themselves as to their role and influence in the running of their organisation, with particular attention to the strategic process. Stiles defined the board's involvement in strategy as: defining business and setting values; maintaining strategic frameworks; gate keeping by second guessing strategy proposals from management; confidence building by helping managers refine and perfect their plans; and, selecting directors. Stiles furthermore found that the strategy-making process was not practised in a top down fashion, but rather was typically developed at business unit levels. However, the board was responsible for setting strategic parameters, within which strategic activity took place. Although the boards' activities tended to be seen as limited to coordination, and checking for consistency and coherence of proposed strategy, Stiles found their activities were far from limited to those factors. He found board activities to be rather of a multi-functional nature. Directors play an important role in maintaining the quality of objective setting and confidence building amongst executives. Furthermore he found that internal dynamics shape individual boards and have great influence on their harmony and effectiveness. Their level of effectiveness depends largely on the nature and quality of the information given to non-executives, and the time non-executives devote to the scrutiny of business. Directors were found to emphasise the importance of doing a good job and a desire to be seen as good stewards. Finally Stiles concluded that the human capital present on the board can be a major source of competitive advantage providing not only skills and capabilities but also unique interrelationships and sets of routines that form the dynamics of the board (Stiles, 2001).

Nadler et al. (2006) believe that the strategic process actively involves the board but is to be led by the CEO and his team while engaging the board in every step. The benefits to the approach of involving the board are that they generally lead to a better thought out strategy than one developed by management alone. In addition, directors tend to be more content if they feel they have been able to make a contribution and

the process will result in a more profound understanding of the company which will affect how the board will work in the future, and hence invite even more thoughtful discussions between management and the board. Finally, board involvement will lead to a stronger ownership and director support for management and the company's direction (Nadler, 2006).

6.3. Conclusions on the role of the board in strategy

Research on the board's role in strategy has moved from arguing whether it is possible or even appropriate for the board to be involved in strategy (e.g. Goold & Campbell, 1990; Zahra, 1990), to the measurment of the level of strategic involvement of boards and looking at the nature of board's strategic involvement. The level of strategic involvement of the board, as with other board activities, seems to be increasing (Henke, 1986; McNulty & Pettigrew, 1999). Involvement is found to lead to better developed and better thought out strategies which can be attributed to increased levels of discussion, scrutiny and questioning by the board (i.e. McNulty & Pettigrew, 1999; Siciliano, 2005).

7. Boards as social institutions

Alderfer (1986) called attention to the board as a group with dynamics and patterns that affect the behaviours of the board and its members, and that board members tended to see themselves rather as individuals than as groups. In his empirical study, based on interviews with 41 CEOs and directors, Aldefer found three main factors that affect the group's dynamics: how they act as a group; the board-CEO relationship; and, the effects of subgroups of directors on the board-management relationship. Almost a decade later, Hill (1995) conducted a study based on interviews with 42 directors in 11 large British companies, with the aim of studying **how the board of directors works as a social institution**. He looked particularly at the role of directors, the relative power position of directors, consensus on the board and relationship to owners. He found much of the routine work of the board to be concentrated on monitoring activities, although providing strategic direction and planning for the future was seen by directors as their main purpose. Furthermore, he found that elites existed within the board, primarily concentrated around the chairman and the CEO. The chairman's role was considered to be a powerful one, particularly in terms of controlling the agenda as well as the nomination of non-executives, and the appointment and dismissal of the CEO. The way the chairman and CEO work together was seen as the board's single most important relationship. Interestingly, Hill (1995) found that consensus was the norm of executive groupings, and even though differences in opinions or perspective existed they were rarely addressed within the boardroom. The importance of board members being compatible with the board and working together on a consensual basis with collective responsibility was stressed. Hill concluded that; "For managers to make the leap into the board, it is not enough to run a major operation successfully: they also have to be well known by senior colleagues and have established reputations for breadth of vision and collegiality." (Hill, 1995:273). In essence, Hill's findings can be categorised into the following sections: board roles, power and control issues, chairman/CEO relationships, teamwork and culture, and the effect of social capital. Research on boards and their roles has already been elaborated on in this review.

The subsequent chapters will in turn deal with the four remaining issues, but calls for research on board processes and some methodological issues will also be looked at.

7.1. Further calls for process oriented research

Recently there have been several calls for increased focus on process analysis. Five of the papers included in this review explicitly deal with this issue.

Sonnenfeld (2002) dismisses the idea of rules, regulations and structural board improvements to improve the effectiveness of a board. The essence of effective boards, he claims, lies in the human factor and how people work together. Great boards are those with a climate of trust and candour, those which foster a culture of open discussion, and encourage board members to look at issues from alternative perspectives. Furthermore they ensure that individuals are held accountable and that they share information with other board members. Finally they constantly engage in evaluation of the board's own performance, for instance in terms of quality of discussion, credibility of reports, use of constructive professional conflict, interpersonal cohesion and level of knowledge.

Finkelstein & Mooney (2003) point in the same direction. Their analyses of the top and the bottom quartile performers of the S&P 500 in 2000 show no differences in board size, percentage of outsiders nor the presence or absence of CEO duality, leading them to the premise that governance research must look beyond the "usual suspects" (i.e. size, composition, leadership structure etc.) in order to explain board effectiveness. They claim the ability of boards to practise effective corporate governance depends on the quality of the individuals and their ability to get their work on the board done as a team. From a study which involved interviewing 32 directors, the authors identified five factors crucial for board effectiveness. First is the ability of the board to engage in constructive conflict, intelligently challenging and questioning actions of management with the aim of improving decision making. Second, is to avoid destructive conflict, i.e. conflict that leads to counter productiveness rather than to added value. The third factor for success is to emphasise that the board works together as a team with a common goal. The fourth is

to know the appropriate level of strategic involvement, and the final factor is to address decisions comprehensively, with an adequate level of depth and knowledge. The authors give recommendations for procedures to increase the likelihood of these factors materialising: getting the right people on board, putting a meaningful structure in place, setting the stage for effective board meetings and steer board meetings to improve board processes. These four procedures for effective board conduct were named: selecting, structuring, staging and steering (Finkelstein & Mooney, 2003).

Two articles from the same issue of Academy of Management Executive in 2004 elaborate further on the issue. Letendre (2004) quotes a 1999 Korn/Ferry survey of 7,000 directors of 902 publicly traded Fortune 1000 firms, and having correlated the survey results with their measure of corporate return on investment, finds that the five attributes of effective boards are knowledge, information, power, rewards and opportunity/time. Letendre further points to the significance of studies that have been directed towards examining board dynamics and concludes that the crucial factors in healthy and constructive boardroom dynamics are independent, intrepid, informed, and diverse directors willing to speak up when concerned or in doubt, and willing to challenge each other's and management's assumptions.   The other article by Cascio et al. (2004) highlights the importance of the board social system for board functioning and discusses the importance of the role of the group leader, the feedback process and board members' selection.

Leblanc (2004a) joins those who criticise looking at size, composition and leadership structures in order to find performance's secret ingredient. He points to three fundamental areas that need to be addressed by researchers in order to determine the nature of board effectiveness.   An important area for examination is looking at the independence of judgement, and the competencies and behaviours of the chairman as well as examining the selection procedures for the chairman. Furthermore, examining the behavioural "posture" of the CEO in the boardroom, i.e., the role he assumes relative to the roles other board members assume, is a potential area for

further research. Finally he recommends looking into the effectiveness of individual directors, including independence of mind, and notes that competencies and behaviours need to be emphasised as opposed to their "regulatory" independence. Like several others, Leblanc concludes that "The only possible way to know whether boards operate well is to observe them in action – to see and understand the processes by which they reach decisions." (Leblanc, 2004a:440).

7.2. Issues concerning research methods

Calls for increased research into board processes, dynamics and relations, brings forth the need to apply appropriate research methods. Two methodological papers were identified and included in this study. Those papers address in particular the issues at hand when moving from structural research to process research.

The first paper (Currall et al., 1999) seeks to demonstrate the synergies of combining qualitative and quantitative methods in a single study of group process.   The study involved "participant as observer" data from a corporate board collected over a five year period, and quantitative survey data testing hypotheses developed in the observation process. The authors argue that by assembling qualitative and quantitative methodological elements in a synergetic manner, knowledge of group processes can be enhanced. The main contribution of the paper is the combination of qualitative and quantitative methods to emphasise both discovery and justification in a single study.

Samra-Fredericks (2000) presented an argument and a framework for "boards in action" research. She claims that numerous papers and studies have argued for a more in-depth analysis of board's activities and behaviours. She argues that questionnaires and interviews provide only a limited scope for understanding action and behaviours, and proposes a method of immersion in social settings associated with observation and audio taping, followed by detailed transcribing and analysing. She suggests that through studying directors' talk-based interpersonal routines it is

possible to develop an understanding of *how* factors such as knowledge and experiences translate into boardroom processes.

7.3. Power and control in the boardroom

The issue of power and control is a prevailing one and has been addressed by some authors either in general or in particular.

Mace's (1971) findings and conclusions indicated that corporate power was mainly in the hands of management, since the board, and particularly outside directors, had little time to attend to, and low involvement in, company matters. This view was opposed by Mizruchi (1983) who argued that since the board had the power to replace the CEO and management, the ultimate control of the corporation resides with the board. He illustrated his point by providing numerous examples of boards actually exercising this power in the 60's and 70's, and argued that even though non-executive board members might be selected and appointed by the CEO, this does not ensure that they will, once in office, passively support management.

The power issue was elaborated on by Lorsch & MacIver (1989) who found that power largely resided with the CEO who controlled the boardroom agenda and set the norms for boardroom behaviour, and it was only in times of crisis when the board actually did assume some level of power. This was later seconded by Hill (1995).

Three studies that dealt particularly with power in the boardroom were identified for the purpose of this review. A study based on surveys and archival data from 221 large and medium sized US companies (Westphal, 1998), indicated that changes in board structure which increased the board's independence from management (increasing the level of non-executives) were associated with higher levels of CEO integration and persuasion behaviour towards board members. Such behaviours in turn served to offset the effect of increased structural board independence on corporate strategy and compensation policy, indicating that increasing the representation of non-executive directors did not necessarily decrease CEO power.

Two key papers addressing the issue of power from studies based on interviews with directors in UK companies dealt with the issues of power and control in the boardroom (Pettigrew & McNulty, 1995, 1998). The key contribution of the former paper was to identify boards exercising either minimalist or maximalist behaviour depending on the level of activities of the non-executive directors. The paper's conclusion was in line with Lorsch & McIver (1989) that non-executives' influence tends to peak in times of crisis, and that negative influence seems to be easier for non-executives to exercise than positive influence which tended to be interpreted as unwanted non-executive intervention. Petigrew & McNulty (2005) found that the chief executives' and chairmen's attitudes and behaviours affected the ability of non-executives to use and exercise power. Furthermore, relative expertise and experience of non-executives, power from internal and external power figures, as well as authority from board committees, and relationships and network building outside the board, were found to be elements of building up the power and status of individual non-executives. Finally the skill and insight of the non-executive of knowing when and how to intervene was found to be an important factor in attaining power and influence (Pettigrew & McNulty, 1995).

In the latter study, Pettigrew & McNulty (1998) examined in particular the critical incidence of the dismissal of the chairman of two companies, and the process of shift in power from the chairman to the non-executives. In both cases performance weakness of the firm over time had built up the context to challenge the chairman. The authors observed that the normative assumption of board citizenship could potentially neutralise the power of non-executives, and the context and structure could, however, lead to the turning of potential power into power in use (Pettigrew & McNulty, 1998). Finally, both of their papers called for more understanding of behavioural dynamics.

When examining board working processes, Nadler et al. (2006) defined three areas for potential improvements. First, the importance of the flow of information to the board is highlighted. The problem here is that boards tend to get too many data and

too little information. Directors are frequently showered with raw data but lack the relevant information. The type of information circulated tends also to be of limited focus, mainly financial data and management's processed strategy proposals; what is lacking is a broader context and information that can help directors gain a deeper understanding of the company and its environment. Furthermore the flow of information is controlled by management and therefore directors do not have as open an access to information as they should have. Secondly attention is drawn to the impact of the board agenda on what is being discussed at board meetings and how productively board members spend their time together.

Based on this limited number of studies, the indication seems to be that context, behaviour and relationships have more impact on power than mere structural factors.

7.4. The chairman/CEO dyad

Recently the relationship between chairmen and CEOs has become a theme that interests researchers. The increasing pressure for separating the chairman/CEO role, rooted in an agency perspective, has raised questions on what their relationship, interaction and role responsibilities in effect are. The relevance of chairman/CEO studies for this review mainly lie in the fact that the nature of the relationship has been found to affect the way board dynamics develop.

Five studies included in this review were identified as mainly contributing to the understanding of the chairman/CEO relationship.

One of the early papers that examined the role of the chairman in particular was a study by Parker (1990) based on interviews with 15 UK chairmen. Parker explored the changing business environment and the evolution of temporary corporations and then went on to describe priorities for actions, concluding with the fundamental role of the public company chairman. In essence Parker describes the role of the chairman as "Making tomorrow's company out of today's" (Parker, 1990:36). The priorities for action described by Parker include the importance of the chairman in

providing board leadership and ensuring that the board gives the company long-term strategic direction, and in addition, emphasising and ensuring that the company's culture is robust and adaptive, and enhancing the quality, motivation and morale of the people who work for the company. Finally the chairman should be "capable of leading his own company on the acquisition trail and of defending it against other acquirers" (Parker, 1990:42). Parker concludes by stating that chairmanship is a highly subjective activity, and that every successful chairman is by definition a leader. Furthermore, he says that the role of the chairman is becoming increasingly demanding and that **teamwork is essential for successfully dealing with the future of corporations.**

An extensive tracer study spanning two years, on chairman/general manager relationship within the NHS was conducted by Stewart (1991). Five different roles adopted by chairmen were described: *partner role,* emphasising shared responsibility; *executive role,* where the chairman instructs the manager; *mentor role,* when the chairman acts as a coach and counsellor; *consultant role*, where the chairman waits to be approached for advice; and finally *distant role,* where the chairman devotes little time and effort to the task. The partner role, where each player complemented the other, was found to be the most common. The study found the chairman and manager role to be very dependent upon one another and to occupy overlapping domains. This in essence implies that what each party can do is very dependent upon the behaviour of the other.

Roberts & Stiles (1999) drew upon *role theory*, *leadership theory* and *agency theory* when reporting findings from their research containing interviews with 30 chairmen/CEO dyads. Role theory describes how a mutual understanding of a person's roles develops, while leadership theory lends the ideas of the role to shaping the companies' culture, affecting the emotional dynamics of the chairman/CEO relationship and procedures of succession. Finally agency theory serves as the main argument for the separation of the two roles at the apex of the corporation.   The findings of Roberts and Stiles indicate that there is no clear line separating the roles

and responsibilities of each party. The strategic and external relations were found to be particularly prone to overlap and the nature of negotiation of roles between the two was found to be contingent on context, recent history and whether either the chairman, CEO, or both were recruited internally or externally. The benefit of separating the two roles was therefore found to be highly dependent on the process and nature of the relationship established between the chairman and the CEO. Early encounters were found to be particularly important for the succeeding development of the relationship, and the transition from CEO to chairman was found to be prone to feelings of loss of potency. The authors highlighted that the nature of the chairman/CEO relationship could be a decisive influence on the quality of other board relationships. The separation of the two roles results in the change that a relationship between two individuals, the Chairman and the CEO is placed at the apex of the organisation instead of an individual is. While a too close relationship can potentially lead to danger, a competitive and confrontational relationship can also have seriously negative effects. Although separation of the two roles might be a necessity, it will, in these authors' opinion, not be a sufficient condition for success. According to Roberts & Stiles (1999), success will depend upon the ability of the two individuals to develop and build a trusting relationship where both can complement each other's role.

Roberts (2002) examined the chairman's role further in a study containing 35 interviews with chairmen, chief executives and non-executive directors of large UK companies. He defined the complementary role of the chairman to be to contribute to CEO performance as well as creating conditions for other non-executives to contribute, and concluded that adopting this role could significantly add to the value of board contribution. He also described a different, more counterproductive role of the chairman; the complementary role, where executives and non-executives engage in the role of complementing each others' work without ever questioning or scrutinising it. Again, roles were considered to vary, based on different traditions and different contexts. However, the importance of the chairman's role, as a complementary factor to the CEO competencies, was frequently stressed. In addition

to making sure the strategy items were on the board's agenda, the effective role of the chairman was described as: being able to create an atmosphere for questioning, challenging, explanation and debate.   In the author's own words: "To see non-executives simply as representing distant shareholders' interests risks foreclosing these positive potentials" (Roberts, 2002:517).   Roberts pointed out the risks of the chairmen becoming too aloof, seeing their role as merely running board meetings, and that of becoming too confrontational, undermining and questioning the CEO's mandate. In order to create complementary board relationships, Roberts concluded that three key conditions were an essential support. First, he considered openness, trust and lack of suspicion to be essential. Second, chairmen must be willing to develop their knowledge of the company and its conditions and facilitate the knowledge gaining of other non-executives. Finally, the complementary skills and knowledge of each one have to be brought together in a skilful manner.

In a very recent study, Kakabadse et al., (2006a) uncovered four themes: the role of the chairman, the nature of the chair/CEO relationship, impact of the relationship on board effectiveness, and attributes of an effective chairman. The chairman's role was described as creating a platform for participation, respecting the division of roles between the chairman and CEO, and managing boardroom dynamics. Effective relationships were described as the two having "a personal chemistry" or "sharing a philosophy" and the like. The critical factor, however, was found to be the ability of the two to: "interpret information and events in a mutually synergistic manner" (Kakabadse et al., 2006a:144). An important impact on board effectiveness was found to be the balance in the chairman/CEO relationship and level of quality information from executives. Furthermore, attention was drawn to the importance of the absence of conflicting relationships. Finally, the capacity to work through board tensions as well as gaining a shared perspective from board members were seen as the most important attributes of an effective chairman. "An outstanding chairman is able to comfortably raise submergent concerns to the realm of evident and workable dynamics." (Kakabadse et al., 2006a:147). The responsibility for creating an effective board was reported to be the shared responsibility of the chairman and

CEO. Study participants emphasised that the chairman and CEO were responsible for, and had no choice but to work on their relationship, and to ensure that their interactions were effective.

The only US study that elaborates on the chairman/CEO relationship is by Nadler et al. (2006). In terms of board leadership, the opposing views of separate or united chairman/CEO roles are still dominant in the US. Around one third of the commission members of the study sided with the separation of the role of the CEO and that of an outside independent director acting as non-executive chairman. The importance of board independence and the view that the two roles are indeed very different jobs that demand different skills were the main reasons behind this logic. Another third of the commissioners were very clear on their view of combining the two roles as it leaves no doubt as to who is in charge and accountable for the company's success or failure, and that the separation of roles would inevitably lead to power struggles. A third group felt that someone was needed to serve as the leader of independent directors, although they did not have preferences whether this role was served by a non-executive chairman or a lead director. The overall opinion was that it was appropriate to have one person providing leadership to the non-executive directors over a period of time rather than rotating the leadership role. It was considered of vital importance to clearly delineate, depending on the context, the responsibilities of the CEO on the one hand and the chairman/lead director on the other. The shared opinion was that, except in unusual cases, the CEO should be the one communicating with the outside world, not the chairman/lead director. The essential skills and capabilities of a successful chairman/lead non-executive were seen as the ability to gain the trust and respect of board members, to be an independent thinker and willing to challenge the CEO when necessary and to build a constructive working relationship with the CEO, fostering open communication. Furthermore, it was considered important to have the ability to conduct effective meetings, have good listening skills and enough knowledge about the company's business and industry. The leader of the board should be seen as a facilitator and first among equals, rather than as the boss of the board (Nadler et al., 2006).

The findings of those studies indicate clearly that the actions and attitudes of chairmen and CEOs, and in particular the relationship between the two, can largely affect the culture and dynamics of a board. Activating non-executives, encouraging open discussion and debate and shaping an interactive culture on the board, can to a great extent be enhanced, or inhibited, by chairman/CEO activities.

7.5. Teamwork and culture

The literature identified in this review, focusing on teamwork and culture, is extremely fragmented. The approach taken for this issue is to start off by reviewing theoretical papers about the board as a team or decision making group, and then to take a look at empirical research in this field. Empirical studies are grouped into key studies focusing, to at least some extent, on teamwork and culture, and other studies that touch upon the issue but might have a different main agenda.

7.5.1. The board as a (decision making) group

A number of theoretical and conceptual papers deal with the board as a group involving relationships, teamwork, discussion and collective decision making.

In a theoretical paper on boards and group decision making, Bainbridge (2002) examined the role of the board and put forth the question: "Why is a group (the board) an appropriate control mechanism for corporations?" He found that groups have been associated with superior decision making and better monitoring, as well as increasing institutional memory, and the ability to grasp and process information. The author also acknowledges the downside of groups such as social loafing and agency problems, but demonstrates that inbuilt group mechanisms for self control, peer pressure and social norms of the group are claimed to outweigh these shortcomings. The author therefore concludes that since the process of group interaction has synergistic effects that allow groups to outperform even the best decision makers, corporations are well served with a group as its top decision making unit (Bainbridge, 2002).

By combining the literature on boards of directors with the literature on group dynamics and work group effectiveness, Forbes & Milliken (1999) built a model of board processes that explains the effects of demography on board processes. The model considers four demographic measures: job-related diversity, proportion of outsiders, board size and board tenure, and its effects on six types of board processes – effort norms, cognitive conflict, presence of functional area knowledge and skills, presence of firm specific knowledge and skills, use of knowledge and skills, and cohesiveness. The model was developed as an answer to the call for research on the processes that linked board demography to firm performance.

A paper by Cutting & Kouzmin (2002) discusses the shift from managerialism to politicism in the cognitive focus of corporate decision making, essentially increasing the authority of stakeholders. The paper concludes that it is necessary for sound decision making and group learning to build in corporate processes of methodical environmental scanning and logical analysis of the relevant production process. They suggest that corporate boards should be required to develop a value statement that has an adequate contribution from society's social perspective. Those values could be used to measure organisational and corporate board performance. The authors conclude that boards need to give increased authority to a mandatory separate chair, require formal processes or election of competent and independent directors, and give power and resources to a director of corporate assessment.

Van der Walt & Ingley (2003) elaborate on the effect of increased diversity, in terms of a wider variety of human and social capital, on boardroom dynamics. They claim that increased diversity can lead to a broader perspective on issues, a richer source of innovative ideas, a broader level of wisdom and increased discussions that in turn would lead to better decision making.

Nicholson & Kiel (2004) propose a model that conceptualises the board as a social phenomenon. The model is based on the premise that an effective board will have an effective fit between its intellectual capital and the role required of it, based on

contextual input variables. The model seeks to explain how a board's intellectual capital influences board behaviours and how this behaviour ultimately is linked to corporate performance. The contextual input variables that determine the firm's intellectual capital requirements and the role of the board are organisation type, legal framework, constitution, history and strategy. The board performs its roles by applying its intellectual capital to the tasks at hand. The intellectual capital is composed of the board members' human, social and cultural capital as well as the board's social and structural capital. As boards are becoming increasingly active there is a need to start taking an integrated approach towards the boards' set of roles instead of analysing those roles separately. The authors propose that "effective governance results from a mix of intellectual capital that enables the board to carry out a set of roles dictated by the company's individual circumstances" Nicholson & Kiel, 2004:443). The challenge in governance is to understand the roles required of a particular board and to match the intellectual capital accordingly.

7.5.2. Studies on culture and teamwork

The calls for more research focusing on actual board behaviour have encouraged researchers to start working towards opening the "black box" by examining the link between demographics or behaviour and board performance. Some studies have adopted the model developed by Forbes & Milliken (1999). Amongst those is a study by Gabrielson & Winlund (2000) who examined the relationship between the board's task performance and the level of knowledge and skills, preparation and commitment, independence, the level of formal routines, the extent of formal evaluation and board's meeting frequency. Preparation and commitment, directors' independence and degree of formal routines were related positively with both the control and service role, whereas use of knowledge and skills was only related to the service roles and no relationship was found between formal evaluation procedures or frequency of meetings with task performance. The paper concluded that a clearly defined working style in the board enhances task performance.

Few ethnographic studies have been done in the board context. A notable exception is a study by Huse (1998) where the author became the chairman of three boards and kept a diary of his actions for 15 months. As well as reporting a contingent nature of the board roles, Huse also noted the importance of trust, time availability and paying attention to relationships and emotions in the boardroom. Trust and emotions were found to play an important part in the board's activities. Directors' feelings toward the chairman, and his feelings towards other board members were found to vary over time, and trust could not be taken for granted in board relationships. The author put forward a model including the factors that deserve further research and investigation, namely board membership, board processes and board perspective (Huse, 1998).

The most notable studies in the literature on board culture and dynamics are those by Pye (2000; 2001b; 2002). The papers are based on two empirical interview studies of chairmen, CEOs, executive and non-executive directors of twelve boards, first conducted in 1987-88 and again on nine of the twelve still existing in 1999. Pye (2000) reported that the business environment had undergone significant changes in these ten years which had largely affected the way boards were composed and how they worked. A large indicator of change in focus was the fact that while the phrases "strategic focus", "shareholder value" and "corporate governance" were a commonality to almost all interviews in 1999 they were practically non-existent ten years earlier. Boards were in general found to be smaller in the later study, with a higher proportion of non-executives; age and tenure were lower and a much greater emphasis was put on the "value added role" of the board members. Women, who had basically been non-existent in the earlier study were, however, still largely absent from the corporate boards of directors. In terms of activities and dynamics, non-executive directors were found to have become much more influential in decision making whereas previously they were either allies of the chairmen or connected to "the right networks". Furthermore, the selection of directors seemed to follow a more structured approach than before. Formal evaluation was, however, largely absent – only one out of the nine boards was practising the use of a formal board evaluation process. The role of the chairman in activating the potential of the

non-executive directors was highlighted, and organising away-days and keeping regular informal contact with the non-executives were seen as the roles of competitive chairmen. Frequency of board meetings had increased from the general rule of four meetings a year to six to twelve times a year plus committee meetings. Being in contact with investors and the City was seen as being of much higher importance than before. CEOs, however, did not seem to see their roles being very different from before, largely defining their task as that of a change agent. The paper finally goes on to examine the chairman/CEO relationship as a **central hub for creating the board atmosphere and culture**. The involvement of chairmen, from full-timers to various arrangements of part-timers, and their relationship with the CEO, provide an important underpinning to boardroom culture as well as signalling to the external world. As commonly described, the chairman/CEO relationship should strive to be complementary, supportive and harmonised without losing out on the criticality of thought (Pye, 2000).

Pye (2001b) elaborates further on the effect of culture on board behaviour. She notes that non-executive effectiveness is in many ways largely shaped by the board culture, and also examines how board culture and performance are evaluated by board members and investors. She again notes the environmental and contextual changes that have affected the way chairmen, directors and CEOs talk about organising and that the board profile has changed in terms of composition. Although the role of the non-executive directors has changed, it still has the main two components of calling upon the accountability of management and safeguarding the interests of shareholders, as well as being expected to take part in strategic decision making. Directors were found to **describe the expectations towards their performance as contextual, indicating that there is a different culture amongst different kinds of boards, in many cases driven by the chairman**, **CEO or the chairman/CEO dyad**. Pye (2001b) also observed that the larger the board the more likelihood of a dictated culture, and chairmen were even claimed to be the main enablers or inhibitors of non-executives' effectiveness. Effectiveness of non-executives was also defined in terms of their relative power established within a relationship, i.e. if they

lack **access to information** or an understanding of the nature of items on the corporate agenda they cannot be expected to deliver maximum effectiveness, and despite the will and skill of non-executives, they can be considerably more or less effective depending on the boardroom culture. Board processes were frequently defined by directors as: "what's on the agenda", indicating a lack of awareness of the cultural element, and again underscoring the power of the chairman/CEO to form processes by composing the agenda. Finally, institutional investors were found to have more power and influence over shaping the corporate future, and essentially the most likely party to influence the replacement of a chairman.

Pye's studies (2001b; 2002) furthermore give a valuable perspective on studies of organisations from a methodological perspective, putting forward the question of whether organisational studies could be replicated. Pye (2002) concludes that: "sense making (Weick, 1995) offers the most appropriate perspective by which to appreciate these changing explanations" (Pye, 2002:922).

One of the most extensive studies on the behavioural aspects of boards is one by Leblanc and Gilles involving interviews with close to 200 directors and observations from numerous board meetings (Leblanc & Gilles, 2005). The study demonstrates that it is possible to study boards in real time and that decision making processes are greatly influenced by the behavioural characteristics of individual directors. The authors point out best practices in terms of selection, operation and job descriptions for directors. Furthermore, they note that communicating clearly what is expected of board members and assessing performance are helpful to improve the effectiveness of the board, but are nowhere close to being the ultimate factors of success. The essence of successful boards lies in the nature of how people on the board relate to each other, participate in discussion and reach decisions, and that will be affected by people's individual views, prejudices, behavioural patterns and cultural background. The authors propose a workable model of board efficiency that is composed of board structure, board membership and board processes. Board structure and its effect on board or corporate performance has been widely researched and findings indicate

that structure alone cannot account for the presence or lack of board effectiveness. Leblanc and Gilles (2005) turn to the board membership and board processes for complementing explanations. Board membership is concerned with the competencies of individual directors, whereas board processes are defined as: "The manner in which a board organize to, and actually do make, decisions may be described as "board process"." (Leblanc & Gilles, 2005:138). In the authors' opinion, effective directors must possess independence of mind, and a certain level of competence and behavioural characteristics. From the empirical data they define four types of functional directors and four types of dysfunctional directors based on their behavioural characteristics. The functional directors ranked high in their ability to persuade fellow directors and emphasise looking for effective decisions for perplexing problem, they had the capacity to cooperate with their fellow directors and worked acceptable decisions out through constructive debate. The main types of functional directors were called *change agents*, *consensus builders*, *counsellors* and *challengers*. The dysfunctional types were called *controllers*, *conformists*, *cheerleaders* and *critics* who tended to rank low on the persuasive scales and were found to lack the ability to make a positive contribution to the decision making process. Furthermore, the authors defined two main types of chairmen: the functional *conductor* and the dysfunctional *caretaker*. The *conductor* was found to possess the ability to involve other directors in discussions and to effectively orchestrate the discussion and decision making process, whereas the *caretakers'* main characteristic was a lack of leadership abilities in general.

Leblanc and Gilles (2005) concluded that a revolution in corporate governance research is on the horizon. To be effective, boards must be composed of a group of people with distinct behavioural characteristics that will allow them to work effectively as a team. In order to be effective in terms of contributing positively to the corporation, a board must possess an adequate mix of behavioural characteristics, skills and capabilities (Leblanc & Gilles, 2005).

In a recent book (Nadler et al., 2006) based on in-depth interviews with a commission of 50 directors, CEOs, chairmen, academics and corporate governance experts, the process for building better boards and improving board performance is explored.

The authors first examine the impact of board composition, appropriate recruitment and the impact of directors' characteristics and capabilities, and the importance of directors' self assessment. A key issue for effective board performance is defined as "finding the appropriate level of engagement", and identifying what the role of the board is, and what the role of the management is. An important issue examined by Nadler et al. is central to the scope of this review and deals with board leadership, structures and roles, board work processes and the role of leaders in shaping board culture. The authors found that "whoever controls the agenda controls the board's ability to do useful work" (Nadler et al., 2006:85). The authors reported that in a 2004 survey, an increasing number of boards were found to have control over the agenda, yet only 60% of boards reported to have significant influence over their own agenda (up from 41% in 2003). The potential of conducting periodical executive sessions without the CEO was stressed. The value of such meetings was seen to be the opportunity to air and discuss concerns openly in a less tense atmosphere, opening up the possibility of detecting problems early enough to take essential action. In addition those sessions were considered to increase and highlight the board's independence. Nadler et al.'s study goes on to examine the role of the leader in shaping board cultures. Although boards can be considered to be a particular kind of team there are several anomalies that set it apart from other types of team. The traditional, historical culture of a board is represented by factors such as status and social recognition, closeness, membership and loyalty to the CEO. The survival motto was to show up, get along with colleagues and refrain from asking exposing questions. The culture of an actively engaged board is a very different one, one that fosters openness, independence, integrity, accountability, action orientation as well as mutual trust and respect. Leaders cannot mandate a board's culture but through a

pattern of consistent and self-reinforcing decisions, actions, and behaviours it can be shaped (Nadler et al., 2006).

7.5.3. Other studies on board processes, culture and teamwork

Other studies related to processes, culture and teamwork are by Ingley & van der Walt (2002), Buchholtz et al., (2005), Lawler & Finegold (2006), Hoogheimstra & Van Manen (2002), and Mellahi (2005).

The level of 'affective conflict' was examined by Buchholtz et al., (2005). Affective conflict has the potential to undermine the social structure essential for a team's effective functioning. Affective conflict amongst the members of the board and the management team was found to be lower when the board practices high levels of monitoring activities, but as board involvement increases so does the level of affective conflict.

A study by Hooghiemstra & Van Manen (2002) based on surveys and telephone interviews discussed non-executives' "exit or voice" options in cases of ethical dilemmas. Directors were found not to be reluctant to resign. However, directors were found to be more inclined to stay and try to voice their concerns in the cases of ethical dilemmas; resignation would only follow unsuccessful attempts at reconciliation. Directors preferred that resignations would be conducted rather discreetly in order to avoid negative public attention.

Lawler & Finegold (2006) explored the positive impact of having non-director executives attend board meetings. Recent reforms have advocated the increased proportions of outside directors, therefore the proportion of inside directors has diminished, and this has resulted in poorer access to company inside information. Their paper demonstrates the positive effects of having non-directors attend board meetings. Higher attendance was found to positively affect board communication and monitoring process, communications, board independence as well as performance management, board evolution and board effectiveness.

The value of the assessment of boards and individual board members was explored by Ingley & van der Walt (2002). They explicitly looked at why board reviews should happen, what inhibits the process and what facilitates it, and how reviews can work. Seminar discussions with directors revealed that board members were most uncomfortable with the accuracy and meaningfulness of appraisals, and the effect of the process on boardroom cohesion and dynamics. Some confusion with regard to the purpose of evaluation and the relationship of the reviews with compliance and organisational performance was revealed. Simplistic approaches were considered meaningless and the nature of the process as important as the outcome.

A recent case study (Mellahi, 2005) examined the actions and involvement of the board of an Australian insurance company in a failing process. Directors were found to be detached, aloof and lacking information in the conception stages of the crisis, the board put all its trust and confidence in management and demonstrated high levels of group think. When warning signals started emerging, the board did not pay attention and continued to have faith in management. When heading for failure became evident, two directors tried to raise their concerns but were ignored by both the CEO and chairman. Eventually part of the board was replaced in order to increase the power of the board, but actions came too late, the board was in fact paralysed and inevitably the company went down.

7.6. The effect of social ties on behaviour in the boardroom

Board members' social capital (Nahapiet & Ghoshal, 1998) and ties to parties and individuals external or internal to the company can affect relationships within the boardroom. Three papers were identified that linked social ties and social capital to board behaviour.

Westphal (1999) examined the effect of social ties between directors and CEOs on the level of advice and counsel on strategic issues. Contrary to literature advocating board independence to increase effectiveness, Westphal (1999) found that social ties

actually increased board involvement by encouraging collaboration between top managers and outside directors and therefore they enhanced the provision of advice and counsel from outside directors. The effect of social capital on an individual's impact on board processes was studied by Westphal & Milton (2000) who suggested that minority influence on boards could be improved if minority members had previous experience of being in a minority position on a board, and if they had direct or indirect social network ties to majority directors through common memberships, for example of other boards (Westphal & Milton, 2000).

Pye (2004) explored what effect external relationships have on the internal working of the board, particularly looking at the effect of context and time using empirical data from two interview studies conducted in the late 1980's and late 1990's respectively. Pye noted that traditionally research has looked at boards as homogeneous groups that perform generic functions and that the literature often does not differentiate between organisational contexts or between individual and group behaviour. Her findings indicate that the effects of external relationships on the internal working of the board were both complex and wide ranging. External relations are factors of social capital, and as such they clearly help individuals gain board appointments. However, stronger relations also tend to be related to lower levels of independence and thus can at the same time serve to diminish credibility. The views of outsiders and shareholders were found to have an effect on which information was presented at board level and from that, influence decision making. The data offered evidence of powerful and tight networks of influence that affected board conduct and performance. Pye (2004) suggested that examining social capital can contribute to the understanding of which line of action is taken and what form of discussion is practised.

These papers clearly indicate that characteristics of the individual, including his/her internal or external relations and social ties, will affect the culture and behavioural patterns of the group that forms a board.

7.7. Refining the focus of process research

Research on corporate governance seems to be branching off in various directions (Huse, 2005). Roberts et al., (2005) support the search for theoretical pluralism and greater understanding of board processes and dynamics.

In a commentary on the Roberts et al. (2005) study, Pye & Pettigrew (2005) point to the need for strengthening the theoretical and methodological foundations of board process. These authors claim that: "lack of theoretical framework often undermines the impact of process studies, so we also advocate the need to develop stronger theoretical focus and explication about theorizing, encouraging clarity of epistemological assumptions underpinning the research process" (Pye & Pettigrew, 2005:S28). They furthermore stress the importance of attention to the issues of context and process over time and their relationship to outcomes, and caution against the attempt to over generalise from qualitative data without paying due attention to the issues of context and time. In addition they stress the importance of clarity on the level of focus and analysis, and being more careful in distinguishing between individual behaviour and effectiveness, and board behaviour and effectiveness. Finally they point to the fact that not only are studies of actual behaviours of boards and directors scarce, but the little knowledge that does exist is not as well theorised or as effectively cross-referenced as are agency studies. Pye & Pettigrew (2005) call for a shift of focus of board studies to an alternative and well founded process perspective on board behaviour, rather than creating the alternative view to agency theory.

In another commentary on the same paper, Huse (2005) sets forward a framework for exploring behavioural perspectives of boards and corporate governance. The framework consists of four main areas: splitting the link between board composition and performance into intermediate stages; using a pluralistic approach to board role theories; applying theories from group and cognitive psychology to understand decision making; and finally, understanding the board in an open interacting system with various power relations and influences amongst the actors. The framework

integrates three sets of theories: general theories such as contingency and evolutionary theory; role related theories such as agency and resource dependence theory; and finally, three sub-sets of process related theories. The process related theories are: theories explaining the nature of the interactions taking place in the corporate governance arena including trust, emotions and adjustment to various kinds of pressure and influencing forces; theories explaining evolution and existence of formal structures and norms; and, theories explaining decision making culture, including cognitive conflict, openness, creativity etc. (Huse, 2005).

8. Female directors

A topic of particular interest to me is the experiences of women on boards. The bulk of studies on women directors have to do with the business case for female directors, advancement strategies and examination of the background and qualifications of female directors. Since these types of study tend not to deal with boardroom activities or experiences they are not included in this review. However, it is not unlikely that these studies might inform behavioural factors on the board and might therefore be consulted at a later stage. A few studies have looked inside the board at experiences of female directors. Those studies have mainly focused on how female directors cope in the largely male dominated world of boards.

The first study is based on interviews with women who had left middle or senior managerial positions (Marshall, 1995). Although it does not have the board as its main focus, it gives valuable insight into the socialisation aspects of women in a largely male dominated business world. The author found issues of living in and seeking to be effective in a male dominated environment as the issues most elaborated on by the interviewees. Women who had reached the upper levels reported feeling as constantly being tested out and as if they had interrupted the "normal life" of the senior men who had no willingness to develop a culture in which women could be included more equally (Marshall, 1995).

All but one of the papers that looked at women on boards in particular were based on interview data. The exception was Sheridan (2001) who surveyed 46 female directors serving on Australian boards. Although the study was mainly centred around why the women were recruited and why they accepted the position, it briefly talked about board experiences which the women found to be generally positive, but also indicated that male CEOs and board members were to some extent uncomfortable with females on the board.

The remaining five studies are based on interviews with four to 20 female directors in four countries. Bilimoria & Huse's (1997) study of two American and two Norwegian female directors, and their board experiences, revealed their common perception of adding, as females, a new more diverse perspective to the boardroom, focusing on women's and other soft issues and being an inspiration to other women in the company. They also indicated putting in an effort to enhance board effectiveness by facilitating a comfortable atmosphere while not being afraid to ask difficult and probing questions. A difference was observed between directors from the two countries with respect to their awareness of and attitudes towards gender-related boardroom processes and structures. The Norwegian women were more feminist oriented, talking about having to confront the male environment, while the American women talked about the importance of fitting in to the culture (Bilimoria & Huse, 1997)

In a study based on interviews with 20 white women who sit on Canadian boards, Bradshaw & Wicks (2000) explored how these women first experienced and then complied with or resisted hegemonic masculinity. Their findings indicated that these women had generally reached their position through hard work and assimilating male behaviours. They perceived themselves primarily as caretakers of shareholders' interests and were unlikely to see themselves as, or act as, change agents, but highlighted the importance of fitting in and not rocking the boat. Thus they were much more likely to comply with the masculine hegemony rather than to resist it.

McGregor (2003) compared the experiences of older and younger women in New Zealand boardrooms. The paper gives an insight into what attitudes and styles younger women bring into the boardroom. The younger women bring an informal attitude, they bring creativity and new ways of thinking and they tend to emphasise outcome rather than rituals.

Zelechowski & Bilimoria (2003) looked the experiences of women corporate inside directors of Fortune 1000 companies. They found two distinct factors to have a great

influence on women on boards: the influence factor of the individual and the inclusion factor of the board culture. The study demonstrated that despite being in the highest position, and despite being highly influential, women directors could not attain full effectiveness in non-inclusive cultures. The indication of the study was that in order to reach optimal effectiveness, influence and inclusion must both be present.

A very recent paper by Huse & Solberg (2006) looked at gender-related boardroom dynamics. More specifically, the study collected stories from a small sample of female directors on how they were able to contribute to boardroom discussion and avoid tokenism. The authors found that contribution was highly dependent on the women's ability and willingness to make alliances with the most influential actors, and that their level of contribution could be enhanced with high levels of preparation and by asking critical questions during board meetings. Furthermore, being present in decision making arenas, taking leadership roles and being visible were considered helpful for enhancing contributions. Finally, understanding the boardroom dynamics from a gendered perspective was considered an essential ingredient for the effective contribution of female directors.

What can basically be concluded from these studies is that female directors do feel women are bringing a new/different perspective into the boardroom, and to some extent fostering a more open culture. At the same time they seem to be facing rather conservative and quite masculine rules and norms of behaviour and experiencing non inclusive cultures. There were, however, indications that barriers could be broken down through influencing behaviour, high levels of preparation and/or by possessing or earning high levels of social capital.

9. Synthesis and discussions

This review started out with the question:

What are the experiences and activities of directors (including non-executives) on corporate boards of directors?

The main aim was to gain an understanding of what research had been done within the board setting.

9.1. What are the experiences and activities of directors?

Drawing on the findings of the review, several inferences can be made about activities and experiences of directors and boards. The following sections deal with the main findings in terms of the boards as social entities, the role of the board and its involvement in strategy, board processes and females on boards.

9.1.1. Inferences about boards as social entities

The board represents a group as a decision maker at the apex of corporations (Bainbridge, 2002). Groups are composed of individuals (Pye, 2004; Leblanc, 2004a), and those individuals do need to relate with each other in order to operate, and are as such a social entity (Hill, 1995).

Boards, who were initially inactive (Smith, 1958; Mace, 1971), are to a greater extent being empowered (i.e. Lorsch, 1995). Boards that traditionally were CEO controlled seem to be somewhat in a transitional phase, indicated by Pettigrew & McNulty (1995), who defined both minimalist and maximalist boards depending on the level of interaction. Furthermore there seems to be a trend for boards to become more active (Pye, 2000). Increased board empowerment draws attention to the issue of separating the roles of the chairman and CEO and, where the roles have already been separated, to the particular responsibilities of the chairman and his relationship with the CEO. By board empowerment, the role of the chairman becomes more powerful

and significant and in essence means that an individual has been replaced by a relationship at the apex of the corporation (Roberts & Stiles, 1999). Involvement is a prerequisite for empowerment, which in turn calls for higher levels of interaction and integration. However, little is understood in terms of board relationships, interactions, teamwork and decision making, and further research in the field has repeatedly been called for (i.e. Sonnenfeld, 2002; Finkelstein & Mooney, 2003; Letendre, 2004; Leblanc, 2004a).

9.1.2. The role of the board and board's involvement in strategy

The role of the board has been mapped out fairly clearly in literature. The board's role is firmly rooted in well cross referenced theories such as agency theory (Fama & Jensen, 1983), resource dependence theory (Pfeffer & Salancik, 1978) and later, stewardship theory (Davis et al., 1997). As already elaborated on, research on board roles has developed from looking at the level of activity (Mace, 1971; Lorsch & MacIver, 1989), to the nature of the activities and its paradoxes (Demb & Neubauer, 1992a), and from there on to the interplay between role and context (Huse, 1998; Jonnergard et al, 2004; Jonsson, 2005), and the role of the non-executive director (Roberts et al., 2005). A subcategory of board research deals with the board's involvement in strategy, and research in this field has dealt both with the level of strategic involvement and the nature of strategic involvement. It can be concluded that the nature of the role of the board is fairly well established. However, the level to which it is interpreted by individual board members remains unexplored.

9.1.3. Board process research

The approach I used to address the very much fragmented theme of board processes was to look in turn at each of the themes proposed by Hill (1995): power and control; chairman/CEO relationship; culture and teamwork; and, social ties. In some ways it seemed like a logical, and a more manageable way at the outset, but given the very interactive nature of processes, it is at the same time somewhat difficult and even illogical to separate processes into distinct themes.

In my opinion, two things very much stand out from the process literature. First is the issue of what type of research methods are appropriate for the task. There seems to be somewhat of an agreement that archival data and proxies will not do the job, and it seems that surveys might fall short as well. That leaves methods such as interviews, case studies and observations which allow for more background and contextual information but are nevertheless far from being perfect. The second issue is the lack of coherence and consistency of the body of existing literature, which can very well be related to the lack of theoretical framework and a research agenda (Pye & Pettigrew, 2005; Huse, 2005).

What can, however, be concluded from the literature at hand is the following:

- Boards are becoming more empowered and involved, which in turn requires more interactions amongst board members. (Henke, 1986; Lorsch, 1995; McNulty & Pettigrew, 1999; Pye, 2000).

- The chairman/CEO relationship provides leadership to the board and therefore sets the stage for the atmosphere and culture in the boardroom (Parker, 1990; Roberts & Stiles, 1999; Kakabadse et. al., 2006a; Nadler et al., 2006).

- Board cultures that foster openness, candour, questioning and constructive debate are more likely to be effective (i.e. Lorsch & MacIver, 1989; Sonnenfeld, 2002; Roberts, 2002; Finkelstein & Mooney, 2003; Roberts et al., 2005; Nadler et. al., 2006).

- The characteristics; capabilities and personalities of individual directors also influence board dynamics (Leblanc & Gilles, 2005).

- Social ties and social capital can influence the dynamics of a board; either to facilitate discussion, lend credibility to individual directors, or influence which

course of action is taken in particular matters (Westphal, 1999; Westphal & Milton, 2000 Pye, 2004).

What can be concluded from these points is that boardroom culture, behaviour and dynamics are shaped by the interactions between the individual board members and the collective experience of the board as a group.   In this emerging field, a number of issues have been touched upon but some important areas have only partially been explored. The relationship between the chairman and the CEO has been researched already in a number of studies, but little is yet understood about the interactions between other individual board members and how they relate to each other in order to perform meaningful actions in carrying out their director roles.

9.1.4. Women on boards

The studies of women directors dealt with the issues of: women's experiences of the masculine board culture and ways to adapt to it or confront it; women's experiences of their effect on the boardroom culture; and women's strategies for being heard in the boardroom. Of particular interest is how women affect boardroom culture and what effect the board culture has on how women perceive and experience their roles in order to make their contributions on the board.

What can be inferred from the key studies is the following:

- Boards seem to be dominated by a masculine culture (Bilimoria & Huse, 1997; Bradshaw & Wicks, 2000; Sheridan, 2001)
- Boardroom dynamics are not gender-neutral (Huse & Solberg, 2006)
- Despite being highly influential, women could not attain full effectiveness in non-inclusive boardroom cultures (Zelechowski & Bilimoria, 2003)
- Making alliances, particularly with powerful people, will enhance women's contributions in the boardroom (Huse & Solberg, 2006)

The reviewed studies revealed important aspects of a gendered culture on many boards and the importance of support and alliances in the boardroom. The nature of interactions between board members of the same, or different gender do not yet appear to have been explored, and nor has the effect of gendered interpretation of the director's role and contribution.

9.2. Defining the research gap

Drawing upon the three types of literature defined in this review, I have identified a gap in the knowledge regarding an understanding of the interpretation or sense making of the role of director by individual board members in a deeper way than just focusing on effectiveness (Roberts et al., 2005). Furthermore it is noted that a gendered perspective has not been applied to director role interpretation.

Based on this conclusion the proposed research question is:

How do non-executive board members make sense of/interpret their roles and contribution as individuals, and is there a gendered effect?
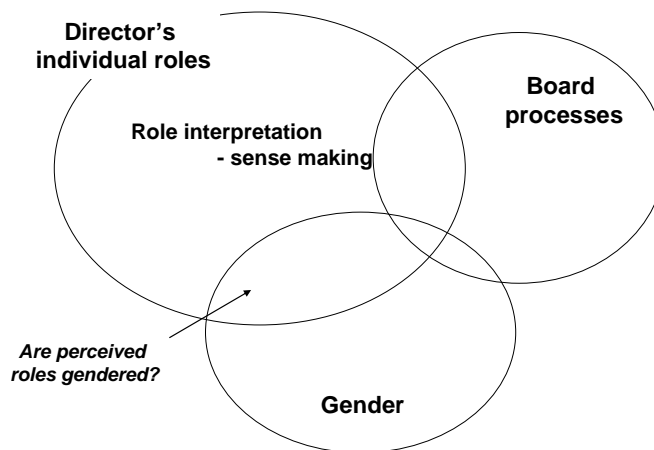
Figure 12: Mapping the gap in literature

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9.3. Key papers to build on

In the proposed research, the role of the board and board role theories are the main contextual factors. A key study to build will be:

- Roberts et al., (2005), who elaborated on the importance of attachment and level of accountability to be able to contribute to their role on the board. This is the key paper upon which the proposed research will build. In the paper the researchers examined non-executive directors' interpretations and experiences of the role of the non-executive in terms of making an effective contribution, but disregarded the key issue of gender. Considering that, proportionately, more women are entering the boardroom (Singh & Vinnicombe, 2005), research on their role interpretation is of increasing importance.

The following papers and book contribute significantly to the framing of the research questions. From the role perspective there are:

- Pye (2001b), finding that although the role of non-executive directors had changed over time, the main components had remained, calling for management accountability and guarding the interest of shareholders.
- Pye (2002), concluding that sense making offers the most appropriate perspective from which to appreciate changing explanations of effective management.
- Demb & Neubauer's (1992a) book, which deals with the paradoxes of boards of practising effective control without diminishing motivations of managers, and with the paradox of commitment and depth versus detachment and breadth.

In addition, two commentaries from the Roberts et al.,'s (2005) paper:

- Pye & Pettigrew (2005) and Huse (2005), are quite important points of reference, as both these papers comment on the lack of coherence and consistency of the body of existing literature and relate that to the lack of theoretical framework and a research agenda for the field of board interaction.

From the gender perspective, there are:

- Zelechowski & Bilimoria (2003), who claimed that the level of influential behaviour of the individual, and the level of inclusiveness of the board culture, affected the level of effectiveness of female board members.
- Huse & Solberg (2006), who acknowledge the existence of gendered culture and highlight the importance of building alliances on the board.

In addition:

- Westphal & Milton (2000), investigating the effectiveness of minority board members and the effect of social ties and previous minority experience on their board influence, and
- Pye (2004), examining the effect of social capital on board conduct and performance

will be consulted in greater detail.

9.4. A critical review of key papers for empirical studies

The study by Roberts et al., (2005) is a key building block for my research. They elaborated on the importance of director's attachment and level of accountability in order to fulfil their role on the board. In their paper the researchers examined non-executive directors' interpretations and experiences of the role of the non-executive in terms of making an effective contribution. The two commentaries written on this paper (Pye & Pettigrew, 2005; Huse, 2005) will also be consulted. The auxiliary papers are grouped into three themes: process research on the role of the board, gendered board dynamics and female board members' contributions, and finally, the effect of social capital on board conduct and individual influence.

9.4.1. The key study

The main paper on which to build my study is that of Roberts et al., (2005). The study, which was commissioned for the Higgs Review, highlights the failure of control and collaboration theories (agency and stewardship theories respectively) to reflect the live experiences of board members. The authors firmly belief that, in order to fulfil the paradoxical role of controlling and supporting, developing

accountability in relation to strategy and performance is what is most important for boards. They suggest that developing accountability is a central concept in explaining how boards operate effectively.

The authors lay the foundations of the paper by criticising the dominant grip on agency theory on board research tradition. However, they caution against substituting agency theory with an alternative theory, but advocate theoretical pluralism and increased emphasis on qualitative research on key governance relationships, as well as focusing on understanding the dynamics of boards and the work and working conditions of non-executive directors. They particularly highlight the importance of focusing on challenges of creating and sustaining accountability, and state that governance reforms should be focused on enhancing the effectiveness of boards and board members, and increasing the confidence of investors.

In their literature review they give an overview of board dynamic research. It is noteworthy that the bulk of these studies cast light on the paradoxical working of boards, noting the importance of embracing *both* control, monitoring, etc. *and* advising, supporting etc. rather than practicing *either* one *or* the other. Examples of these paradoxes are cited by Roberts et al., (2005) as closeness and openness (Pettigrew & McNulty, 1998), competitive and complementary (Roberts & Stiles, 1999), cognitive conflict and cohesiveness (Forbes & Milliken, 1999), and control and collaboration (Sundaramurthy & Lewis, 2003). In addition they highlight the findings of Pettigrew and McNulty (1995) who describe minimalist and maximalist boards, depending on how actively non-executives contribute to dialogue within the board and create influence through contacts beyond the boardroom.

The qualitative study conducted by Roberts et al., (2005) was based on 40 in-depth interviews with chief executives, chairmen, executive and non-executive directors, each lasting between one and two hours. The study was, in the words of the authors, an opportunity to explore the invisible labour of boards, as opposed to the visible factors such as size, composition and independence of directors that condition rather

than determine effectiveness. The aim of the paper was to offer an elaborated view of how attitudes, experiences and the conduct of non-executive directors can contribute to positive or negative board dynamics.

The claim of Roberts et al. (2005) is that accountability, is "a central concept in understanding social action" and they note that it has been called a foundation stone of modern institutions. They reason that the support and monitoring functions are activated by processes of accountability which are realised by the behaviours of board members and interactions between them. Through this conduct, directors are constantly seeking to establish and maintain their confidence in the conduct of the company. The findings of the study mainly confirm the issues of embracing the paradoxes highlighted in the authors' literature review. The authors make three main observations to that end, namely that non-executive directors must be engaged but non-executive, challenging but supportive and independent but involved.

Before giving my assessment of the Roberts et al., (2005) paper, I will briefly consult the two commentaries on the paper, published in the same issue of *Corporate Governance*.

Pye & Pettigrew (2005) point to the importance of paying attention to time and context and claim that "the data presented by Roberts, McNulty and Stiles are a-contextual, hence lack this colourful contextual fabric and consequently, are circumscribed in what can be drawn from them". Pye & Pettigrew (2005) also point out that Roberts et al. elide between the individual and collective level of board effectiveness and thus their level of analysis is far from clear. Finally they highlight the difficulty of theorising from qualitative data and advocate the need to develop a stronger theoretical framework. Huse (2005) chooses to offer an alternative framework for exploring behavioural perspectives of boards and corporate governance. A detailed review of this paper is given in my systematic review document. The Huse (2005) paper is a valuable building block in developing ideas on board process research. However, after consulting the paper in more depth, I

found it to deviate from the direction in which I want to take my research. Therefore I will, for the time being, not consider it further

My criticism of the Roberts et al., (2005) paper has two main points. First I would have to agree with Pye and Pettigrew (2005) and point to the confusion of the level of analysis in the study. The Roberts et al. paper focused on board effectiveness through an examination of the work and relationships of non-executive directors, but the authors were unclear on how they distinguished between individual and collective behaviours, that is how they moved between individual behaviour and effectiveness and board behaviour and effectiveness. In my study I will propose paying very careful attention to focusing on the individual level of analysis.

My second point of criticism is the lack of attention to individual director characteristics, including gender. To some extent this points in the same direction as Pye & Pettigrew's (2005) comment on the contextual blindness of the study. Reports on male dominated boardroom culture (e.g. Bilimoria & Huse, 1997; Bradshaw & Wicks, 2000; Sheridan, 2001; Huse & Solberg, 2006; Zelechowski & Bilimoria, 2003) indicate that the way female board members can experience their role and express their behaviour is not identical with their male counterparts. Therefore, further understanding of gendered role interpretation and role experience is needed.

Thus my study will continue to examine role interpretation and role experience, like the Roberts, McNulty and Stiles paper, but will focus on the level of analysis of the individual board members, and the ways in which they experience their roles. Furthermore it will consider whether such role experience in the boardroom has a gendered perspective. Finally, I will try to remain aware of other contextual factors , such as country, sector and company size, that may limit the potential of generalisation of individual board members' experiences of their roles.

9.4.2. Process research on board role

The most notable studies in the literature on board culture and dynamics are those by Pye (2000; 2001a, b). These papers are based on two empirical interview studies of 46 chairmen, CEOs, executive and non-executive directors of twelve boards, first conducted in 1987-88 and again on the nine of the twelve still existing in 1999. In her studies, Pye works from social constructionist assumptions and adopts an interpretive approach in order to develop a process analysis of board dynamics. Of these, the 2001b paper is of particular interest to my research focus.

Pye (2001b) looks at the relationship between corporate boards and investors and how accountability is developed in action. She elaborates on the effect of culture on board behaviour. She notes that non-executive effectiveness is in many ways largely shaped by the board culture, and also examines how board culture and performance are evaluated by board members and investors. As in an earlier paper (Pye, 2000), she notes the environmental and contextual changes that have affected the way chairmen, directors and CEOs talk about organising and that the board profile has changed in terms of composition. Although the role of the non-executive directors has changed, it still has the main two components of calling upon the accountability of management and safeguarding the interests of shareholders, as well as being expected to take part in strategic decision making. Directors were found to describe the expectations towards their performance as contextual, indicating that there are different cultures amongst different kinds of boards, in many cases driven by the chairman, CEO or the chairman/CEO dyad. Pye (2001b) also observed that the larger the board, the greater the likelihood of a dictated culture, and chairmen were also claimed to be the main enablers or inhibitors of non-executives' effectiveness. Effectiveness of non-executives was also defined in terms of their relative power established within a relationship. That is to say that if they lack **access to information** or understanding of the nature of items on the corporate agenda, they cannot be expected to deliver maximum effectiveness. Also, despite the will and skill of a non-executive, they can be considerably more or less effective depending on the boardroom culture. Board processes were frequently defined by directors as: "what's

on the agenda", indicating a lack of awareness of the cultural element, and again underscoring the power of the chairman/CEO to form processes by composing the agenda. Finally, institutional investors were found to have more power and influence over shaping the corporate future, and this group was essentially the most likely party to influence the replacement of a chairman.

The Pye (2001b) paper pays due respect to the contextual factors, but gender is only partially considered due to the fact that female interviewees were very few in the sample. The original purpose of the Pye studies was to gain a comprehensive picture of how a small number of individuals run large organisations. The issues of boards and corporate governance can fairly be said to have emerged, rather than have been intended. Therefore, her paper has a rather wide perspective, touching upon many issues but lacking detailed consideration. Although the paper is not very clear on this subject, I would assume that the level of analysis is about the board as a whole and on the collective behaviour of board members, rather than individual behaviour.

Another publication with substantial relevance to my research is Demb and Neubauer's book on the paradoxes of boards' roles and expectations. Demb & Neubauer (1992) interviewed 71 directors from 11 boards in eight different countries. Their study focuses mainly on the role of the board, the division of responsibility between the board and management, the different perspectives of executives and non-executives, the board as a working group and assessment of performance. After defining the role of the board, Demb and Neubauer (1992) go on to discuss the division of responsibility between the board and management and largely conclude that power balance results from personal influences, involvement in strategy, participation in CEO and management selection and exertion of control. The issue of involvement and attachment is widely discussed, as well as the value of having both in-depth knowledge and a broad perspective. These perspectives were considered to be reasonably well balanced by combining the in-depth knowledge and attachment of the executive directors, with the broad perspective and detachment of non-executives. The study examines the characteristics of the board as a working

group in some detail. Boards were found to function best when they had relatively frequent meetings, informal interactions driven by an effective agenda, broadly based membership, good access to information and people, and a chairman and/or CEO who valued board members' input.

The study is quite extensive and provides valuable insight into the paradoxical roles and responsibilities of corporate boards. Although some attention is given to the input of the individual director, the focus is mainly on the board as a whole and board members' collective behaviour creating board effectiveness rather than individual effectiveness. The study does not in particular examine board member interactions or influencing tactics. Finally the study does not look at individual characteristics of directors and how these influence their perception or interpretation of their roles.

9.4.3. Gendered board dynamics and female director contributions

Two papers were found to be particularly relevant due to the fact that they focus on female directors and gendered board dynamics. The shortcoming of both papers is, however, the fact that they look at gendered dynamics only from the female board members' perspective.

A recent study by Huse & Solberg (2006), examined gender-related board dynamics, and looked in particular at how women can make a contribution on the board and act as role models. The main purpose of the paper could be summarised as understanding boardroom dynamics through a gendered lens. The study relied on narrative board/life stories of eight Scandinavian women with significant board experience. The main areas explored were the background and experience of these women, and their advice to other women.

The data were analysed and grouped into 28 themes and ten main findings were reported. These ten findings were grouped into four themes; power inside and outside the boardroom, the board decision making process, the women directors and

advice to other women. The first two findings were related to power inside and outside the boardroom, indicating that decision making on the board was, to a great extent, considered a power game and that decision making was influenced through alliance building. Three additional findings were related to the board's decision making process. Women were found to emphasise preparation and stress the importance of doing their homework, while they considered male board members in general to do less than an acceptable job. Second, the women reported on lower levels of admittance to decision making arenas, lowering their levels of participation in decision making on the board. In addition the women reported on the importance of the role of the chairperson in influencing decisions, and the key role the chairperson played in facilitating or muting board member contributions. In terms of women directors, two findings were reported. Signalling and tokenism were considered to be somewhat of an advantage in terms of getting a boardroom seat, but at the same time they were considered to put additional pressure on the female board member who reported experiencing barriers to influence and a constant pressure of having to prove themselves to be competent. The women were also found to contribute to the board atmosphere, making it more friendly and open, particularly by being unafraid to ask questions. One finding concerned male and female interaction and indicated that male/female attraction existed in the boardroom. Finally two findings were related to advice to other women, first that board participation provided an enjoyable learning experience and second that visibility was a key factor for being appointed to a board.

As indicated in the introduction of the Huse and Solberg article, it is an attempt to open the black box of actual board performance. It looks at female board members' experiences from a wide perspective and, as can be expected, several issues emerge. In my opinion, the main weakness of the paper is that it lacks the focus and depth to cast light on, and provide understanding of, the many issues upon which it touches. In addition the study relies on a very small sample of interviewees. Although one of the main themes of the study is the contribution of female board members, it falls short of examining influencing tactics and ways to ensure that their voice is heard, as

they hold, in most cases, a minority status. Furthermore, no attempt is made to relate the experiences of women to the roles and responsibilities they have as board members. Finally, the study relies on self reporting of female board members, but lacks the perspective of male board members.

Zelechowski & Bilimoria (2003) interviewed six female inside directors on the boards of Fortune 1000 firms. The aim was to seek out their own descriptions of their work and the circumstances enabling or inhibiting their success and contribution. The interviews centred on examples and stories about their selection, socialisation, contributions, experiences, successes, mistakes, social activities mentoring and future careers.

The authors synthesised their findings into the two interweaving themes of influence and inclusion. In order to have a voice and contribute on the board, the female inside directors needed to have influence at an individual level and be included on the board level. In terms of influence, the women reported on playing roles in various board decision making processes. They were found to mainly credit their influence to their own talents and performance and used good preparation and relationship building as their main influencing strategies. In terms of inclusion, the main themes were support of their peers and being accepted as part of the group, the level of exclusion from decision making arenas, and the type of advice they received from their peers, which was found to be both positive career advice, and negative comments about changing themselves.

The findings of the study are very well articulated and have practical implications both for female inside directors who must take actions to create allies and resource opportunities, as well as for corporations that must take responsibility to create a culture that can best utilise the contributions of female inside directors. The main limitation of this study is the limited sample size, and the fact that it deals with inside directors as opposed to non-executive directors who are the main focus of the study. However, some of the questions set forth at the end of the paper can serve as a useful foundation on which to build. These are: "What characterizes the two dimensions of

influence and inclusion for women at the top of corporations? Are women executives and directors who exercise high influence and who operate in highly inclusive corporate cultures more likely to be effective than other women at the top of organisation? Are influential women in inclusive cultures more successful than others? How do women who operate in less inclusive cultures adjust their influence attempts to be effective? " Like the Huse & Solberg (2006) paper, the Zelechowski & Bilimoria (2003) paper relies only on female directors' reports of effectiveness. My study, however, aims to look at the individual effectiveness of both male and female non-executives in search of gender similarities and contrasts in the experiences of their board roles.

9.4.4. The effect of social capital on board conduct and individual influence

Although it can be argued that collective social capital exists, social capital is very much an individual asset and, unlike tangible assets, cannot be transferred from one individual to another. Therefore, studies on social capital, and its effect on board dynamics and board member influence, offer significant inputs to my study. Two papers from this field were found to have relevance for my research.

An additional paper to the Pye studies already mentioned focuses on the effect of internal and external relationships and network ties of board members Pye (2004). As in her earlier papers (Pye, 2000, 2001a, 2001b, 2002), Pye (2004) focuses on the importance of context and time for understanding board behaviour, but looks in particular at relationships and interactions of board members, amongst each other and with the external environment. Three analytical themes were explored: the relationship between the chairman and chief executive, the apparent tightening of networks of power and influence among board memberships, and consolidation between board members and institutional investors. The culture and workings of a board were found to be largely determined by the nature of the chairman/CEO relationship. Looking at how boards had developed over time, there seemed to be a substantial increase in shared board memberships and board interlocks. Reputation and connections play a significant part in being selected for a board, and the fact that

somebody has been appointed to a board of a significant company increases the likelihood of being appointed to another. Finally, Pye discusses the increasing importance of external connection and the increasing efforts of chairmen, chief executives and board members to ensure that appropriate messages are being communicated to, and understood by, those who had an interest in the companies' share value and potential.

Although the studies by Pye are quite extensive and offer rich data which allows for comparing and contrasting over a period of more than ten years, its purpose and perspective is quite wide. This particular paper, Pye (2004), is no exception. It focuses on the general effects of interrelations and social capital on the board's working and its context, but does not examine the effects of individual social capital or lack thereof. Furthermore, since it does not examine social capital at an individual level, aspects such as attitudes, and individual characteristics such as gender are neglected.

A quantitative study by Westphal & Milton (2000) has minority status as its main focal point. It examines the effect of social barriers due to different demographic profiles and whether these could be diminished or avoided through prior experience or social capital. The study tests three main hypotheses; the first two test the effect of a director's prior experience while the third examines the effect of a board member's social ties. The first hypothesis examines whether a minority director's prior experience in a minority role has a positive effect on relationships on the focal board and influence over decision making, and whether a minority director's prior experience in being one of a majority elsewhere has a negative effect on relationships and influence on the focal board. The second looks at whether a majority director's experience in minority roles on other boards has positive effects on relationships and the influence of minority directors on a focal board. The third examines whether common membership of minority and majority directors on other boards, and third party relationships between those players, has positive effects on relationships and influence on the focal board. In general, the three hypotheses were supported,

indicating that prior experience and social capital did indeed reduce barriers that could be attributed to different demographic profiles.

The authors defined demographic differences in five dimensions: functional background, industry background, educational background, race and gender. The authors reasoned that the first three could indicate underlying differences in expertise, attitudes and beliefs, while gender and racial differences would mainly lead to barriers due to group categorisation and potential for intergroup bias.

Westphal & Milton (2000) conducted a survey study on a sample of 1,312 board members of companies in the Forbes 500 index of industrial and service firms. They collected 526 usable responses. Their analysis was based on measuring a focal director's prior experience in a minority role on other boards, and common board memberships between the focal director and other majority directors, as the independent variables.

Although the Westphal and Milton study provides evidence for the positive effects of experience and social ties on minority directors' relationships and input on a focal board, it does have some limitations. First, as it is quantitatively based, it relies on proxies determining actual behaviour, and does not assess specific director influence tactics.

Furthermore, it has the minority status of board members as a main focal point, whereas my study aims to focus on role and gender but not minority status per se. However, the Westphal and Milton study illuminates an important aspect, that of the significance of experience and social capital in having a voice in the boardroom. Finally, their assumption that male and female attitudes and values do not differ is, in my opinion, a limitation. In contrast, my study will examine how gender-related attitudes and values affect interpretation of board roles.

9.4.5. Framing the empirical study

In the concluding chapter of my systematic review, I put forward the following research question:

How do non-executive board members make sense of/interpret their roles and contribution as individuals, and is there a gendered effect?

After conducting a critical review of the key papers informing the research question, my focus has sharpened further, but the research question is mainly the same, except I have chosen to add the dimension of social capital.

The research question now reads:

How do non-executive board members make sense of/interpret their roles and contribution as individuals and to what extent is it gendered and/or affected by social capital?

The study will thus focus on examining role experience and role interpretation including the process of accountability. Accountability, according to Roberts et al., (2005), emerged from their interviews on role experience as the key activator for the support and monitoring functions that are realised by the behaviours of board members and interactions between them.

While the main focus of the study will be on individual role interpretation and experience, taking into account the impact of gender and social capital, awareness of other individual characteristic such as personalities, attitudes and values will be maintained.

10. Conclusions

While research on boards is a relatively young field, research on board processes is still in its infancy. The field is substantially fragmented and there is significant need for a stronger theoretical positioning. Studying board processes and dynamics calls for a multilevel approach to complex and intertwined factors such as relationships, trust, and even feelings and emotions. Dealing with such levels of complexity will make significant demands on researchers both in terms of methodological approaches and theoretical positioning.

10.1. Learning and personal reflection.

Doing a systematic literature review can be considered quite a task. Initially, when you are not familiar with the work process it does feel rather overwhelming. Once the initial phases were overcome, and gradually realising what it is that needs to be done and in what way, the process became clearer, but also appeared to me as the "only" sensible way to embark upon the task of mapping out the relevant literature. The process does give one a sense of security that the field has been well covered and no important areas omitted. Using ProCite as a tool to record the process and findings was also extremely helpful.

The problems an inexperienced researcher inevitably runs into are dealing with the narrowing of scope, accepting that trying to grasp everything at once is not only close to impossible but also highly inadvisable from a utility perspective. For this reason the mistake of putting forward two research questions for the same review was made. Another mistake made in the process was selecting too many papers from the review of titles and abstracts, in the faith that it would be better to include more articles "for the sake of security". Evidently these "better safe than sorry" articles were excluded in the full paper reviews, but resulted in higher costs in terms of time and effort.

Looking back on the process, although far from being easy, it was generally an enjoyable one, particularly since it gave me not only valuable practice in a rigorous process, but also proved to be a key into opening up the literature on board processes from a different perspective. I do feel that I have grasped the content of the bulk of the literature done in the past decades and feel confident that I have defined a gap in knowledge to be filled with empirical research.

10.2. Limitations

Although the procedure followed in conducting this review is quite rigorous it is far from being flawless. As already stated the review did, in general, not include reports, working papers or conference proceedings, and only a limited number of books were consulted. Considering the fact that this field is quite new and research has been picking up at a fast pace, there is a high likelihood that more recent, but nonetheless relevant, papers are still work in progress or in press. The process could have been improved by going through the reference list of the papers identified through cross referencing. This was not done, primarily due to time constraint reasons, but also because it was felt that this would add a limited amount of new papers. Finally, although titles, abstracts and full papers were assessed according to predetermined selection criteria, there is always a certain level of subjectivity and researcher bias involved in the selection process.

Appendix 1 – Key findings of empirical papers

	Author(s)	Title	Method of data collection	Sample	Key findings
1	Aldefer, 1986	The invisible director on corporate boards	Interviews	41 CEOs and outside directors	The board was found to be a group with dynamics and patterns that affect the behaviours of the board and its members, unfortunately board members tend to see themselves as individuals rather than as a group.
2	Aram & Cowen, 1986	The directors' role in planning: What information do they need?	Interviews / case studies	3 companies	Examines the roles of boards which are considered to practice board-management relationships that resulted in creating and maintaining shareholder value. The involvement of boards in strategic planning, management control and executive compensation were examined. The success in value creation were attributed to the general conditions of having skilled people with adequate information and a clear understanding of their role, the specific condition commitment and effort of the directors, including time dedicated to the task, the nature of the board agenda and the systems for delivering information that can lead to effective decision making.
3	Bilimoria & Huse, 1997	The qualitative comparison of the boardroom experiences of US and Norwegian women corporate directors	Interviews	4 female directors	The female directors reported on adding a different perspective to the boardroom and contributing to a comfortable but confronting atmosphere. Norwegian women tended to have a more feminist perspective while the US women talked about the importance of fitting in.
4	Boulton, 1987	The evolving board: A look at the board's role and information needs	Interviews and case studies	45 chief executives and 7 boards	Boards were found to develop from a legitimising stage, through an auditing stage to a directing stage. As the role develops the complexity and need for information increases.
5	Bradshaw & Wicks, 2000	The experiences of white women on corporate boards in Canada; Compliance and non-compliance to hegemonic masculinity	Interviews	20 female board members	Female board members were found first to experience and then to comply with or resist hegemonic masculinity on the board.
6	Buchholtz, Amason, Rutherford, 2005	The impact of board monitoring and involvement on top management team affective conflict	Surveys	142 CEOs and top managers from 44 firms	Affective conflict amongst the members of the board and the management team is lower when the board practices high levels of monitoring activities. As involvement of board increases so does affective conflict.
7	Demb & Neubauer, 1992a	The corporate board - confronting the paradoxes	Interviews	71 directors of 11 boards	Detects the similarities in board issues across countries and cultures. Deals with the paradoxes of boards of practising effective control without diminishing motivations of managers, and with the paradox of commitment and depth versus detachment and breadth.
8	Demb & Neubauer, 1992b	The corporate board - confronting the paradoxes	Interviews	71 directors of 11 boards	Detects the similarities in board issues across countries and cultures. Deals with the paradoxes of boards of practising effective control without diminishing motivations of managers, and with the paradox of commitment and depth versus detachment and breadth.

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	Author(s)	Title	Method of data collection	Sample	Key findings
9	Finkelstein & Mooney, 2003	Not the usual suspects: how to use board processes to make boards better	Interviews	32 directors	The authors identify five factors crucial for board effectiveness: Engage in constructive conflict, avoid destructive conflict, and work together as a team. know the appropriate level of strategic involvement and address decisions comprehensively. Gives recommendations for procedures to increase the likelihood of these factors materialising. Identifies four procedures for board effectiveness; selecting, structuring, staging and steering.
10	Freid, Burton & Hisrich, 1998	Strategy and the board of directors in venture capital-backed firms	Surveys	68 venture capital firms	Directors in venture capital backed companies are more involved in strategy formulation and evolution than boards where members do not have large ownership stakes.
11	Gabrielson & Winlund, 2000	Board working style and task performance	Surveys	422 CEOs	Preparation and commitment, directors' independence and degree of formal routines were related positively with both the control and service role, whereas use of knowledge and skills was only related to the service role and no relationship was found between formal evaluation procedures or frequency of meetings with task performance. Concluded that a clearly defined working style in the board enhances task performance.
12	Henke, 1986	Involving the board of directors in strategic planning	Surveys	234 chairmen	Boards are active in influencing decisions of numerous strategy related issues. However, the boards did not seem to recognise their relatively high level of involvement in strategy decision making.
13	Hill, 1995	The social organization of boards of directors	Interviews	42 directors	Looks at how boards work as social institutions, examines the role, relative power, boardroom consensus and relationship with investors. Finds there to be great emphasis on boardroom collaboration and consensus.
14	Hoogheimstra & Van Manen	Supervisory directors and ethical dilemmas: Exit or voice?	Telephone interviews & surveys	43 / 220 directors	Discusses non-executives "exit or voice" options in cases of ethical dilemmas. Directors were found not to be reluctant to resign. How ever directors are more inclined to stay and try to voice their concerns in the cases of ethical dilemmas, resignation would only follow unsuccessful attempts of reconciliation. Directors preferred that resignations would be conducted rather discretely in order to avoid negative public attention.
15	Huse & Solberg, 2006	Gender related boardroom dynamics	Interviews	20 female directors	Women director's contribution to boards was highly dependent on their ability and willingness to make alliances with the most influential actors, and that their level of contribution could be enhanced with high levels of preparation and by asking critical questions during board meetings.
16	Huse, 1998	Researching the dynamics of the board stakeholder relations	Ethnographic case studies	3 companies	Ethnographic study of three boards. Their role was found to be highly contingent on the circumstances the companies were in. Issues of trust, time availability and paying attention to relationships in the boardroom were highlighted by the author.

	Author(s)	Title	Method of data collection	Sample	Key findings
17	Ingley & van der Walt, 2002	Board dynamics and the politics of appraisal	Seminar discussions	na	Explores the value of the assessment of boards and individual board members. Why board reviews should happen, what inhibits the process and what facilitates it, and how reviews can work. Seminar discussion with directors revealed that board members were most uncomfortable with the accuracy and meaningfulness of appraisals, and the effect of the process on boardroom cohesion and dynamics. Some confusion with regard to the purpose of evaluation and the relationship of the reviews with compliance and organisational performance. Simplistic approaches were considered meaningless and the nature of the process as important as the outcome.
18	Jonnergard, Karreman, & Svensson, 2004	The impact of changes in the corporate governance system on the boards of directors: Experiences from Swedish listed companies	Two surveys with a 5 year interval	461 / 345 directors	Examines the effect of change in the national pattern of corporate governance on board activities and attitudes. Finds that the pattern of corporate governance in Sweden has shifted towards more external constraints and that boards' activities have shifted more towards decision management, added a substantial amount of activities to their agenda and shifted their focus more towards a financial orientation. However the values and attitudes of directors appeared to be more stable over time.
19	Jonsson, 2005	The role model of the board: A preliminary study of the roles of Icelandic boards	Surveys and follow up interviews	11 directors	The author proposes four main board roles from the literature; rubber stamp, watch dog, advisor and pilot. Directors of eleven Icelandic companies are surveyed on the role of the board they serve on and how this role has evolved during the past years. Different boards were found to assume various roles; they could assume a single role or a mixture of roles. Roles were found to change over time.
20	Judge & Zeithaml, 1992	Institutional and strategic choice perspectives on board involvement in the strategic decisions	Interviews and archival data	114 board members	Organisational age was positively related to boards' strategic involvement, whereas its level of diversification was negatively associated with board involvement, which is consistent with the industry perspective. The board size and its level of insiders were found to be negatively related to board involvement, offering support to the strategic choice perspective. Finally board involvement was found to be positively related to financial performance.
21	Kakabadse, Kakabadse & Barratt, 2006	Chairman and chief executive officer (CEO): That sacred and secret relationship	Interviews and observations	26 board members	The paper examines the chairman/CEO relationship through in-depth interviews with NEDs, CEOs and chairmen. Chairmen were found to contribute to the board by being a platform for participation, determining role delineation and by affecting boardroom dynamics. The study further examined the Chairman/CEO relationship, the impact on board effectiveness and the attributes of an effective chairman.
22	Lawler & Finegold, 2006	Who's in the boardroom and does it matter: the impact of having non-director executives attend board meetings	Surveys	200 board members	Explores the positive impact of having non-director executives attend board meetings. Recent reforms have advocated the increased proportions of outside directors, therefore the proportion of inside directors has diminished, and this has resulted in poorer access to company inside information. The paper demonstrates the positive effects of having non-directors attend board meetings. Higher attendance was found to positively affect board communication and monitoring process, communications, board independence as well as performance management, board evaluations and board effectiveness.

	Author(s)	Title	Method of data collection	Sample	Key findings
23	Leblanc & Gilles, 2005	Inside the boardroom	Interviews & observation	200 directors / 39 boards	Individual characteristics affect the board dynamics; the authors define four types of functional directors and four types of dysfunctional directors. The composition of types has to be in line with the context of the corporation.
24	Lorsch & MacIver, 1989	Pawns or potentates: The reality of America's corporate boards	Interviews / surveys	100 directors, CEOs and corporate officers /900 outside directors	Directors largely passive except in situations of crisis. Directors need to be more involved at normal times in order to serve as crisis preventers.
25	Mace, 1971	Directors: Myth and reality	In-depth interviews and seminar discussions	75 directors / 200 seminar participants	Finds the board's role to be; a provider of advice and counsel, to serve as some sort of discipline, and to act in crisis situations. The board did not have primary influence nor did it establish the basic objectives, corporate strategies or policies of the company.
26	Marshall, 1995	Working at senior management and board levels: Some of the issues for women	Interviews	12 former women managers	Women that had reached the upper levels reported feeling as constantly being tested out and as if they had interrupted the "normal life" of the senior men who had no willingness to develop a culture in which women could be included more equally.
27	McGregor, 2003	Girl power: double jeopardy or diversity in action behind boardroom doors in New Zealand?	Interviews	6 female directors	Gives insight into what attitudes and styles younger women bring into the boardroom. In the view of 3 younger and 3 older female board members the younger women bring an informal attitude, they bring creativity and a new way of thinking and they tend to emphasise outcome rather than rituals.
28	McNulty & Pettigrew, 1999	Strategists on the board	Interviews	108 directors	Examines the effect of non-executives on strategy. Findings indicate that non-executives rarely initiate strategy, but see their responsibility as making sure that there is a strategy in place and encourage its formulation. Non-executives were found to participate to a higher extent than indicated in older studies, challenging the managerial hegemony theory. The fact that boards rarely oppose management ideas was not associated to rubber stamping activities, rather that the board was working effectively as a sounding board; to test ideas and question assumption, advice and provide encouragement.
29	Mellahi, 2005	The dynamics of boards of directors in falling organizations	Case study	1 company	Examines the case of an Australian insurance company in a failing process. Directors were found to be detached, aloof and lacking information in the conception stages of the crisis, the board puts all its trust and confidence in management and demonstrate a high level of group think. When warning signals start emerging the board does not pay attention and continues to have faith in management. When the heading for failure becomes evident two directors try to raise their concerns but are ignored by the CEO and chairman. Eventually part of the board is replaced in order to increase the power of the board, but actions come too late and the board is in fact paralysed.

	Author(s)	Title	Method of data collection	Sample	Key findings
30	Nadler, Behan & Nadler, 2006	Building better boards	Interviews	50 directors, CEOs, chairmen, academics and CG experts	The involvement of the board has been increasing, the role of the chairman/CEO is powerful in terms of controlling the agenda and creating the board atmosphere. Higher levels of involvement lead to better outcomes. The amount and nature of information has a lot to do with how much board members can participate.
31	Parker, 1990	The company chairman: His roles and responsibilities	Interviews	15 chairmen	The changes in the business environment will call for different emphasis on the role of the chairman. The essential role of the chairman is to make tomorrow's company out of today's.
32	Pettigrew & McNulty, 1995	Power and influence in and around the boardroom	Interviews	20 directors	Identifies minimalist and maximalist boards according to the level of activities of the non-executive directors. Board activity was found to peak in times of organisational crisis. Negative influence was easier to exercise than positive influence which was rather seen as non-executive intervention.
33	Pettigrew & McNulty, 1998	Sources and uses of power in the boardroom	Interviews	12 directors	Examines the critical incidence of the dismissal of the chairman of two companies. Examines the process of shift in power from the chairman to the non-executives and the leadership of the coup.
34	Pye, 2000	Changing scenes in, from and outside the boardroom: UK corporate governance in practice from 1989 to1999	Interviews	62 directors	Examines the way directors talk about and explain "how to run a large organisation". Their sense making was found to be quite different in 1999 as opposed to 1987. The phrases; strategic focus, shareholder value and corporate governance were used by most directors in 1999, whereas those phrases were largely non-existent a decade earlier. Also discusses the methodological implication of replications of organisational studies.
35	Pye, 2001b	Corporate boards, investors and their relationships: Accounts of accountability and corporate governing in action	Interviews	62 interviews in 10 organisations, repeated over a 10 year interval	The paper finds contemporary boards to be smaller, younger, better paid, with faster executive turnover and more non-executive directors. Although the role of the NED has changed it still has the main two components of calling upon the accountability of management and safeguarding the interests of shareholders, as well as being expected to take part in strategic decision making. Directors were found to describe the expectations towards their performance as contextual, indicating that there is a different culture amongst different kinds of boards, in many cases driven by the chairman. Institutional investors were found to have more power and influence over shaping corporate future.
36	Pye, 2002	The changing power of "explanations". Directors, academia and their sense making from 1989 to 2000	Interviews	62 interviews in 10 organisations, repeated over a 10 year interval	Sense making offers the most appropriate perspective by which to appreciate changing explanations of effective management.
37	Pye, 2004	The importance of context and time for understanding board behaviour: Some lessons from social capital research	Interviews	62 interviews in 10 organisations, repeated over a 10 year interval	Effects of external relationships on the internal working of the board were both complex and wide ranging. External relations are factors of social capital, and as such they clearly help individuals gain board appointments, however stronger relations also tend to be related to lower levels of independence and thus can at the same time be an obstacle.

	Author(s)	Title	Method of data collection	Sample	Key findings
38	Roberts & Stiles, 1999	The relationship between chairmen and chief executives: Competitive or complementary roles?	Interviews	30 chairmen / chief executive dyads	The benefit of separating the roles of chairman/CEO was found to be highly dependent on the process and nature of the relationship establishment between the chairman and CEO.
39	Roberts, 2002	Building the complementary board. The work of the plc chairman	Interviews	35 chairmen, chief executives and non-executives	Suggest that it is important that chairman and non-executives are clear about their non-executive role, openness and trust should be fostered in order to minimize the chance of executive suspicion towards the motives of the non-executives. The chairman should emphasise gaining knowledge and insight into the business and encourage the non-executives to do the same and finally the chairman should make sure that complementary skills and knowledge are brought skilfully together and managed in order to create value.
40	Roberts, McNulty & Stiles, 2005	Beyond agency conceptions of the work of the non-executive director: Creating accountability in the boardroom	Interviews	40 directors	Non-executive directors needed a certain level of attachment and particularly accountability towards executives in order to be of value both in the contribution and monitoring roles of the board. Non-executives delivered, according to their findings, most value when they were engaged but non-executive, challenging but supportive and independent but yet involved.
41	Rosenstein, Bruno & Bygrave, 1993	The CEO, venture capitalists, and the board	Survey telephone interviews	162 / 98 CEOs	Boards of venture capital backed high tech firms were found to have smaller boards, 82% with 40% or less outsider representation, and venture capitalists made up 40% of 55% of the boards. The CEO's found outside directors to be most useful were; as sounding boards, interfacing with the investor group, monitoring operating performance, monitoring financial performance, and recruiting and replacing the CEO. Help was rated higher for early stage than later stage companies. Venture capital board members were not seen to provide any better value than any other outside member. More value added was attributed to venture capital members from the top 20 vac firms.
42	Sheridan, 2001	A view from the top: women on the boards of public companies	Surveys	46 female directors and executives	Mainly focuses on advancement strategies, briefly talks about board experiences indicating that male CEOs and board members were to some extent uncomfortable with females on the board.
43	Siciliano, 2005	Board involvement in strategy and organisational performance	Surveys	275 CEOs and 179 board members	Examines the level of boards strategy involvement. Participation by boards was at mid-range level, directors reported higher involvement in strategy than did CEOs. Strategy involvement and financial performance were found to be positively linked.
44	Spira & Bender, 2004	Compare and contrast; perspectives on board committees	Interviews	5 non-executives	Compares and contrasts the tasks of the auditing and remuneration committees. These two committees can be seen as having a conflicting role; the audit committee being largely of conformance nature while the remuneration being of performance nature. The findings of the researchers indicated that although membership of each committee makes different demands and requires a slightly different focus, the tasks are not as irreconcilable as has been suggested, and do depend on different individual behaviours and relationships.
45	Stewart, 1991	Chairmen and chief executives: an exploration of their relationship	Series of interviews over a 2 year period	20 NHS district general managers and 29 chairmen	Five different roles adopted by chairmen were distinguished. The partner role where each player complemented the other was found to be the most common one. The study found the chairman and manager role to be very dependent upon on another and to occupy overlapping domains, resulting in what each party can do is very dependent upon the behaviour of the other.

	Author(s)	Title	Method of data collection	Sample	Key findings
46	Stiles, 2001	The impact of the board on strategy	Interviews, surveys, case studies	51 directors, 212 company secretaries, 4 companies	Five different roles adopted by chairmen were distinguished. The partner role where each player complemented the other was found to be the most common one. The study found the chairman and manager role to be very dependant upon on another and to occupy overlapping domains, resulting in what each party can do is very dependant upon the behaviour of the other.
47	Westphal & Milton, 2000	How experience and network ties affect the influence of demographic minorities on corporate boards	Surveys and archival data	526 directors	Prior experience of minority directors in a minority role on other boards can enhance their ability to exert influence on the focal board, while the prior experience of minority directors in a majority role can reduce their influence. Prior experience of majority directors in a minority role on other boards can enhance the influence of minority directors on the focal board. Finally minority directors are more influential if they have direct or indirect social network ties to majority directors.
48	Westphal, 1998	Board games: How CEOs adapt to increases in structural board independence from management	Surveys and archival data	221 directors	Changes in board structure that increase the board's independence from management were associated with higher levels of CEO integration and persuasion behaviour toward board members and such behaviours served to offset the effect of increased structural board independence on corporate strategy and compensation policy.
49	Westphal, 1999	Collaboration in the boardroom: Behavioural and performance consequences of CEO-board social ties	Surveys	263 CEOs and 564 directors	Social ties between directors and CEOs were found to enhance provision of advice and counsel from outside directors on strategic issues.
50	Zelechowski & Bilimoria, 2003	The experience of women corporate inside directors on the boards of Fortune 1000 firms	Interviews	6 female directors	Two distinct factors to have great influence on women on boards; the influence factor of the individual and the inclusion factor of the board culture.

Appendix 2 – Overview of theoretical and methodological papers

	Theoretical or conceptual papers - 25	
	Author(s)	**Title**
1	Bainbridge, 2002	Why a board? Group decision making in corporate governance
2	Barratt & Korac-Kakabadse, 2002	Developing reflective corporate leadership: The role of the non-executive director
3	Bavly, 1986	What is the board of directors good for?
4	Cascio, 2004	Board governance: A social systems perspective
5	Cutting & Kouzmin, 2002	Evaluating corporate board culture and decision making
6	Forbes & Milliken, 1999	Cognition and corporate governance: Understanding boards of directors as strategic decision making groups
7	Goold & Campbell, 1990	Brief case: Non-executive director's role in strategy
8	Gopinath, Siciliano & Murray, 1994	Changing role of the board of directors: In search of new strategic identity
9	Ingley & van der Walt, 2002	Board dynamics and the politics of appraisal
10	Johnson, 1997	The board of directors over time: Composition and the organizational life cycle
11	Leblanc, 2004a	What's wrong with corporate goverancne: a note
12	Letendre, 2004	The dynamics of the boardroom
13	Lorsch, 1995	Empowering the board
14	Mace, 1972	The president and the board of directors (HBR)
15	Mace, 1973	The president and the board of directors (McKinsey Quarterly)
16	Mizruchi, 1983	Who controls whom? An examination of the relation between management and boards of directors in large American corporations
17	Nicholson & Keil, 2004	A framework for diagnosing board effectiveness
18	Pye & Pettigrew , 2005	Studying board context process and dynamics: Some challenges for the future
19	Rindova, 1999	What corporate boards have to do with strategy: A cognitive perspective
20	Schaffer, 2002	Board assessments of managerial performance: An analysis of attribution process
21	Smith, 1958	Put the directors to work!
22	Sonnenfeld, 2002	What makes great boards great
23	Strebel, 2004	The case for contingent governance
24	van der Walt & Ingley, 2003	Board dynamics and the influence of professional background, gender and ethnicity
25	Zahra, 1990	Increasing the board's involvement in strategy

	Methodological papers - 2	
	Author(s)	**Title**
1	Currall, Hammer, Baggett & Doniger, 1999	Combining qualitative and quantitative methodologies to study group processes: An illustrative study of corporate board of directors
2	Samra-Fredericks, 2000	Doing "boards-in-action" research - an ethnograpic approach to the capture and analysis of directors' and senior managers' interactive routines

CHAPTER IV - PROJECT 2: AN EXPLORATIVE STUDY OF DIRECTORS ROLES

An explorative study of non-executive directors' roles and contributions at the individual level

- comparing and contrasting male

and female directors' role interpretation

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DBA 04-08

April 2007

1. Introduction

This paper reports an empirical study for Project 2 of the Canfield DBA. The study aims to explore the individual board members' interpretation of the non-executive role. Building on previous studies of the non-executive role, the study adds the dimension of gender, by comparing and contrasting individual interpretation by male and female board members particularly. Previous studies on the non-executive role have been criticised for eluding between the role and contribution of individual board members and the collective role and contribution of the entire board. Studies of female directors have, to a large extent, focused on women's board experiences and their roles as female directors but failed to connect female contributions to non-executive role definitions and to look at female contributions in contrast to male contributions. This study aims to compensate for these factors by focusing on the individual level of analysis and looking at the similarities and differences of individual role interpretation and perceived contribution by both male and female board members.

2. Literature review

Despite the interest and emphasis on corporate governance reforms in the last decade, surprisingly little is understood about actual board behaviour and the effect of individual board members on board dynamics and culture (Pettigrew, 1992; Huse, 1998; Daily et al., 2003). Perhaps due to limited access and focus on quantitative research the research tradition on boards has developed around board structures and effects of reforms, such as increasing the level of non-executives and separating the chairman and CEO roles in order for the board to fulfil its agency-based control role. Research has primarily relied on proxies, looking at board size, board composition (executives vs. non-executives), leadership structure (combined/separated chairman/CEO role) and, in some instances, demographics, and relating those to financial performance (Zahra & Pearce, 1989; Johnson et al., 1996). Studies have also been done on the relationship between compliance with corporate governance provisions and financial performance (Gompers et al., 2003; Laing & Weir, 1999), and relating board composition or demographics to compliance with corporate governance provisions (Singh & Vinnicombe, 2003). Results have revealed largely inconsistent findings (Dalton et al., 1998;1999). Great inferential leaps have been made from input variables such as board performance with no direct evidence on the processes and mechanisms which presumably link the inputs to the outputs (Pettigrew, 1992). Phrases like "Board research on cross roads" (Daily et al., 2003) and "The coming revolution in corporate governance" (Leblanc, 2004a) are common in contemporary board literature. This has called for a string of qualitative research focusing on what boards or board members actually do, rather than what they look like (e.g. Finkelstein & Mooney, 2003).

Much of the research on boards of directors is centred around the role of the board, the context effect on the role, and the role of the non-executive directors (e.g. Mace, 1971; Lorsch & McIver, 1989; Zahra & Pearce, 1989; Demb & Neubauer, 1992a; Higgs, 2003; Roberts et al., 2005; Jonsson, 2005) . This type of board research is largely rooted in board role theories such as agency theory (Fama & Jensen, 1983),

stewardship theory (Davis et al., 1997), stakeholder theory (Freeman, 1984) and resource dependence theory (Pfeffer & Salancik, 1978). Although no definite conclusion can be drawn from research on the role of the board and its directors, it can be inferred that boards are becoming more active and more aware of their responsibilities. A good deal about the nature of the board's role is becoming clearer and the paradoxes of being close enough to give valuable guidance and council, but yet distant enough to provide sound assessment and evaluation have been drawn attention to (e.g. Demb & Neubauer, 1992a; Roberts et al., 2005). While early studies emphasised the non-executive's distinct roles of controlling, serving and advising (i.e. Pearce & Zahra, 1989), later studies have stressed the importance of embracing the paradox that implicitly lies in the demands of the different roles (Roberts et al., 2005). It has also been claimed that boards are far from being insulated and static entities, but rather dynamic social makings that are affected by their environment and context (i.e. Jonsson, 2005; Jonnergard et al., 2004).

A stream of studies has particularly focused on the strategic role of the board. Research on the boards' role in strategy has moved from arguing whether it is possible or even appropriate to be involved in strategy (e.g. Goold & Campbell, 1990; Zahra, 1990) to measuring the level of strategic involvement and examining the nature of strategic involvement (Stiles, 2001; McNulty & Pettigrew, 1999). The level of strategic involvement of the board seems to be, as with other board activities, increasing (Henke, 1986; McNulty & Pettigrew, 1999). Involvement is found to lead to better developed, better thought out strategies which can be attributed to increased levels of discussion, scrutinising and questioning by the board (i.e. McNulty & Pettigrew, 1999; Rindova, 1999; Siciliano, 2005).

Regarding the issue of power, studies have looked at the division of power between the board and management and the relative power of the non-executives (Lorsch & McIver, 1989; Westphal, 1998; Pettigrew & McNulty, 1995; McNulty & Pettigrew 1998), but not particularly at the relative power and influence of individual non-executives or subgroups thereof. Furthermore the Chairman/CEO relationship,

including division of power, has been studied to some extent (Parker, 1990; Steward, 1991; Roberts & Stiles, 1999; Roberts, 2000; Kakabadse et al., 2006a).

A number of theoretical and conceptual papers have dealt with board dynamics and the board as a group involving relationships, teamwork, discussion and collective decision making (Forbes & Milliken, 1999; Bainbridge 2002; Cutting & Kouzmin, 2002; van der Walt & Ingley, 2003; Nicholson & Kiel, 2004). Several attempts, most of them quite recent, have been made to look into the issue of board dynamics and group work on the board (Huse, 1998; Gabrielson & Winlund, 2000; Ingley & van der Walt, 2002; Buchholtz et al., 2005; Leblanc & Gilles, 2005; Lawler & Finegold, 2006; Nadler et al., 2006).

The most notable studies in the literature on board culture and dynamics are those by Pye (2000, 2001a, b, 2002) that also focus on the issues of context and time with regard to board functions. Pye (2000) reported that in terms of activities and dynamics, non-executive directors were found to have become much more influential in decision making whereas previously they were either allies of the chairmen or connected to "the right networks", and being in contact with investors and the City was seen of much higher importance than before. Pye (2001b) found non-executive effectiveness in many ways to be largely shaped by the board culture, and although the role of the non-executive directors had changed, it still had the two main components of calling upon the accountability of management and safeguarding the interests of shareholders, as well as being expected to take part in strategic decision making. Directors were found to describe the expectations towards their performance as contextual, indicating that there is a different culture amongst different kinds of boards. Effectiveness of non-executives was also defined in terms of their relative power established within a relationship, i.e. if they lack access to information or an understanding of the nature of items on the corporate agenda they could not be expected to deliver maximum effectiveness, and despite the will and skill of a non-executive they can be considerably more or less effective depending on the boardroom culture.

Westphal (1999) examined the effect of social ties between directors and CEO's on the level of advice and counsel on strategic issues. Contrary to literature advocating board independence to increase effectiveness, Westphal (1999) found that social ties actually increased board involvement by encouraging collaboration between top managers and outside directors and therefore they enhanced the provision of advice and counsel from outside directors. Westphal & Milton (2000) suggested that minority influence on boards could be improved if minority members had previous experience of being in a minority position on a board, and if they had direct or indirect social network ties to majority directors through common memberships, for example of other boards. Pye (2004) noted that, traditionally, research has looked at boards as homogeneous groups that perform generic functions and that the literature often does not differentiate between organisational contexts or between individual and group behaviour. Her findings indicate that the effects of external relationships on the internal working of the board were both complex and wide ranging. External relations are factors of social capital, and as such they clearly help individuals gain board appointments but are also seen as related to lower levels of independence and diminished credibility. The data offered evidence of powerful and tight networks of influence that affected board conduct and performance.

Currently research on corporate governance seems to be branching off in various directions (Huse, 2005). Roberts et al., (2005) support the search for theoretical pluralism and greater understanding of board processes and dynamics. In a commentary on the Roberts et al. study (2005), Pye & Pettigrew (2005) point to the need for strengthening the theoretical and methodological foundations of board process. The authors claimed that; *"lack of theoretical framework often undermines the impact of process studies, so we also advocate the need to develop stronger theoretical focus and explication about theorising, encouraging clarity of epistemological assumptions underpinning the research process"* (Pye & Pettigrew, 2005:S28). They furthermore stressed the importance of attention to the issues of context and process over time and their relationship to outcomes, and caution against the attempt to over generalise from qualitative data without paying due attention to

the issues of context and time. In addition they stressed the importance of clarity on the level of focus and analysis, and being more careful in distinguishing between individual behaviour and effectiveness, and board behaviour and effectiveness. Finally they point to the fact that not only are studies of actual behaviours of boards and directors scarce, but the little knowledge that does exist is not as well theorised or as effectively cross-referenced as are agency studies. Pye & Pettigrew (2005) call for a shift of focus of board studies to an alternative and well founded process perspective on board behaviour, rather than creating an alternative view to agency theory.

One of the contextual factors lacking in studies of board roles is gender and whether role interpretation and contribution are identical or different between male and female board members. In recent years interest has grown in the issue of females on corporate boards. Since women on boards have to date remained few, the bulk of studies on women directors have to do with the numbers of women on boards of directors (Singh & Vinnicombe, 2006; Catalyst, 2005; Dalton & Daily, 1998; Daily et al., 1999) female director advancement strategies (Catalyst, 2004b; Powell & Butterfield, 2003; Vinnicombe & Singh, 2003; Vinnicombe et al., 2000; Ragins et al. 1998) and examination of the background and qualifications of female directors (Burgess & Tharenou, 2002; Burke, 1995, 2000; Kesner, 1988; Zelechowski & Bilimoria, 2003). These studies, however, do not look at female directors in connection with their role as a board member.

Quite a few studies have aimed at demonstrating the business case for female directors (Rose, 2007; Point & Singh, 2003; Bilimoria, 2000; Singh & Vinnicombe, 2004; Carter et al., 2003; Schrader et al., 1997). Although it can be assumed that the issue deals with roles and contribution, in fact these studies only attempt to link the number of women on boards to corporate performance or compliance to corporate governance procedures. A far cry from explaining a causal relationship between the two, so not surprisingly findings are inconsistent.

Moving closer to boardroom activities, a few studies have looked at the board experiences of female directors. Those studies have often focused on how female directors *get along* in the largely male dominated world of boards. Marshall (1995), although not looking at female directors in particular, gives a valuable insight into the socialisation aspects of women in a largely male dominated business world. Women who had reached the upper levels reported feeling as constantly being tested out and as if they had interrupted the "normal life" of the senior men who had no willingness to develop a culture in which women could be included more equally. Sheridan (2001) who surveyed 46 female directors serving on Australian boards, elaborated on female board experiences which the women found to be generally positive, but also indicated that male CEOs and board members were to some extent uncomfortable with females on the board.

Moving even closer, to looking at input and contribution, Burke (1997) reported that, although women directors felt they were in general making little impact on female issues, they did believe their contribution was mostly towards making female employees feel more positive about working for the company, a view seconded by Bilimoria (2007) who found that the number of women on boards had a positive effect on women in managerial positions. An earlier study by Burke showed that female directors had little impact on top level women, with the exception of possibly acting as role models (Burke, 1994a). Women have reported seeing issues of equal opportunity, balancing work/family needs, social responsibility issues, environmental issues and issues of female customers as important and appropriate for boards to address; however, they were not likely to draw attention to those issues (Burke, 1994; McGregor et al., 1997). Female board members have been associated with being more philanthropically driven (Ibrahim & Angelidis, 1994), advocating CSR activities (Kakabadse et al., 2006b) and a positive relationship has been found between the number of women and minority directors and the level of charitable contributions made by companies (Wang & Coffey, 1992).

Bilimoria & Huse's (1997) study of two American and two Norwegian female directors, and their board experiences, revealed their common perception of adding, as females, a new, more diverse perspective to the boardroom, focusing on women's and other soft issues and being an inspiration to other women in the company. They also indicated putting in an effort to enhance board effectiveness by facilitating a comfortable atmosphere while not being afraid to ask difficult and probing questions (Bilimoria & Huse, 1997).

Bradshaw & Wicks (2000) explored how women directors tended to first experience and then comply with or resist hegemonic masculinity. Their findings indicated that these women had generally reached their position through hard work and assimilating male behaviours. They perceived themselves primarily as caretakers of shareholders' interest and were unlikely to see themselves as, or act as, change agents, but highlighted the importance of fitting in and not rocking the boat. Thus they were much more likely to comply with the masculine hegemony than to resist it. Some authors (e.g. Rose, 2007) have attributed the lack of correlation between the number of women on boards and financial performance to masculine socialisation of high ranking women, resulting in identical male and female behaviour.

McGregor (2003) compared the experiences of older and younger women in New Zealand boardrooms. The paper gives insight into what attitudes and styles younger women bring into the boardroom. The younger women were found to bring a more informal attitude as well as creativity and new ways of thinking, emphasising outcomes rather than rituals.

Zelechowski & Bilimoria (2003) looked at the experiences of women corporate inside directors of Fortune 1000 companies. They found two distinct factors to have a great influence on women on boards; the influence factor of the individual and the inclusion factor of the board culture. The study demonstrated that despite being in the highest position, and despite being highly influential, women directors could not attain full effectiveness in non-inclusive cultures. The indication of the study was

that in order to reach optimal effectiveness, influence and inclusion must both be present.

A recent paper by Huse & Solberg (2006) looked at gender-related boardroom dynamics. More specifically the study collected stories from a small sample of female directors on how they were able to contribute to boardroom discussion and avoid tokenism. The authors found that contribution was highly dependent on the women's ability and willingness to make alliances with the most influential actors, and that their level of contribution could be enhanced with high levels of preparation and by asking critical questions during board meetings. Being present in decision making arenas, taking leadership roles and being visible were furthermore considered helpful for enhancing contributions. Finally, understanding the boardroom dynamics from a gendered perspective was considered an essential ingredient for the effective contribution of female directors.   One of the latest studies on the nature of women's contributions on the board (Konrad & Kramer, 2006) found that women make three contributions men are unlikely to make: broadening the discussion to a wider set of stakeholders, pushing answers to difficult questions and bringing a more collaborative approach to leadership. These contributions, however, were less likely to emerge if the number of women on the board was limited to one or two.

What can basically be concluded from these studies is that female directors do feel women are bringing a new/different perspective into the boardroom, and to some extent fostering a more open culture. At the same time they seem to be facing rather conservative and quite masculine rules and norms of behaviour and experiencing non inclusive cultures. There are, however, indications that barriers could be broken down through influencing behaviour, high levels of preparation and/or by possessing or earning high levels of social capital.

3. Framing the research question

The study aims to examine role experience and role interpretation of individual board members of large Icelandic companies.

It builds on the previous examinations of the non-executive role (e.g. Demb & Neubauer, 1992a; Roberts et al., 2005) and aims to answer calls for clarity of the level of analysis (Pye & Pettigrew, 2005) focusing on the individual, and the individual's interpretation of his or her role and contribution on the board. It furthermore seeks to add to the understanding of contextual factors (Pye, 2000, 2001a) particularly the nature of role interpretation and perceived contributions by males and females respectively. Previous studies on female directors have not explicitly related female board experiences to the framework of board roles, and have frequently focused on contributions that could explicitly be related to female board members (e.g. Burke, 1994a, 1997; Bilimoria & Huse, 1997; Bradshaw & Wicks, 2000; McGregor, 2003; Zelechowski & Bilimoria, 2003; Huse & Solberg, 2006; Konrad & Kramer, 2006) as opposed to general roles and contributions of females as directors, with all the roles and responsibilities that come with that position. Furthermore, these studies were limited to examining the female experience.

This study aims to sharpen the focus of the non-executive role and contribution to the individual level, as well as widening the study of female directors, by comparing and contrasting male and female role interpretation. The study is based on the ontology of social construction (Berger & Luckmann, 1966), assuming that reality is determined by people rather than objective external factors (Easterby-Smith et al., 2002). Furthermore, the epistemological assumptions underpinning the research process are of a feminist nature claiming that women's experiences, although presumably different from males' experiences are equally valid as a basis for knowledge (Blaikie, 1993).

The study aims to answer the research question:

How do non-executive board members interpret their roles and contribution* as individuals, and is there a gendered effect?

*Contribution is in this study defined as the value added by a particular board member to the culture, activities or decision making of a board, but NOT as any type of boardroom participation or impact.

This study reports the findings of an empirical study based on interviews with 11 board members on boards of six large Icelandic companies.

4. Research method

4.1. Selecting the sample

The study is conducted on board members of substantially large Icelandic companies. Since listed companies are less than 30 and in the past years only between two and four of them have had a female board member at any given time, the population was defined as the 50 largest (by revenue) companies in Iceland.

The size of corporate boards in Iceland ranges from three to nine people, with five as the most common size. Boards consist only of non-executive directors. While it is allowed by Icelandic corporate law to have the CEO serve as a board member, common practice is to have the CEO attend and participate in all board meetings, but not as a formal member. The dual Chairman/CEO role is prohibited by Icelandic corporate law.

As I wanted to compare and contrast male and female role interpretation and therefore wanted to keep the context as similar as possible, my sampling strategy was to aim for;

1. A pair of male and female board members from the same focal board
2. Preferably try to identify boards in a similar context.

My initial context definition was

a) Male dominated boards (since that would normally be the situation on any board)
b) Icelandic companies in international expansion (context – small economy to large economy transition phase)

My interviewee recruitment strategy was to list and target female members of boards in the defined context. Six female board members from large Icelandic boards were interviewed. Subsequently, male counterparts for the six boards were identified.

Due to access difficulties, interviews could only be obtained from male board members from three of the boards. Five males from three boards were interviewed.

Since most of the interviewees served on multiple boards, more than 50 boards were represented; therefore 12 of the top 50 companies were represented.

4.2. Conducting the interviews

The interviews all took place between November 2006 and April 2007, either at the interviewees' working facilities or at the interviewer's office. The interviews were semi structured and followed a pre-developed interview schedule (see appendix 1) but the interviewees were allowed to deviate from the schedule and the interviewer probed with additional questions when interesting topics came up. Since the interviewees had been selected based on their presence on a particular board, they were asked to keep that board in mind as a focal board, but also encouraged to compare and contrast the focal board with other boards on which they currently or had recently served. As it happened, most of the board members had substantial board experience and drew their comments and insights from various boards. The interview schedule contained questions around, why the person was asked to serve on a particular board; the purpose and role they have on the board and what they do to fulfil it; how they behave and interact in a typical board meeting and how their behaviour compares to that of other board members; what type of relationships they have with other board members, to whom they feel accountable as a board member; what they have gained from serving on the board; and, what would be their greatest contribution or added value to the board.

The interviews were audio taped and the recordings lasted 30-80 minutes. The interviews were conducted in Icelandic, which is the native language of all interviewees.

4.3. The interviewees

The interviewees were selected based on their presence on the six focal boards of one of the 50 largest companies in Iceland. The focal boards consisted of five to seven non-executive board members, none of them including the CEO as a formal board member.

The six female interviewees were aged 38-52 years, i.e. with an average age of 45 years. All of them had extensive business experience. Four had completed a master's degree, one had completed an undergraduate degree and one did not have a university degree. Two had substantial international work experience. No particular patterns or similarities could be detected in their career description. Four of the interviewees served on at least three substantial boards at the time of the interview. One served as chairman on all the three boards on which she served, one served as a chairman of a major company as well as being a board member on three other boards, and another on multiple subsidiary boards.

The five male interviewees were aged 44-59 years, i.e. with an average age of 50 years. All of them had extensive business experience and two could be considered major stockholders in some of the companies on whose boards they served. Three had completed a masters' degree, the other two had limited university education. Two had some international experience, the others did not. Four served on at least three major boards at the time of the interviews and one on multiple subsidiary boards.

4.4. Analyzing the data

The interviews were audio recorded and transcribed in full (in Icelandic). The text was transferred to the NVivo software tool intended for analysis of qualitative data, in order to facilitate the structuring of emerging themes.

The analytical process mainly followed a structure described in Easterby-Smith et al., (2002:123-124). The steps in the process I conducted were the following:

- The first step was to read through the transcripts two or three times with the aim of becoming familiar with the content, general tone and attitude of the interviewee. Subsequently notes were made on possible themes and headings for the forthcoming coding.

- The second step was to reflect on the data and informally relate them to the literature that had been previously covered. Did the same themes emerge or were there different themes?

- The next step was to transfer the transcripts into NVivo, and conduct the initial coding. All transcribed text was covered and coded into free-nodes with the exception of the few comments that were obviously out of context with the main objective of the interviews. Free-nodes were then subsequently constructed into tree-nodes. At the end of this phase the following themes (tree-nodes) had emerged:
  - Ways of contributing
  - Credentials
  - Accountability
  - Ways of being successful
  - Relationships
  - Trust

- After the initial coding a second coding was conducted which led to rearranging and combining some of the tree-nodes, and splitting some tree-nodes into subthemes (child-nodes). The following is an example of a tree-node and its child-nodes:
  - **Ways of contributing**
    - Advising
    - Operational input
    - Setting standards and holding management accountable
    - Guarding shareholders interests

- Bringing different viewpoints
- Bringing specific knowledge
- Bringing strategic input
- Asking questions
- Applying judgement and insight
- Acting as a sounding board
- Supporting management
- Being diplomatic
- Developing people
- Taking care of formalities

The third level was to analyse the themes and subthemes and arrange them into chapter headings for the write-up (see chapter V). Some child-nodes were related and brought together under the same chapter heading although some contained very little data and/or comments from a few interviewees and did not add any substance to the analysis. As these were only a few they were omitted due to lack of significance to the theme of the study.

- Under each chapter heading a presentation of the issue was made and the issue was backed up with selected quotes from the transcripts that illustrated that particular point.

- A reassessment of the themes and chapter headings was made by going through the nodes again to make sure no relevant points had been missed or overlooked.

4.5. Translation and researcher's bias

Since the interviews were conducted and transcribed in Icelandic, the native tongue of the interviewer and interviewees, illustrative quotes needed to be translated into English. The translation was done by the author, and care was taken to be as accurate in the translation as possible, without losing the content and meaning of the

quotes. No particular difficulties arose in the translation process, apart from two minor issues which are addressed in footnotes to subsequent chapters.

As already mentioned some of the interviewees were personally known to the interviewer, while others were informal acquaintances or not known to the interviewer. For the most part, interviewees saw the interviewer as a person of relatively high academic standard, with pure theoretical interest of the interviewee and his or her board activities. All interviewees were candid and open in their narratives, although some were less outspoken than others. Although outspokenness could to a large extent be attributed to the interviewee's personality, it could be detected that those interviewees that were known to the interviewer were generally more outspoken and talkative.

Analysing the data is always prone to biases do to expectations and preconceived ideas of the researcher. However, my approach was to observe the data with curiosity and an open mind. The result was that many of the issues and themes emerging came as an interesting surprise.

5. Findings

5.1. Interpreting roles and contributions

Both similarities and differences were found in the way male and female board members spoke about their contributions to the corporate boards on which they served.

5.1.1. Embracing the paradoxes

Male and female interviewees seemed to share the agency view of holding management accountable. Although not elaborating extensively on the issue, males and females alike talked about the role of setting standards, keeping an eye on management and pushing for results.

> *I want to see; well we the board, we hire the CEO, we approve the corporate strategy the CEO suggests, we have an opinion on how the company can work, we provide the discipline … I make it my concern to look at how the CEO presents matters, and I'm thinking is he doing the right thing…I'm trying to get a feeling for if the guy is bluffing, not intentionally, it's just, is he living up to standards, is he making sense, is it working. M4*

> *At the same time everybody realises that their role is to look out for the decision making and to provide healthy criticism. F3*

> *I would say to make sure that the goals set by owners are fulfilled by management. M2*

> *You should ask critical questions and be inspiring for managers, and make them [the management] justify themselves, their decisions and actions. F5*

> *Because many of the companies we were dealing with were, unfortunately, in the situation where investments were made based on specific interests not because of return on investment, and I tend to be more focused on that. M5*

Although not quoted as often, another view shared by male and female interviewees, was the consultant role; to give management input and advice.

Probably to give input and advice, if there are matters or issues that I sort of spot. F4

I think it would a bit depend on what company we are looking at, it's different of course, in some companies we as a board are more directing, and in others we listen more and give advice. M2

Furthermore, there was little difference in how males and females talked about to whom they felt accountable as board members. Without exception, males and females alike identified owners and shareholders as the main party they felt they were accountable to, followed by other stakeholders such as customers and employees etc. Although the similarities outweighed the differences, you could see a slight tendency for females to be a bit more vocal for views alternative to the shareholders' views.

Yes, first and foremost towards the shareholders, after all the board is representing shareholders…we hire the CEO and dismiss him and he hires other employees so I don't think my responsibility as a member of the board is so much directed at employees. M1

*Of course the owners first and foremost, I think **men**[1] look at it that way. I think employees and the environment are secondary, but I say, you are representing owners on the board and it's their interests you should look after, that is my first choice and I don't think there can be any discount given on that. M2*

Towards the shareholders of course but I am always inclined to take the customers' side…so I would say the shareholders and the image, I do feel a bit responsible for the company not developing a poor image. F1

I feel very responsible towards the owner; I mean he is the one I am representing here. And then also towards myself and what I stand for, I try to make sure of that. F2

Shareholders, my role is to maximise shareholder return, and if I do that I am taking care of all the other things that matter, the employees, the customer,

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[1] The word "men" is quite common in the quotes made by males. While the proper English word to use would be "people", the author decided to use the term "men" which is a direct translation from the language in which the interviews were conducted, as it better reflects the interviewees' use of terms and language.

not in any particular order, and the suppliers and everything that has to do with the operation. If you take care of the role of maximising shareholder return then all the other things get sorted out right, if you think about it in a proper manner. M3

I don't know. I feel responsible for all shareholders, the corporate image and how we are doing on the market, which is just extremely important to me. F6

That's very clear, it's the largest shareholder (X) I'm representing them on the board. M5

Five interviewees, three males and two females, were generally more specific in defining "guarding the interest of shareholders" as one of their key roles. When taking a closer look at these individuals, what they had in common was that they were either large shareholders themselves in the company in question, or had been hired or appointed by an individual who was himself a large shareholder. Interestingly enough, out of the four individuals who defined "bringing different viewpoints" as one of their main roles, three of them did not belong to the group of five that defined "guarding the interests of shareholders" as their key role.   This might indicate the reasons why particular people are appointed to boards could influence role interpretation.

5.1.2. Strategic input

Although there was evidence of a number of similarities between male and female interpretations of their role on the board, the differences between the two sexes were even more evident.

The most striking difference was in how male and female board members talked about their strategic input and the importance of that input. All the males spoke of strategic input as being their main role and contribution on a board, while the females talked quite differently about it, not describing it as their main role or key contribution at all.

The following quotes illustrate how some of the male interviewees spoke about their strategic input.

> *My role is more to contribute in a strategic sense because this business is of a nature that requires a very long-term perspective…and in [another company] where I am the chairman, I come into the process much sooner from a strategic perspective, contributing to idea generation and reflections M1*

> *We can generally say that I have a strategic impact, regarding this [a particular matter] and other matters that have come up. M5*

> *To get men to look beyond the valley or look at the road ahead, try to see some kind of a big picture, what market are we working on how are we developing, what methods do we use, risk factors regarding competition or employees are what I would consider…so it's a kind of fatherly role. M2*

> *Of course we are very aware of the operational factors and we are very interested in the strategy, but the day to day operational issues we do not get bothered with, and it is not expected of us. M1*

> *It's about having a sense of judgement, that you can acquire the knowledge and experience of other people and know how to interpret when the manager comes and says he wants to do it in a certain way, that you have the big picture and can assess what he is saying. I cannot get bothered with the numerical details; it's a kind of common sense you have to have and a broad overview. M4*

> *I think about my role as rethinking the business model or making a new business model that works… Boards of course should develop the strategy, set the course, "we are going in that direction", if it's a real board it's saying; "we should go this way and archive these results". M3*

One of the interviewees gave a good example of his individual impact on strategy.

> *So this meeting [due to my initiative] dissolved into a dispute about where the company was really heading…whether we needed to clean up inside the company and it evolved both around persons and not least what direction to take, it would make all the difference to whether the company was high or low risk, and they were taking the high risk at that time and I really pushed this matter...the result was that we got a new CEO in, he changed the strategy and the company recovered and has been doing well ever since. M5*

5.1.3. Specific knowledge and skills

The females, while not acknowledging the strategic role to a great extent, generally identified their main contribution as bringing somewhat more specific, often professional, knowledge and skills to the board. They more often than not mentioned that they had a specific rather than general role on the board.

Bringing specific knowledge or skills was not identified as a contribution by any male interviewees. On the contrary, the males generally related their presence on the board to a much wider, more general level of experience.

> *Of the two of us [representing a particular shareholder] the other one has a great deal of operational knowledge and I have extensive general experience...even though [this particular business] is new to me I think an old nose like mine can very well sniff out the pros and cons of particular matters. M1*

> *We have a lot of guys [on the board] that have good operational knowledge, I on the other hand don't have a lot of experience in business operations, I think it [my value] is more related to the fact that I have a lot more experience of being on corporate boards. That's the way I see it, it's all about, I feel, that you have a certain level of judgement...that you have a vision and can see the big picture. M3*

Interestingly the males, to a greater extent than the females, talked about their level of insight and what life experience had taught them as being valuable input. Something one might rather have expected from female interviewees. The following quote provides a good example.

> *Well I think with more experience you grow as a person. It's a matter of confidence building, a wider perspective, vision, knowledge and general experience, when that builds up you have more to offer. It changes when as you become more mature, life continues to **develop**[12], new projects will come and as time goes by and the maturity and experience increase you see things more with the eyes of a "wise old man". M3*

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[2] Actually the interviewee used a word that means "creating poetry"

5.1.4. Support and teambuilding

Being a sounding board to the CEO and acting as a supportive listener was identified as a valuable input by males and females alike.

> *What managers in a company like this need is to have a board behind them that they can put their trust in and present the issues and get some kind of a reaction. M1*

> *The thing is when you have reached such a position [the CEO's] you don't have that many people you can turn to, there are issues of confidentiality, and there are a lot of things you don't want to elaborate on just anywhere, then you have this group you can use for consultancy to gain perspective on your thoughts, you don't just call anybody. M2*

> *It's such a great sounding board. And you often say - if there is a problem; "Why don't we sit down for an hour and discuss this – What is it? Let me hear your thoughts" - and things like that. F2*

However, the female interviewees elaborated more on the explicit role they played in supporting and backing up the chairman or the CEO.

> *I feel I back up the CEO very well, and his team as well, so I feel there's a lot of value in that, then the board is more comfortable, and I can get more involved and then I can back him and his actions up, so maybe, all things considered, I think I support him and back him up very well. F6*

> *When they initially appointed me I was not sure I knew how to do the job, but I was told that I was to be there to be consulted by and to support the chairman. And you could say that today, all these years later, that I do in fact play that role towards the CEO, being there, to help and support him. F1*

> *And then I think I am a great support and backup to the CEO's that I have to work closely with. And I think they are comfortable in getting my support even though I don't always have the solution. F6*

Many females also spoke of their role as contributing to a friendly atmosphere within the board and between board meetings – again something not mentioned by male interviewees.

One of my main contributions is being a great team player. […] I think I also have a feminine input because I have a very diplomatic nature – and I really want people to be content rather than discontent and I really dislike arguments. I often take the role of rebuilding what has been demolished. F2

And perhaps what I really am is acting as a diplomat on the board. I would really like to soften things up a bit; it hasn't quite worked but I have a dream of putting some soft ingredient in there – it would be more fun. F1

Then I think that in general people like talking to me, when I call and we have a chat about things, it varies of course, but in general I think I am a rather easy person to speak to. F6

5.1.5. Asking questions

One of the themes most elaborated on by females as a way of making a contribution or adding value on the board was by asking intriguing questions. The questioning issue was not as apparent in the male conversations.

Sometimes, the females quoted, the questions were initially asked with the mere purpose of gaining information, but it gradually became apparent that these questions had value as a way of discussing and probing issues.

I don't know, I always ask if there is something I do not understand, and even though I'm not a financial expert I do feel that I have to know what is going on. And I don't care if I ask questions that perhaps everybody else know the answer to, because sometimes these questions are the initiators of good discussions. […] I think I add value by dragging them back a little by asking and requesting explanations – you know big picture issues if I can because I want to understand, these are mainly things like mission, strategic implementation and such. F3

And the importance of not being afraid to ask was highlighted.

I don't know, you should just ask and that is the way it is; people are not afraid of asking if they don't know the answer, there is no shame in asking. F4

I remember that [a colleague on the board] came to me and said "X, I think it is really great that you have the courage to ask questions, you are not like

some other people that don't have the courage to ask" – so you should ask, not all the time though, you do have to pick and choose a bit. F2

And perhaps most importantly the value of questions for management preparation and decision making was elaborated on.

You should ask critical questions and challenge managers, and make them justify things to themselves. And I think I do contribute in that way. F5

You know, I keep an eye on this, so they [the management] should know, they should expect this question from me, because I always ask it, which means that they will have to be prepared. F2

One of the interviewees provided the insight that the willingness or motivation to question might be a gender-related thing.

Well, because men tend to be more eager to make statements, I don't know how to describe it, they act as if they have the complete view. While the women sort of work their way towards the information – the men make the statements, they claim they know things for a fact right from the start and then perhaps back off if there is a need to support their statements, while women sort of come from the other side and work their way towards the statement by questioning. F2

Related to the theme of questioning, one interviewee thought she made a substantial contribution by bringing a different perspective to the board.

I think I bring different points of view, different from the boys. I ask about different subjects I think. They are very focused on the financials – I'm more oriented towards a marketing perspective and the consumer's point of view – I think I bring – perhaps a more simplified view. F5

5.1.6. Assessing contributions

Another way of gaining an understanding of the role interpretation of individual board members was to ask them about how they assessed their contribution and how they knew they were being successful on the board. Again both differences and similarities appeared.

Both males and females noted that it was some sense of internal feeling of being content.

> *I think it is a certain inner feeling that you sense; are you content or discontent [with your work] and that is something you ask yourself and find within. M2*

> *You have this feeling; I should be here and they know I should be here…These are just some human factors you just feel it. F2*

> *I'm always content, I don't do more than I am capable of and I do everything that I possibly can. M4*

> *If you sense you are bringing different perspectives and those perspectives are valued. F5*

There was, however, an interesting difference in the sense that the males more often related their successfulness to how the company was doing financially.

> *And that the financial returns are such that the shareholders are content with having their money tied up in this operation. So it's the operational returns that men are always demanding. M1*

> *Of course you have financial goals so you can see it black on white what is happening. M2*

> *At the end of the day it's of course how the company is doing, if the share prices are going up or down, if we are achieving the goals the company is setting…But at the end of the day it is of course just the bottom line, the EBITA or the profit. M3*

Whereas the females mainly spoke of the feedback they got from people around them, for instance from their fellow board members or large owners.

> *Well, if we start by (company A), I sort of assess it by what I hear from people around me; I have heard people expressing their appreciation of how the company has changed for the better.   F1*

You feel how they [other board members] react to you, that they talk to you and want your opinion; I think you just start to feel that. F2

If you know that you have an impact on certain things on the board…. That they [the board members] listen when I talk. If I have not commented on an issue they ask and want to know what I think. And in conversation, they thank you for your input. F3

Success was also related by females to how well you could interact with fellow board members.

Success is whether you manage to work with the people around you, I think that must be it. F4

In addition to measuring success by positive feedback, the importance of credibility and being valued was often mentioned. This will be elaborated on more in a subsequent section on acquiring respect and credibility.

5.2. Relationships

In order to understand role interpretation on a deeper level, interviewees were asked to describe their relationships with other board members and elaborate on communication outside the boardroom. An interesting pattern of differences between males and females emerged.

Males and females seemed to talk about relationships from quite different perspectives. Although having good relationships with members of the board was seen as being important and of value by both males and females, the males stressed and acknowledged the importance of having a good relationship with other board members to a much greater extent than the females did, and went into substantially more depth in describing the importance of relationships.

The way females spoke about relationships on the board indicated that the level of interaction with other board members (most often all males) was at a minimum level.

There basically are none [interactions between board meetings] unless there is an issue that needs attention, maybe a phone call or two. F1

I'm on good terms with [two of the board members] but that relationship is limited to the board meetings. F3

The interactions were more often than not described as "a good working relationship", friendly, but there seemed to be very little interaction on issues other than those "needed to be discussed".

[In general] the interactions are friendly but formal. F1

He [the chairman] is a very formal person, and we have a very professional relationship. F3

I interact mostly with one of the board members, because he is a colleague of mine and we work together, so that goes without saying. F4

Although the importance of relationships was acknowledged by some of the females, in general they did not elaborate on it to a great extent. One female board member who acknowledged the importance of board members knowing each other well explicitly stated that this needed to be actively worked on.

Yes I think it [building a relationship] matters a great deal. And I think it is important to have board meetings that go on for more than one day. People have different backgrounds and they don't know each other and you need to build a team, and then it's quite important that you know these people a bit so you can interact with them…If you are comfortable in a group you are more likely to speak up and bring your ideas forward. F5

A certain level of reluctance to relationship forming was even mentioned by one of the female interviewees.

I think a good relationship is preferable, but only up to a certain extent, it shouldn't be too much. F2

But some females noted that they were aware of more interactions between the male board members.

> *I do know, however, that they [two other board members] are active between meetings and keep in touch. F3*

As already mentioned, the males elaborated substantially more on the relationship factor and its importance, and reported having a much more intense and deeper relationship with their fellow board members.

> *I think it does matter that men know one another, they're not simply sitting there with a straight back and a straight tie but that they can share social moments together, and I think it matters a great deal. Then you simply get to know people better and can talk about something different from the company, just current events, so I think it is always beneficial that men have a good personal contact. Even though they might have different interests at stake, it's just good to know one another. M1*

> *The culture of the company is such that people speak what is on their mind, there are no laws that men should agree about everything, but I for one emphasise informal communication, not having things very formal...I think it is extremely important to keep informally in touch and that people are sort of linked to a common goal and a common vision...of course you have situations of conflicting interests, different visions and all...and it can lead to a dispute or something, but there is a much lower chance of that happening if you are in good informal contact...we speak amongst each other several times a week and keep an eye on things and all matters are discussed, it's as simple as that. M2*

> *Yes they [informal relationships] do [make a difference], very much so, if you didn't have them – well it's the forum that creates the drive, sometimes you need to discuss matters through somewhere else. M5*

> *Well at first when a board is formed, some people know each other but not all of them do, and then people start working together and the cooperation naturally depends on the personal chemistry. Let's say things go well, then the board will be stronger the more people know each other, and you can have more dynamics when people have developed trust. M3*

> *Yes, yes, it is so important to know how people will react. M4*

One interviewee was particularly vocal on how much it mattered to be in the "in group", to be able to have an effect on how things would evolve.

> *Often times [informal] subgroups are formed...so it's often a relatively tight nucleus within the board, particularly if the boards are large, that really makes the big decisions and prepares them prior to board meetings. ... If you belong to this group making the big decisions you'll have a great deal of interaction, and those are informal, on the phone, you could have [informal] meetings in the evening or at weekends or something, where you go through things and set the course for how things should be played out and all. So it's going to depend quite a bit on what position you have whether your views are considered valid – whether you are in the group that is really pushing things forward. M5*

5.3. Trust

The male's discussion about relationships with other board members often revealed the issues and importance of trust – trust among the members of the board, trusting management etc.

> *You could say that the shareholder group in (Company A), they know each other, they have been in on other investments before, so they trust one another, you are just looking out for mutual interests there. I'm not saying that the interests in (Company B) are incompatible, not at all, but maybe the investors there have a more diverse background. Men might just need to get to know each other better. M1*

> *If you are going to have space to be successful there has got to be trust amongst individuals, otherwise all the energy goes into the tension. There is nothing as de-motivating as tension, I have experienced this…when there were great tensions between men and interests and it is so very de-motivating – it inhibited growth and there was a certain level of stagnation. M1*

> *Yes it [trust] is absolutely a fundamental. And of course in this group men have worked together for a long time so I think in the management team that we have there is a substantial part that has been there for a long time and we know each other well, and you have to trust these people you're working with, its all about that. M2*

Just in communicating, people get to know one another, and then you have a situation and people react in a certain manner and you perhaps see what kind of character the person displays…It's sort of a part of game theory, you just know what the reaction will be, if you play a card you know what the reaction will be. M3

When interviewees brought up the issue of trust they were probed for their definition. The definitions most often reflected something that was built up over time and, in line with the preceding quote, stating a certain level of predictability of behaviour.

Trust is of course a subjective term, you sense quickly that trust is not something you go and buy, trust is something you acquire. It means that you are a man of your word, you don't do one thing today and another thing tomorrow, you show that you are a solid character in the tasks you embark upon…. It takes a long time to acquire but you can lose it in one instant, it's just very important to have a certain level of trust. M1

Speaking of trust, as important as it is, it's also very fragile and when you go on a venture, just by my experience, you have to think very thoroughly when you have a lot at stake, who is with you in the boat, and how they are likely to react to different circumstances. M5

It [trust] is something that takes a long time to build but you also need very little to ruin it. I think it is, sort of, something that is or isn't there, at the end of the day. It's as simple as that. M2

It's probably because he [the chairman] knows how I work and how I think, and he thinks there is value in that. I just have to believe that. M4

The female interviewees spoke quite differently about trust. Again, their conversation was not very rich on the issue of relationship, and therefore their conversation about trust did not usually develop from the discussion of relationships. They rather went into discussing the trust issue when they were taking about their contributions on the board. In contrast to the males' comments about the importance of trust in general and building a level of trust amongst board members, the females talked about how important it was that they as individuals were trusted and respected as board members.

Of course you can assess whether you are respected, if you are respected then you are listened to and seen as credible. F5

I try to ask questions rather than make straight comments; these are the things you try to do in order not to startle people, so it's just a matter of how you approach things. F4

If you feel that you are credible and the people that work with you believe in you, that the creditors are behind you, the board is behind you and that the shareholder is content. F6

But in the same manner as male interviewees described trust as a certain level of predictability in behaviour, one of the female interviewees described how she gained other board members' trust precisely by behaving in a consistently predictable manner.

In order to build credibility you need to show consistency in behaviour, I would say, so people know where you are coming from and know what type of person you are…. You try to be honest in your comments and feedback so when it comes to the board meeting the other individual can predict how you will react…it's just the sort of …you need to build that trust with each individual and you do it by being consistent. F2

Interestingly, one of the interviewees talked about her being respected on the board without really knowing why.

I do feel that for one reason or another, without really understanding it well, that I have a great level of respect among the board members. F1

Being credible and respected was, by the female interviewees, often linked to being well prepared for board meetings – something not mentioned at all by the male interviewees.

All the material is sent well in advance so you must show up really well prepared to board meetings. F3

We get the material in advance so I make a point of reading and preparing and marking the items I want to ask about. F4

I keep very alert and try to prepare well for all the meetings. They [the CEO's] make a point of being prepared, and we are responsible for reading and being prepared, so I have made up my mind on the issues that we will be discussing and I try to get my point across and participate. People will listen to you if they hear that you have analysed the issue, so it is in my opinion most important. If I ever showed up unprepared I would feel that I would have a much more difficult time participating. F2

We have got a very good orientation within the company which is essential preparation. F5

6. Conclusions and discussion

Before starting the project I have to admit that I was expecting to find some level of differences between male and female role interpretation – what types of difference I was not entirely sure about. In line with Konrad & Kramer (2006) I was perhaps anticipating that females would adopt a more stakeholder oriented view and men perhaps more of an agency view. The findings however revealed differences not only of role interpretation but also differences of how males and females use relationships on the board, and how they talk about the issue of trust.

As indicated in the literature review. the bulk of the research on the role of the board has been directed to the alternative views of agency, stakeholder and stewardship roles. In line with Roberts et al. (2005) and Pye & Pettigrew (2005), the findings of this study indicate that the board role is substantially more complex than that. The findings support the view that going beyond the traditional theoretical framework is necessary and that searching for theoretical pluralism and having a greater understanding of board processes and dynamics is needed in order to fully understand the workings of corporate boards.

The role females on board have adapted has been associated with bringing a wider perspective (Bilimoria & Huse, 1997; McGregor, 2003) and promoting the interests of a wider pool of stakeholders (Konrad & Kramer, 2006). The findings of this study do not seem to support this view. Both males and females considered bringing a different perspective as an important contribution, both parties explicitly stated shareholders as their number one priority, while looking out for other stakeholder was also seen as important by both males and females. Additionally, in line with stewardship theory both male and females saw the advising and consulting role as important. Hence, males and females alike were found to adopt an agency role at the same time as adopting stewardship and stakeholder roles. This implies that board members in general seem to be embracing the paradoxical role of challenging and supporting (Roberts et al., 2005).

The findings do, however, not at all imply that the female board members have adopted and assimilated to male-like behaviour as reported by Bardshaw & Wicks (2000). On the contrary, the substantial differences in role interpretation indicated in the study suggest there is a need to look beyond the agency, stewardship and stakeholder views as suggested by Roberts et al. (2005) and Pye & Pettigrew (2005).

Supporting findings of increased board involvement in strategy (Henke, 1986; McNulty & Pettigrew, 1999; Stiles, 2001), male board members in this study reported a high level of strategic input to the boards on which they served; the females, however, did not. Furthermore, the males reported having in input on a very wide and general level, whereas the females interpreted their role as bringing specific input based on specific knowledge and skills. This characteristic of contrasting role interpretations by males and females has not been reported in any studies found by the author.

While the males reported to engage more in strategy, females elaborated more on the highly valuable roles of questioning, pushing for better preparation of management and improved decision making (McNulty & Pettigrew, 1999), a contribution that has also been reported by Bilimoria & Huse (1997), Huse & Solberg (2006) and Konrad & Kramer (2006). A further contribution by females, identified earlier by Huse & Solberg (2006) and Konrad & Kramer (2006), is that of facilitating a comfortable atmosphere in the boardroom. This study supported these findings and indicated that contribution by facilitating a comfortable atmosphere is very much a "female type" of contribution, since the males did not at all elaborate on a contribution of this sort.

Although both males and females reported having a role as a sounding board – identified as another highly valuable role by McNulty & Pettigrew (1999) – interestingly females seemed to interpret and conduct a supporting role to a much deeper level than the males did. Why they adopt this role is not clear from the

findings of the study, but perhaps it is an indication that they tend to serve auxiliary functions in the governance structure rather than being in the limelight.

Although the females in this study do not talk about the masculine nature of the boardroom or having to confront or conform to the masculine hegemony (Bilimoria & Huse, 1997; Bradshaw & Wicks, 2000), there are indications that women are in fact largely left out of the power arenas.

While the female interviewees did not explicitly acknowledge the importance of alliances and inclusion found in previous studies (Zelechowski & Bilimoria, 2003; Huse & Solberg, 2006), they are very vocal about the importance of gaining respect, being listened to and acquiring a certain level of trust. The emphasis they put on the importance of preparation, previously reported as a female contribution by; Bilimoria & Huse (1997), Zelechowski & Billimoria (2003), Huse & Solberg (2006), but not at all indicated by male interviewees, can be related in general to their efforts to be accepted and appreciated as valuable board members. The same goes for assessing contribution by the nature of feedback the females received, as opposed to the male view of accepting credit for corporate results. This indicates that the issue of being accepted and acknowledged as an individual contributor on the board, something that seems to go without saying for men, has to be worked at and earned by women.

This very factor, a notion of having to earn credibility and justify their board presence, might shed light on the differences in role interpretation by males and females.   The reason the females interpreted their role and contribution in terms of specific knowledge and skills might precisely be a way of justifying their presence by specific or "tangible" factors.

As social capital has previously been found to have positive effects on impact (Westphal & Milton, 2000; Pye, 2004), the fact that the females failed to acknowledge the importance of informal relationships and failed (whether by

neglecting or not being invited) to participate in such interactions, largely excludes them from the actual network of power and decision making loops.

The fact that females have to struggle for respect and do not participate in power networks provides a reason to question the actual effectiveness of the contributions that they make. Perhaps they succeed in giving support and making the atmosphere more comfortable, but one cannot help but wonder whether these might only be seen as trivial contributions in the context of the business tasks the company is confronting.

When, however, it comes to higher impact contributions like questioning and probing for better results the case might be different. If board members making that type of contribution are not considered members of the "in group" the impact of that contribution is probably not going to be high.

As elaborated on by one of the male interviewees, your impact and contribution will very much depend on whether you are part of the informal discussions of those holding the actual power, and that goes for both males and females. Since the females are generally not part of the informal network, their contributions are less likely to have an impact. The way I interpret it, it is not a matter of inclusion at the board level as that discussed by Zelechowski & Bilimoria (2003). On the contrary, the females interviewed worked very hard at being respected and listened to at the board meetings, and there was no indication in the findings that they felt they were not being successful at doing that. It is rather the issue of being a part of the actual power cluster and perhaps engaging in informal relationships in order to make alliances to such parties (Huse & Solberg, 2006).

In an ideal world, the important contribution of pushing for better preparation of management and improved decision making would be a highly valuable ingredient of improving board performance. The actual world and the context in which boards work is, however, much more complex, and informal relationships and politics play a

huge role. Therefore, the potential contributions of individuals not connected with the power clusters are less likely to be realised. This is most likely the case for both males and females – it just so happens that women are more often positioned in the 'out-group'. Identifying this hindrance to valuable contributions might, in part, be a way of explaining why, despite theorising about the many potentially valuable contributions brought to corporate boards by female directors, demonstrating a link between improved performance and a greater number of women on boards has not proved fruitful.

In her study of top female executives, Marshall (1984) drew attention to the gendered culture, i.e. the business world being primarily masculine, and concluded that women in business are "travellers in a male world" that was not designed by, nor for, them. Tied in with this issue is the fact that both male and female managers have been found to have a tendency to display stereotypical masculine personality characteristics, and that being similar to those already in the majority or in positions of power is likely to affect one's career favourably (Kanter, 1977; Elmuti et al., 2003). Pulling together the female view of the importance of specific knowledge and skills, gaining credibility by high levels of preparation and their failure to connect to other board members on an informal level, then contrasting that to the male view of the importance of general knowledge, insight, informal relationships and trust, might be an indication that women have somehow got it wrong. Their efforts to be included and accepted in the male dominated board environment seem to assume that the "rules of the (business) game" are based on objectivity, rationality and hard fact knowledge (attributes often associated with male-like behaviour), when they in fact seem to be highly subjective, social and emotional.

7. Proposal for further research

This study has provided interesting and valuable insights into the role interpretation of male and female non-executives. Many questions, however, remain to be answered. Among those are issues such as further exploration into why female directors refrain from adopting a strategic role on the board but rather attribute their contribution to specific knowledge and skills. Even more puzzling is their tendency to take on a supporting role for a particular person such as the chairman or the CEO.

This study, although aiming to control for some contextual factors such as company size and country of origin, and particularly focusing on the gender context, leaves out several other contextual factors such as the nature of the business, industry, corporate lifecycle, nature and composition of shareholders, and perhaps more critically the context of individual board member appointments and their relationships to other board members, shareholders or stakeholders. For instance, the findings of this study have indicated that the nature of relationships with large shareholders did have an impact on role interpretation.

Expanding this study on to Project 3 provides several options. At this point, I feel that I have somewhat saturated the views of the female interviewees, in addition to having somewhat exhausted the female samples available. I therefore would be more interested in adding more male interviewees from the focal boards and other boards of major Icelandic companies in order to elicit a better understanding of the contextual factors driving role interpretation and claimed contributions, as well as deepening the understanding of relationships and trust.

After conducting and analysing the findings of the empirical study for this paper, I have moved from the opinion that I need to study individuals from the same board. Since I am looking at individual role interpretation and contribution, not board dynamics or collective board behaviour, it is not really important to have matching pairs of, for instance, males and females from the same board. What does matter is

that the interviewees come from boards of major Icelandic companies (the defined macro context), and that an eye is kept on contextual factors in the research process.

APPENDIX 1 – INTERVIEW SCHEDULE - <u>PROJECT 2</u>

The interviewees will be asked to keep a particular focal board in mind in the discussion. However they are encouraged to compare and contrast their experience to other boards they currently serve, or have recently served, on.

Can you tell me about other boards you sit on?

Geturðu í örstuttu máli sagt mér frá þeim stjórnum sem þú situr í

How long have you served on this particular board?

Hversu lengi hefur þú setið í þessari stjórn

Why were YOU asked to serve on this particular board?

(probe for evidence of particular qualifications or insight, social capital etc.)

Hvernig kom það til að þú varst beðinn að taka sæti í þessari stjórn?

How would you describe your role or purpose as a board member on this board?

Hvernig myndirðu lýsa (túlka) hlutverki þínu og markmiðum sem stjórnarmaður í þessari stjórn?

o   Is it similar or different to roles you have on other boards?

o   **Er það líkt eða ólíkt hlutverki þínu í öðrum stjórnum?**

o   What do you do to fulfil that role?

o   **Hvað gerir þú til að uppfylla þetta hlutverk?**

Can you describe how you would behave and interact in a typical board meeting?

Geturðu lýst fyrir mér hvernig þú beitir þér á týpískum stjórnarfundi

o   Are there some issues that you usually comment on more than others? Why? Can you give me examples?

o   **Eru einhver ákveðin málefni sem þú tjáir þig um frekar en önnur – hvers vegan, geturðu gefið mér dæmi?**

o   What sort of behaviour or tactic is most effective for you to get your points across?

o   **Hvernig myndirðu lýsa þeim aðferðum sem þú beitir við að koma sjónarmiðum þínum á framfæri**

o   Would you say that your influencing strategy is the same as that of other board members, or is it different? How? Why?

o   **Beitirðu svipuðum aðferðum og aðrir stjórnarmenn?**

o   How do you know if you are being effective in your role?

o   **Hvernig veistu hvort þú ert að ná árangri sem stjórnarmaður?**

o   Do you feel that your behaviour, interactions or contributions have changed over the time you have served on the board? Why? How?

o   **Finnst þér þátttaka þín og framlag hafa breyst yfir þann tíma sem þú hefur setið í þessari stjórn – hvernig og hvers vegna?**

To whom or to what do you feel accountable as a director? Why?

Gagnvart hverjum finnst þér þú first og fremst ábyrgur sem stjórnarmaður?

Can you describe your relationships with other board members?

Geturðu lýst samskiptum þínum við aðra stjórnarmenn – eru þau mikil eða lítil utan funda?

o   Did you know any of them prior to your appointment to the board?

o   **Þekktirðu einhverja þeirra áður en þú settist í þessa stjórn**

o   Have you developed your relationship with some board members more than others? Why?

What have you gained from serving on this board?

Hver er þinn persónulegi ávinningur af því að sitja í stjórninni/(um)?

What do you think is your greatest contribution to this board?

Hvert telurðu vera þitt helsta framlag sem stjórnarmaður í þessari stjórn?

CHAPTER V - PROJECT 3: AN EXPLORATORY STUDY OF THE EFFECT OF GENDER DEMOGRAPHICS ON ROLE INTERPRETATION

An exploratory study of the effect of gender demographics on non-executives' individual role interpretation and contribution of female directors

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DBA 04-10
June 2009

1. Introduction

This study constitutes Project 3 of the Cranfield DBA. The study aims to explore the effect of board gender demography on male and female board members' interpretations of the non-executive role and how board gender demography impacts on female non-executive directors' contributions. In a previous study on individual non-executive role interpretation conducted for this DBA, referred to in this project as Project 2, female non-executive directors serving on male dominated boards of large Icelandic companies were found to differ from their male counterparts in that female non-executives were found to be more likely to attribute their contributions to specific knowledge and skills, adopting auxiliary functions within the board, and emphasising challenging questions. However, due to the females' lack of informal relationships, considered to be of vital importance by their male counterparts, and an assumed status of lower authority than that of the males, it was concluded that the valuable contributions of females might not be realised.   Table 22 summarises the findings from Project 2.

	FEMALES	MALES	
Basic role interpretation	looking out for shareholder interests (agency) looking out for interests of other stakeholders (stakeholder) advising and supporting (stewardship)		similarities
Nature of contribution	specific / expert probing / questioning facilitating a good atmosphere	general / strategic	differences
Reaffirmation	feedback	business results	differences
Authority	uncertain	taken for granted	differences
Relationships	lacking	essential	differences
Trust	important to gain trust	the key ingredient	differences

Table 22: Summary of results from Project 2.

In the two years since the interviews for Project 2 were conducted, there have been substantial changes in context. The economy has suffered a severe downturn, resulting in the collapse of a few large companies. These were subsequently reconstructed and their entire boards changed, resulting in a much higher female representation than ever seen before on boards of companies of similar size and significance.   This study aims to explore the effects of this extreme gender demographic context shift on role interpretation of non-executives and its impact on the contributions of female non-executive directors. Furthermore it seeks to bring together three sets of literature; the literature on the non-executive role, the literature on board behaviours and dynamics, and the literature on females on corporate boards.

2. Literature review

In this literature review I will commence by giving the trends and current status of board research, followed by an examination of the literature on board roles, board culture, board improvement efforts and board dynamics. I will then briefly review contextual issues and finally report on the literature on females on boards.

2.1. Focus of board research

Despite the interest and emphasis on corporate governance reforms in the last decade, surprisingly little is understood about actual board behaviour and the effect of individual board members on board dynamics and culture (Pettigrew, 1992; Huse, 1998; Daily et al., 2003; Zelechowski & Bilimoria, 2004). The research tradition on boards has developed around board structures and the effects of reforms such as increasing the level of non-executives and separating the chairman and CEO roles in order that board can fulfil its agency based control role. Research has primarily relied on proxies, looking at board size, board composition (executives vs non-executives), leadership structure (combined/separated chairman/CEO role) and, in some instances, demographics, and relating those to financial performance (Zahra & Pearce, 1989; Johnson et al., 1996; Johnson et al., 1996). Studies have also been done on the relationship between compliance with corporate governance provisions and financial performance (Gompers et al., 2003; Laing & Weir, 1999; Daily et al., 2003), and relating board composition or demographics to compliance with corporate governance provisions (Singh & Vinnicombe, 2003). Results have revealed largely inconsistent findings (Dalton et al., 1999; Dalton et al., 1998). Great inferential leaps have been made from input variables such as board performance with no direct evidence on the processes and mechanisms which presumably link the inputs to the outputs (Pettigrew, 1992). Phrases like "Board research at a cross roads" (Daily et al., 2003) and "The coming revolution in corporate governance" (Leblanc, 2004a) are common in contemporary board literature. This has called for a string of qualitative research focusing on what boards or board members actually do rather than what they look like (e.g. Finkelstein & Mooney, 2003).

2.2. Roles of the board and its directors

Research on actual board activities has been increasing in the last decade. A good deal of this research is centred around the role of the board, and the context effect on the role of the non-executive directors. This type of board research is largely rooted in board role theories such as agency theory (Fama & Jensen, 1983), stewardship theory (Davis et al., 1997) and resource dependence theory (Pfeffer & Salancik, 1978). Although no definitive conclusion can be drawn from research on the role of the board and its directors, it can be inferred that boards are becoming more active and more aware of their responsibilities (Pye, 2000; Pettigrew & McNulty, 1995). Much of the nature of the board's role is becoming clearer and the paradoxes of being close enough to give valuable guidance and counsel, yet distant enough to provide sound assessment and evaluation, have been given attention (e.g. Demb & Neubauer, 1992a; Roberts et al., 2005). While early studies emphasised the non-executive's distinct roles of controlling, serving and advising (e.g. Zahra & Pearce, 1989), later studies have stressed the importance of embracing the paradox that implicitly lies in the demands of the different roles (Roberts et al., 2005). Whilst independence, i.e. the capability to see things objectively and to foster openness, is seen as important, distinguishing the tasks and responsibilities of board members into the three conventional roles of serving, controlling and boundary spanning is considered less important (Stiles, 2001). Ultimately, involvement in strategy is found to lead to better developed, better thought out strategies which can be attributed to increased levels of discussion, scrutinising and questioning by the board (e.g. McNulty & Pettigrew, 1999; Siciliano, 2005).

2.3. Traditional board culture

Traditionally research has demonstrated that boards have been relatively inactive. Mace (1972, 1973) concluded that in theory the main roles of the board were: advisory to the president; providing discipline; and taking action in crisis, but in reality directors rarely had time for analysis and discerning questions were commonly regarded as unwelcome. Lorsch & MacIver (1989) found boardroom culture to generally discourage directors from openly questioning and challenging

CEO performance or proposals. Directors were found to lack a forum for discussion, and the reluctance to violate group norms created a potential for the delay in detecting problems or an upcoming crisis.   All too frequently the norms of delicate behaviours and taboos seemed to paralyse the board's abilities to act. Only when these norms were overcome was the board ready to deal with the crisis at hand Lorsch & MacIver (1989).   Hill (1995) found that consensus was the norm of executive groupings, and even though differences in opinion or perspective existed, they were rarely addressed within the boardroom.   The importance of board members being compatible with the board and working together on a consensual basis with collective responsibility was commonly stressed.

Although boards, corporations and their environment and contexts have undergone much change since the 1970s (e.g. Westphal & Milton, 2000) the reality of boardrooms described by Mace (1971) and Lorsch & MacIver (1989) still seems to hold to some extent (e.g. Nadler et al., 2006; Hambrick et al., 1996). The traditional culture of a board is represented by factors such as status and social recognition, closeness, membership and loyalty to the CEO. According to Nadler et al. (2006), the survival mantra was to show up, get along with colleagues and refrain from asking exposing questions. The culture of an actively engaged board, they claimed, is a very different one, being one that fosters openness, independence, integrity, accountability, action orientation as well as mutual trust and respect (Nadler et al., 2006).

2.4. Improvement efforts
Despite countless attempts aimed at improving boards by structural methods, there are many that claim those efforts are useless. Sonnenfeld (2002) dismisses ideas of rules, regulations and structural board improvements to improve the effectiveness of a board. The essence of effective boards, he claims, lies in the human factor and how people work together. Great boards are those with a climate of trust and candour, those who foster a culture of open discussion, and encourage board members to look at issues from alternative perspectives (Sonnenfeld 2002). Rules and regulations

have been driving organisations to make structural changes, but that does not imply that significant improvements in their informal systems have been made. Boards are therefore following rules and regulations with a compliance mindset. Many researchers share this view (Finkelstein & Mooney, 2003; Leblanc, 2004a; Letendre, 2004; Murphy & McIntyre, 2007) and claim that governance research must look beyond the usual suspects (e.g. size, composition, leadership structure etc.) in order to explain board effectiveness (Finkelstein & Mooney, 2003). Non-executive effectiveness is, in many ways, largely shaped by the board culture, according to Pye (2001b). Furthermore, boards must ensure that individual members are held accountable and that they share information with other board members. Finally they should constantly engage in evaluation of the board's own performance, for instance in terms of quality of discussion, credibility of reports, use of constructive professional conflict, interpersonal cohesion and level of knowledge (Sonnenfeld, 2002).

Although empirical research is scarce, there have been a number of theoretical papers on the issue and a few qualitative studies examining the factors that make boards effective. In general, board efficiency can be attributed to two main factors, each consisting of a number of sub factors: the quality and traits of the individual board members on the one hand and the effectiveness or functionality of board processes and interactions on the other (e.g. Finkelstein & Mooney, 2003; Murphy & McIntyre, 2007). Recommendations of theoretical and empirical papers are summarised below.

2.4.1. Quality of individuals

The required qualities of individual board members are adequate knowledge and skills, including complementary personal traits and abilities, independence of mind and an appropriate level of diversity.

Theoretical papers have pointed out that effective corporate governance depends on the **quality of the individuals** (Finkelstein & Mooney, 2003) and careful selection of board members (Cascio, 2004). Letendre (2004) claims that the crucial factor in

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healthy and constructive boardroom dynamics is independent, intrepid, informed, and diverse directors willing to speak up when concerned or in doubt and willing to challenge each others' and management's assumptions. A review by Murphy & McIntyre (2007) suggested that teams should strive to have highly conscientious, agreeable, and open people, while valuing diversity in extroversion and emotional stability. In addition analytical and synthesising skills as well as personality traits have been considered as important (Murphy & McIntyre, 2007).

The few empirical studies on board processes have supported these views. Relative **expertise and experience** of non-executives and the **skill and insight** of the non-executive of knowing when and how to intervene have been found to be an important factor in attaining power and influence on the board (Pettigrew & McNulty, 1995), and decision making processes are greatly influenced by the behavioural characteristics of individual directors (Leblanc & Gilles, 2005). The actual depth and breadth of directors' knowledge as well as their ability to analyse and synthesise information has, in an extensive qualitative study of Canadian board members, been found to be one of the key features of successful boards (Maharaj, 2008b).

A crucial attribute of an effective board member is to possess the **ability to make independent decisions,** or what Leblanc (2004a) calls: "the independence of judgement". In addition to independence of mind, competencies and behaviours need to be emphasised as opposed to the "regulatory" independence of the non-executives. In order to be effective, boards must ensure that their directors are held accountable as individuals (Sonnenfeld 2002) and that they possess independence of mind, and a certain level of competence and behavioural characteristics (Letendre, 2004; Leblanc & Gilles, 2005; Maharaj, 2008b).

Finally **diversity**, defined as a wide variety of human and social capital, experiences and values, has been shown to have a positive effect on boardroom dynamics (van der Walt & Ingley, 2003). Increased diversity can lead to a broader perspective on issues, richer sources of innovative ideas, broader levels of wisdom and increased

discussions that in turn would lead to better decision making (van der Walt & Ingley, 2003; Letendre, 2004; Murphy & McIntyre, 2007). Although in some cases diversity has been associated with lower performance, it can be mitigated by the group sharing a common goal (Murphy & McIntyre, 2007).

2.4.2. Functionality of board processes

A number of factors have been defined as essentials of a functional board process. Among the most widely cited are: asking challenging questions, open discussion and active debate, appropriate levels of involvement, sufficient access to information, a shared goal, and the means for assessment and feedback (McNulty & Pettigrew, 1999; Finkelstein & Mooney, 2003; Roberts et al., 2005).

Asking challenging questions has been defined as one of the key roles of boards (McNulty & Pettigrew, 1999; Finkelstein & Mooney, 2003; Roberts et al., 2005; Maharaj, 2008a).   Asking informed but challenging questions phrased in the appropriate context, i.e. to probe for "what is being done?", "why?" and "how does that affect so and so?", can play a vital part in improving overall company performance (Roberts et al., 2005).

In order to reach the stage of challenging questioning, the board needs to foster **open discussion, candour and constructive debate** (e.g. Lorsch & MacIver, 1989; Sonnenfeld 2002; Rindova, 1999; Roberts, 2002; Finkelstein & Mooney, 2003; Roberts et al., 2005; Siciliano, 2005; Nadler et al., 2006). Furthermore, the level of participation among board members at board meetings has been found to reduce the negative effects of groupthink, and to foster fluent transmission channels, independent thinking, the gathering and sharing of information, asking tough questions and questioning each other (Maharaj, 2008a). According to the literature on group effectiveness, the degree of task conflict can play an important part in carrying out various roles; task conflict has been associated with higher group efficiency (Murphy & McIntyre, 2007).   The potential of conducting periodical executive sessions without the CEO has been suggested by Nadler et al. (2006). The

value of such meetings was seen as the opportunity to air and discuss concerns openly in a less tense atmosphere, opening up the possibility of detecting problems early enough to take essential or preventative action (Nadler et al., 2006).

Another key issue for effective board performance has been defined as **"finding the appropriate level of engagement**"; establishing the parameters of the board's role and that of management (Nadler et al., 2006), as well as the appropriate level of strategic involvement (Finkelstein & Mooney, 2003).

An important part of a boards' effectiveness is **adequate access to information** (Demb & Neubauer, 1992a; Letendre, 2004; Leblanc 2004a) and adequate systems that can effectively deliver information for effective decision making (Aram & Cowen, 1986). Nadler et al. (2006) claimed that the problem seemed to be that boards tended to get too much data but too little information. The effectiveness of non-executives has been defined in terms of their relative power established within a relationship, i.e. if they lack access to information or understanding of the nature of items on the corporate agenda, they cannot be expected to deliver maximum effectiveness. Despite the will and skill of non-executives, they can be considerably more, or less, effective depending on the boardroom culture (Pye, 2001b).

Emphasising that the board **works together as a team with a common goal** has been defined as an important part of board efficiency (Finkelstein & Mooney, 2003; Aram & Cowen, 1986). A common goal can also counteract the negative effects of diversity and facilitate the constructive discussion of various views, and is positively linked to group performance (Murphy & McIntyre, 2007). Teams with high cooperative goals (mutually agreed upon goals) tend to discuss their opposing views open-mindedly and constructively, which in turn, develops confidence in the group dynamics that leads to effective team performance. But the limited research that has been performed suggests that directors themselves have differing and sometimes ill-defined views of their roles (Murphy & McIntyre, 2007).

Finally, engaging in a **feedback process and an evaluation** of the board's own performance, for instance in terms of quality of discussion, credibility of reports, use of constructive professional conflict, interpersonal cohesion and level of knowledge, has been associated with improved board performance (Sonnenfeld, 2002; Cascio, 2004; van der Walt & Ingley, 2002; Nadler et,al., 2006). In addition it is important for such reviews that directors have a clear sense of what is expected of them (Murphy & McIntyre, 2007).

According to Leblanc & Gilles (2005), the essence of successful boards lies in the nature of how people on the board relate to each other, participate in discussion and reach decisions that will be affected by people's individual views, prejudices, behavioural patterns and cultural background.   The authors propose a model of board efficiency that is composed of board structure, board membership and board processes. **Board membership** can be seen as the "**competencies of individual directors**", whereas **board processes** are defined as: **"the manners in which board organizes to, and actually does, make decisions"** (Leblanc & Gilles, 2005:138). In the authors' opinion, effective directors must possess independence of mind, and a certain level of competence and behavioural characteristics.

In contrast, dysfunctional boards have been found to have detached, aloof directors who were lacking information in the conception stages of the crisis. The failing board put all its trust and confidence in management and demonstrated high levels of groupthink (Mellahi, 2005).

2.5. Board Culture and Dynamics

Culture, behaviour and dynamics are formed by the interactions between individual board members and the collective experience of the board as a group. The board represents a group as a decision maker at the apex of corporations (Bainbridge, 2002). Boards are composed of individuals whose characteristics include capabilities and personalities that influence board dynamics (Leblanc & Gilles, 2005; Pye, 2004). Individual board members, however, have a tendency to define themselves as

individuals rather than as part of a united body (Alderfer, 1986), but that does not change the fact that, in order to be effective, those individuals do need to relate to each other and as such are a social entity (Hill, 1995). In order for groups to make good decisions, they must not only be people equipped with knowledge, insight and diverse opinions, but also with the processes that actively promote the expression of diverse opinions (Atkinson & Atkinson, 2006).

Non-executive effectiveness is in many ways shaped by the board culture (Pye, 2001b). Having had a tradition of being relatively inactive (Smith, 1958; Mace, 1971), boards have to a greater extent been empowered in recent times e.g. (Lorsch, 1995; Pye, 2000). Boards that traditionally were CEO controlled seem to be in a somewhat transitional phase, as indicated by Pettigrew & McNulty (1995), who defined both minimalist and maximalist boards, depending on the level of CEO/board interaction. Involvement is a prerequisite for empowerment, which in turn calls for higher levels of interaction and integration. However, more needs to be understood in terms of board relationships, interactions, teamwork and decision making, and further research in the field has repeatedly be called for (e.g. Sonnenfeld, 2002; Finkelstein & Mooney, 2003; Letendre, 2004; Leblanc, 2004a).

Nicholson & Kiel (2004) propose a model that conceptualises the board as a social phenomenon. The model is based on the premises that an effective board will have an effective fit between its intellectual capital and the role required of it based on contextual input variables. The model seeks to explain how a board's intellectual capital influences board behaviours and how this behaviour is ultimately linked to corporate performance. The contextual input variables that determine the firm's intellectual capital requirements and the role of the board are: organisation type, legal framework, constitution, history and strategy. The board performs its roles by applying its intellectual capital to the tasks at hand. The intellectual capital is composed of the board members' human, social and cultural capital as well as the board's social and structural capital. As boards are becoming increasingly active, there is a need for researchers to start taking an integrated approach towards the

boards' set of roles instead of analysing the roles separately. The authors propose that **"effective governance results from a mix of intellectual capital that enables the board to carry out a set of roles dictated by the company's individual circumstances"** Nicholson & Kiel, 2004:443). The challenge in governance is to understand the roles required of a particular board and to match the intellectual capital accordingly.

2.5.1. Groupthink

Groupthink is prone to occur when there is a high level of similarity in terms of social and ideological background, when there is directive leadership, when the group becomes isolated from its external environment, and when the group is facing complex situations or high external pressure (Janis, 1972). Among the symptoms of groupthink are illusions of invulnerability, an unquestioning belief in the morality of the group, a tendency for rationalising warnings and negatively stereotyping those who are opposed to the group's views. Groupthink can result in consensus driven decisions and defective decision making (Janis, 1972). Groupthink can be minimised by assigning to all group members the role of "critical evaluator", communicating with the external environment and by taking turns at playing the "devil's advocate" (Janis, 1972; Schwenk, 1989). As boards have been found to be particularly susceptible to homosocial reproduction (the repeated selection of new members with similar characteristics to themselves), a cycle broken only when faced with crises (Murphy & McIntire, 2007), they may be particularly vulnerable to groupthink.

2.5.2. Social ties

Social ties to other board members have been found to facilitate influence at the board level but have been criticised for reducing levels of independence.

Board members' social capital (Strebel, 2004) and ties to parties and individuals external or internal to the company can affect relationships within the boardroom. Social ties and social capital have been shown to influence the dynamics of a board, to facilitate discussion, lend credibility to individual directors, or affect which course of action is taken in particular matters (Westphal, 1999; Westphal & Milton, 2000;

Pye, 2004). Contrary to literature advocating board independence to increase effectiveness, Westphal (1999) found that social ties actually increased board involvement by encouraging collaboration between top managers and outside directors, thereby enhancing the provision of advice and counsel from outside directors. Westphal & Milton (2000) suggested that minority influence on boards could be improved if minority members had previous experience of being in a minority position on a board, and if they had direct or indirect social network ties to majority directors through common memberships, for example of other boards. In addition the biggest predictors of influence on a board have been found to be ties to others, membership in cliques, and prior relationships with other directors, but not independence from the company (Stevenson & Radin, 2009). This study concluded that a greater density of strong ties might lead to higher levels of trust on the board.

Pye (2001b) explored what effect external relationships have on the internal workings of the board. Her findings indicate that the effects of external relationships on the internal workings of the board are both complex and wide ranging. External relations are factors of social capital, and as such they clearly help individuals gain board appointments. However, stronger relations also tend to be related to lower levels of independence and thus can, at the same time, serve to diminish credibility. The data offered evidence of powerful and tight networks of influence that affected board conduct and performance and Pye (2001b) suggests that examining social capital can contribute to the understanding of which line of action is taken and what form of discussion is practised.

2.5.3. The Chairman/CEO dyad

The chairman/CEO relationship provides leadership to the board and therefore sets the stage for the atmosphere and culture in the boardroom (Parker, 1990; Roberts & Stiles, 1999; Kakabadse et al., 2006a; Nadler et al., 2006). Lorsch & MacIver (1989) concluded that in order to be effective, boards must be adequately involved at normal times to prevent trouble and crises. In order to make this happen, much relies on the CEO or chairman to create inclusive working procedures and an atmosphere

of openness and dialogue. Hill (1995) found that elites existed within the board, primarily concentrated around the chairman and the CEO. The chairman's role was considered to be a powerful one, particularly in terms of controlling the agenda as well as the nomination of non-executives and the appointment and dismissal of the CEO. The way the chairman and chief executive work together has been defined as the board's single most important relationship (Hill 1995).

Directors have been found to describe the expectations towards their performance as contextual, indicating that there are different cultures amongst different kinds of boards, in many cases driven by the chairman, CEO or the chairman/CEO dyad (Pye, 2001b). The role of the chairman in activating the potential of the non-executive directors was highlighted by Pye (2000). Organising away-days and keeping regular informal contact with the non-executives was seen as the role of competitive chairmen (Pye, 2000). Leblanc & Gilles (2005) defined two types of chairmen; the functional *conductor* and the dysfunctional *caretaker*. The *conductor* was found to possess the ability to involve other directors in the discussions and to effectively orchestrate the discussion and decision making process, where as the *caretaker's* main characteristic was a lack of leadership abilities in general (Leblanc & Gilles, 2005).

2.6. Context

Boards are by no means insulated and static entities, but rather dynamic social constructions that are affected by their environment and context (e.g. Jonsson, 2005; Jonnergard et al., 2004). Several researchers have reported that boards tend to become more active in the event of crises (Minichilli & Hansen, 2007; Pettigrew & McNulty, 1995; Lorsch & MacIver, 1989; Mace, 1971). Companies' circumstances and life-cycle phases have been shown to have an effect on board tasks and activities (Huse, 1998; Huse & Zattoni, 2008) as well as firm and industry contexts (Minichilli et al., 2009).

Pye & Pettigrew (2005) stressed the importance of attention to the issues of context and process over time and their relationship to outcomes, and cautioned against the attempt to over generalise from qualitative data without paying due attention to context and time. Pye (2001a) concluded that "you cannot step into the same river twice", meaning that context and time will always have an impact on the study.

In a notable study of context and time, Pye (2000) reported that the business environment had undergone significant changes over a ten year period which had largely affected the way boards were composed and how they worked. A large indicator of change in focus was the fact that while the phrases "strategic focus", "shareholder value" and "corporate governance" were a commonality to almost all interviews in 1999, they were practically non-existent ten years earlier. Boards were, in general, found to be smaller in the later study, with a higher proportion of non-executives and greater frequency of meetings. Directors' ages and tenure were found to be lower and a much greater emphasis was put on the "value added role" of the board members. Women, who had been basically been non-existent in the earlier study were, however, still largely absent from the corporate board of directors. In terms of activities and dynamics, non-executive directors were found to have become much more influential in decision making whereas previously they were either allies of the chairmen or connected to "the right networks". Furthermore the selection of directors seemed to follow a more structured approach than before. Formal evaluation was, however, largely absent and only one out of the nine boards was practicing the use of a formal board evaluation process (Pye, 2000).

2.7. Board gender demographics

There is no doubt about the fact that the proportion of females on corporate boards has to date been low. On the boards where females are present they have been represented in token proportions (Singh & Vinnicombe, 2006; Dalton & Daily, 1998; Daily et al., 1999). In search of explanations for low numbers, literature has looked at female director advancement strategies (Catalyst, 2004b; Powell & Butterfield, 2003; Vinnicombe, 2003; Vinnicombe et al., 2000; Ragins et al., 1998) effects of

national culture (Terjesen & Singh, 2008) and an examination of the background and qualifications of female directors (Burgess & Tharenou, 2002; Burke, 1995. 2000; Kesner, 1988; Zelechowski & Bilimoria, 2004; Grosvold et al., 2007; Erkut et al., 2008).

A number of studies have sought to demonstrate the business case for female directors (Brammer et al., 2009; Luis-Carnicer et al., 2008; Campbell & Minguez-Vera, 2008; Francoeur et al., 2008; Rose, 2007; Point & Singh, 2003; Bilimoria, 2000; Singh & Vinnicombe, 2004; Carter et al., 2003; Schrader et al., 1997). Although it might be assumed that the studies dealt with roles and contribution, in fact these studies only attempted to link the number of women on boards to corporate performance or compliance to corporate governance procedures. This is a far cry from explaining a causal relationship between the two, so not surprisingly findings are inconsistent.

There are, however, indications that gender demographics and the proportions of females on boards and other working groups can have an effect on relative power. The work of Ely (1995) and Kanter (1977) demonstrates that the relative proportions of females in the workplace and in positions of power can, to a great extent, restrict or facilitate the input and effectiveness of females.

In her seminal study, Kanter (1977) pointed to the relationship between women's behaviour and effectiveness, and their numerical representations in corporations. At managerial levels, where female representation was low, women were found to be marginalised by the dominating majority of men. They commonly held the status of tokens (with a numerical minority of 15% or less), and thus were confronted with features such as high visibility, and being stereotyped through excessive contrasting of the attributes that characterised them as a group, leading for instance to excessive performance pressures. Kanter argued that only by establishing a critical mass of females, with the tipping point of around 35%, could symptoms of tokenism be

overcome and suggested that **"*Batch* rather than one-by-one *hiring* of women for top positions should be the rule"** (Kanter, 1977:282).

In her research on professional women in either the male dominated or sex integrated upper echelons of law firms, Ely (1995) examined how women's presence in positions of power affected the social construction of gender difference and the processes that created and sustained women's gender identity at work. She found that women in male dominated firms were more likely to perceive greater psychological and behavioural differences between men and women – women in male-dominated firms evaluated women's attributes less favourably and had carefully circumscribed gender roles. Women in sex-integrated firms, however, experienced less ambivalence about gender identity and were more inclined to integrate expressions of masculinity with expressions of femininity. They also considered feminine attributes to be a source of strength and competence, and experienced higher work satisfaction and less anger and frustrations about requirements to adapt masculine roles. Overall Ely's findings suggest that in sex-integrated firms the more fluid construction of gender might foster a more positive view of women and a higher level of their perceived and overall effectiveness.

In a recent study (Konrad et al., 2008; Erkut et al., 2008; Konrad & Kramer, 2006) on Fortune 1000 board members, the effect of having three or more women on a board was demonstrated. The study suggested that two women on a board, as opposed to one, increased the women's feelings of inclusion and comfort, provided validation and decreased stereotyping, resulting in a greater impact on the board. However, symptoms of tokenism still prevailed – women still had to work hard to be heard and had to be careful in keeping a certain level of distance from each other in order to avoid being seen as conspirators. When the number of women on the board reached three or more, a critical mass seemed to have been achieved. The women were more comfortable being themselves and associating with one another, the likelihood of stereotyping was drastically reduced and the women felt free to be more active, raise issues and felt they were being heard. Even more interestingly, reaching

this critical mass seemed to have an impact on the males as well resulting in their adoption of a more collaborative style.   In addition it seemed to have an overall positive impact on the discussion and dynamics in the boardroom, shifting it to a more female oriented style **"Women's tendencies to collaborate, to ask difficult questions and to raise a broader set of issues start to become the boardroom norm."** (Konrad et al., 2008:155).

These results suggest that numbers can play a critical role in terms of effectiveness and dynamics and that attention to gender composition might be needed to improve effectiveness, not only of females, but of boards in general.

2.8. Female effectiveness on boards

The question of how female directors are affecting the role, dynamics and results of boards is only partially answered. Researchers have looked at input and contribution with regard to female issues, role models, balancing work and family, social responsibility and female customer issues. They found that although female directors see these issues as important, they were not likely to draw attention to them at board level (Burke, 1994a, 1997; McGregor et al., 1997; Bilimoria, 2006). Female board members have been associated with being more philanthropically driven (Ibrahim & Angelidis, 1994), advocating CSR activities (Kakabadse et al., 2006b), enhancing levels of charitable contributions made by companies (Wang & Coffey, 1992) and broadening the discussions to a wider set of stakeholders (Konrad & Kramer, 2006).

Studies have indicated that female directors are making an effort to enhance board effectiveness by facilitating a comfortable atmosphere (Bilimoria & Huse, 1997), developing a more collaborative approach to leadership (Konrad & Kramer, 2006) and more importantly not being afraid to ask difficult and probing questions (Bilimoria & Huse, 1997; Huse & Solberg, 2006; Konrad et al., 2008; Erkut et al., 2008).

Some studies have indicated that female directors were largely coping with the director role by assimilating male behaviours and not rocking the boat (Bradshaw & Wicks, 2000). Some have attributed the lack of correlation between the number of women on boards and financial performance to masculine socialisation of high ranking women, resulting in identical male and female behaviour (Rose, 2007). Others (e.g. McGregor, 2003) have found younger women to bring a more informal attitude as well as creativity and new ways of thinking, emphasising outcomes rather than rituals.

A few studies have implied that the efforts of women were not being leveraged on the board. Zelechowski & Bilimoria (2003) found that the influence factor of the individual and the inclusion factor of the board culture had a great effect on female contributions and concluded that despite being in the highest position, and despite being highly influential, women directors could not attain full effectiveness in non-inclusive cultures. Konrad et al., (2008) found that valuable contributions by females were less likely to emerge if the number of women on the board was limited to one or two. The critical mass of three will not only increase the likelihood of being heard, being able to raise issues and feeling comfortable enough to associate with other members but can also affect males on the board by encouraging them to adapt a more collaborative style, and can have an overall positive effect on board discussion and dynamics. Finally females' contributions have been found to be highly dependent on the women's ability and willingness to make alliances with the most influential actors and by understanding the boardroom dynamics from a gendered perspective (Huse & Solberg, 2006). These findings are supported by studies like those of Marshall (1995) and Sheridan (2001) who indicate that women were not always welcome in the upper echelons, feeling as constantly being tested out and as if they had interrupted the "normal life" of the senior men who had no willingness to develop a culture in which women could be included more equally.

What can be concluded from these studies is that female directors feel women are bringing a new/different perspective into the boardroom, and to some extent

fostering a more open culture. At the same time they seem to be facing rather conservative and quite masculine rules and norms of behaviour, and experiencing non inclusive cultures. As research has shown, there seem to be indications that barriers could be broken down through influencing behaviour, high levels of preparation and/or by possessing or earning high levels of social capital.

As previous sections of this literature review have shown, without a critical mass and alterations to traditional rules and norms, valuable contributions of females and possible improvements to overall board dynamics are highly probable to be marginal or even completely lost.

3. Findings of "Project 2"

Project 2 set out to explore (and answer) the research question of*; how non-executive board members interpret their roles and contribution as individuals* and examining in that context*, the nature of female vs. male role interpretation.*

The findings indicated that, in terms of basic role interpretation, male and female non-executives did not differ a great deal. Males and females alike seemed to hold the view that guarding shareholders' interests is their number one priority, while at the same time providing an advisory and a consulting role, as well as bringing alternative perspectives to the discussion. Contrary to previous findings that females were more likely to bring a more philanthropic emphasis to the boardroom (Ibrahim & Angelidis, 1994), advocating CSR activities (Kakabadse et al., 2006b) or affecting charitable contributions made by companies (Wang & Coffey, 1992), there was no indication that females were more philanthropically driven or more likely than the males to emphasise the interests of other stakeholders, as attention to the interests of other stakeholders was mentioned as a secondary function by both males and females. There was no indication either that the females thought they were playing a role in advocating female issues or serving as role models for women in the corporation. (Burke, 1994a; 1997; Bilimoria, 2006; McGregor et al., 1997). Females, however, differed from males by reporting contributions to a comfortable atmosphere in the boardroom as well as practising active questioning, probing the management and pushing management for better preparation and improved decision making. This is in line with the findings of Bilimoria & Huse (1997).

Males reported a high level of strategic input, and input on a very wide and general level, whereas females reported providing a more specific input based on their knowledge and skills within a certain business area. Furthermore the males identified relationship building, informal interaction and trust amongst board members as key ingredients of successfully fulfilling their roles which is in line with previous findings that social ties increased effectiveness (Westphal, 1999; Westphal

& Milton, 2000; Pye, 2004; Stevenson & Radin, 2009). In contrast, the females reported that relationships with other directors other than interactions at board meetings were lacking. Authority and effectiveness seemed to be taken for granted by males, but seemed to need effort and reaffirmation by the females.

From the results of Project 2, it could be concluded that the boards examined were very much male dominated from a social perspective. The few females on the board had very low levels of social relations with other board members, used specific skills to justify their presence on the board and had to work towards earning trust and credibility much taken for granted by the males.

It could thus be inferred that valuable inputs from female non-executives, such as probing and asking critical questions (Finkelstein & Mooney 2003; McNulty & Pettigrew, 1999; Roberts et al., 2005; Maharaj, 2008a) might be lost due to lack of inclusion in the social interactions between board members, defined as essential by male non-executives (Sheridan, 2001; Marshall, 1984).

4. Framing the research question

Project 2 built on previous examinations of the non-executive role (e.g. Demb & Neubauer, 1992a; Roberts et al., 2005) and aimed to answer calls for clarity of the level of analysis (Pye & Pettigrew, 2005) focusing on the individual, and the individual's interpretation of his or her role and contribution on the board. It also attempted to add to the understanding of contextual factors (Pye, 2000, 2001a) particularly in relation to the nature of role interpretation and perceived contributions by males and females on male dominated boards.

The contextual factors, however, are multiple and then there is also the issue of time to be considered. Pye & Pettigrew (2005) stressed the importance of attention to the issues of context and process over time, and their relationship to outcomes, and cautioned against any attempt to over-generalise from qualitative data without paying due attention to context and time. Pye (2001a) concluded that you cannot step into the same river twice, meaning that context and time will always have an impact on the study.

As it happens, in the two years that have passed since I conducted the interviews for Project 2, some drastic changes have occurred in the macro economy that have led to some fundamental effects on a number of boards.   My curiosity was awoken when, suddenly, the gender composition of the boards of three large companies was drastically shifted and females were appointed to higher proportions than ever before seen on boards of large Icelandic companies.

When the three major companies in the country went bankrupt in October 2008 and were subsequently taken over by the government, their entire boards were dismissed and new ones appointed. The percentage of females on the three boards is now 40%, 60% and 100%.   Furthermore, the individuals that have been appointed to the restructured boards have different backgrounds to those who were dismissed, for

instance many come from academic positions. This drastic shift can almost be compared to a laboratory experiment set up.

My initial thoughts on the situation revolved around issues such as: What effects, if any, would this gender composition shift have on role interpretation and individual contributions? It became particularly interesting to examine if this shift had an effect on the putative muting of females' contribution found in Project 2. This led me to the following research question which is the focal question of this study:

How does board gender demography affect individual role interpretation and what type of impact does it have on female director contribution?

On the boards of the three companies, females comprise 100% (5 of 5), 60% (3 of 5) and 40% (2 of 5) board members. In Project 2 the representation of women on the focal boards was 20% or less. By comparing the findings of an interview study of the newly appointed members to reconstructed boards with the findings from Project 2, patterns regarding similarities and differences could be detected.

However gender composition was not the only factor that had changed since the interviews for Project 2 were conducted – as already noted there have been some drastic changes in the macro environment since then. The Icelandic economy is not only faced with difficulties due to a worldwide recession, but has also faced a complete meltdown of its financial sector. This might potentially affect individual contribution and the way roles are interpreted. In order to buffer the effects of the macroeconomic changes I decided to add to my sample male and female board members from boards where women were represented in token or minority positions (20-30%) of companies that had also been hit by the financial crisis.

Finally, what must be kept in mind are the unusual circumstances of the new boards' conception and what criteria were used for selection of their members, i.e. the previous boards being entirely dismissed and new boards consisting of individuals

coming from a rather different background from the "traditional" board member. This is a contrasting factor to the boards of the other companies examined in this study, whose boards could in terms of composition be considered to be quite similar to those of the Project 2 study, i.e. consisting of members that were either large shareholders themselves, appointed by large shareholders, were employees of large shareholders, or appointed as independent non-executives. How this affected individual role interpretation and director contribution was at the beginning of the study not clear, but was kept in mind throughout the analysis as a possible influencing factor.

In this study interviewees were chosen based on two criteria:
   a) For the first group, membership of the newly formed boards where the gender composition and selection criteria had been drastically changed
   b) For the second group, membership of boards of other large Icelandic companies, also facing difficulties due to the economic downturn but still staying afloat.

All the focal boards had five board members, all of them non-executive.

This paper reports the findings of an empirical study based on interviews with 14 board members, eight individuals from the newly appointed gender balanced or all female boards (five females and three males), and six individuals from male dominated boards of four other large Icelandic companies (three females and three males). The results are compared and contrasted with the findings of Project 2, an empirical study based on interviews with 11 board members from male dominated boards of large Icelandic companies conducted from late 2006 to early 2007, (six females and five males).

	Project 2	Project 3		
Time of study	Nov 2006-Apr 2007	March-May 2009		
Type of company	Large Icelandic companies	Large Icelandic companies	Large Icelandic companies	
Gender demography	Male dominated boards females in token position (20%)	Male dominated boards females in token or minority position (20%)	Balanced boards males and females 40-60%	All female boards
Females in study	6	3	3	2
Males in study	5	3	3	0

Table 23: An overview of the samples from Project 2 and Project 3.

The findings of Project 2 suggested that although female non-executives' basic understanding of their roles and responsibilities was similar to that of males, they were generally assuming auxiliary roles and to a great extent were, or felt, left out of social networks and actual power clusters, leading to the possibility that more crucial contributions such as asking challenging questions were not realised.

This project sets out to examine if and how substantial changes in a gender demographic context (following the dramatic changes in the economic climate) could have an effect on individual role interpretation and the actual contributions of female board members. It draws on three sets of literature; the literature of the non-executive role, the literature on board behaviours and dynamics, and the literature on females on corporate boards.

5. Research method

5.1. Selecting the sample

The study is conducted on board members of two types of companies.

1) From the three newly formed boards of resurrected companies, now government owned. On these three boards women represent 40%, 60% and 100% of board members.

2) From boards of four of the 50 largest (by revenue) companies in Iceland. All these boards included only one woman, comprising 20% of the board.

The size of corporate boards in Iceland ranges from three to nine people, with five as the most common size. Boards consist only of non-executive directors. While it is allowed by Icelandic corporate law to have the CEO serve as a board member, common practice is to have the CEO attend and participate in all board meetings, but not as a formal member. The dual chairman/CEO role is prohibited by Icelandic corporate law.

A total of 14 non-executive board members were interviewed; eight from the newly formed boards and six from boards of other large companies. Five of the directors of the newly formed boards were females and three were males. From the boards of the other companies three were females and three were male.

Many of the interviewees served on multiple boards, including all of the members from other companies, and about half of the members of the newly formed boards held multiple board seats on major boards. Individual members served on two to six major boards and more than 35 boards of substantially large companies were represented.

5.2. Conducting the interviews

The interviews all took place between March and May 2009, either at the interviewees' working facilities or at the interviewer's office. The interviews were semi structured and followed a pre-developed interview schedule (see appendix 1). However, the interviewees were allowed to deviate from the schedule and the interviewer probed with additional questions when interesting topics came up. Since the interviewees had been selected based on their presence on a particular board, they were asked to keep that board in mind as a focal board, but also encouraged to compare and contrast the focal board with other boards that they currently or recently served on. As it turned out, most of the board members had substantial board experience and drew their comments and insights from various boards.

The interview schedule contained questions around the following: why the person was asked to serve on a particular board, the purpose and role they have on the board and what they do to fulfil it; how they behave and interact in a typical board meeting and how their behaviour compares to that of other board members; what type of relationships they have with other board members, to whom they feel accountable as a board member; what they have gained from serving on the board; and, what would be their greatest contribution or added value to the board.

The interviews were audio taped and the recordings lasted 45-65 minutes, with two exceptions where the interviews lasted around 30 minutes. The interviews were conducted in Icelandic, which is the native language of all interviewees. Quotes were translated into English by the author and checked by the supervisor.

5.3. The interviewees

The interviewees were selected based on their presence on the seven focal boards that were picked from the pool of the 50 largest companies in Iceland. The focal boards consisted of five non-executive board members, none of them including the CEO as a formal board member.

The eight female interviewees were aged from 42-56 years, with an average age of 47 years. All but one had substantial business experience. Six had completed a master's degree and two had completed an undergraduate degree. All of the females serving on the new boards had a master's degree. Only one of the women had substantial international work experience. No particular patterns or similarities could be detected in their career descriptions. Four of the interviewees served on at least three substantial boards at the time of the interview. One of the female interviewees served as board chairman, whilst three other had extensive experiences as chairmen.

The five male interviewees were aged 52-63 years, with an average age of 56 years. Three, all from the other boards, had extensive business experience, but the three males on the new boards ranged from having substantial to average, and low levels of business experience. Two of the directors from established boards had completed an undergraduate degree and one a master's degree, the three directors of the new boards had master's degrees or PhDs. Two of the male interviewees served as chairmen on the focal board. One had substantial international work experience.

5.4. Analysing the data

The interviews were audio recorded and transcribed in full (in Icelandic). The text was transferred to the NVivo software tool intended for analysis of qualitative data, in order to facilitate structuring of emerging themes.

As with the previous empirical study, the analytical process mainly followed a structure described in Easterby-Smith et al., (2002:123-124). Although the previous study provided practice in analysing and picking up and constructing themes, it did by no means dictate the way that data from this study was analysed. Indeed, while some themes re-emerged, many new themes surfaced while others disappeared. The steps in the process I conducted were the following:

The first step was to read through the transcripts two or three times with the aim of familiarising with the content and the general tone and attitude of the interviewee. Subsequently notes were made on possible themes and headings for the forthcoming coding.

The second step was to reflect on the data and informally relate it to the literature that had been previously covered. Did the same themes emerge or were there different themes?

The next step was to transfer the transcripts into NVivo, and conduct the initial coding. All transcribed text was covered and coded into free-nodes with the exceptions of the few comments that were obviously out of context with the main objective of the interviews. Free-nodes were then subsequently constructed into tree-nodes. At the end of this phase the following themes (tree-nodes) had emerged:

- Authority
- Civic duty
- Confidence
- Ways of contributing
- Control and criticism
- Dynamics and discussion
- Gender related issues
- Independence
- Increased level of responsibility
- Pre-meeting discussions
- Reaffirmation
- Relationships
- Responsibilities
- Role elaboration
- Trust

After the initial coding a second coding was conducted which led to rearranging and combining some of the tree-nodes, and splitting some tree-nodes into subthemes (child-nodes). The following are two examples of tree-nodes and their child-nodes:

- **Ways of contributing**
  - Strategic
  - Specific contributions
  - Pushing for better results
  - Project management
  - Good preparation
  - Improving structures and ethics
  - Asking critical questions
  - Attention to detail

- **Dynamics and discussion**
  - Tactics
  - Structure
  - Professionalism
  - Openness and honesty
  - Diversity

The third level was to analyse the themes and subthemes and arrange them into chapter headings for the write-up (see chapter V). Some child-nodes were related and brought together under the same chapter heading. Some child-nodes contained very little data and/or comments from interviewees and did not add any substance to the analysis. These were few and were, therefore, omitted due to lack of significance to the theme of the study.

Under each chapter heading, a presentation of the issue was made and the issue was backed up with selected quotes from the transcripts that illustrated that particular point. Care was taken to disguise any mention of particular persons or corporations, or other information that could reveal the interviewee's identity.

A reassessment of the themes and chapter headings was made by going through the nodes again to make sure no relevant points had been missed or overlooked.

5.5. Translation and researcher's bias

Since the interviews were conducted and transcribed in Icelandic, the native tongue of the interviewer and interviewees, illustrative quotes needed to be translated into English. The translation was done by the author. Care was taken to be as accurate in the translation as possible, without losing the content and meaning of the quotes. No particular difficulties arose in the translation process.

As already mentioned, some of the interviewees were personally known to the interviewer, while others were informal acquaintances or unknown to the interviewee. For the most part, interviewees saw the interviewer as a person of relatively high academic standard, with pure theoretical interest in the interviewee and his or her board activities. All interviewees were candid and open in their narratives, although some were less outspoken than others. Although outspokenness could to a large extent be attributed to the interviewee's personality, it could be detected that those interviewees who were known to the interviewer were generally more outspoken and talkative.

Analysing data is always prone to biases due to the expectations and preconceived ideas of the researcher. My approach was to observe the data with curiosity and an open mind. The result was that indeed many of the issues and themes emerging came as an interesting surprise to the researcher.

5.6. Elaborating on the group.

Due to the nature of the sample it can easily be split into two subgroups. Hereafter the newly formed boards will be referred to as gender balanced or female dominated boards and the other boards will be referred to as male dominated boards

a. Directors of gender balanced and female dominated boards (new boards) vs. directors of male dominated boards (other boards)

b. male directors/female directors

By the same logic it can also be divided into the four following subgroups

i. females on gender balanced and female dominated boards (new boards)

ii. males on gender balanced boards (new boards)

iii. females on male dominated boards (other boards)

iv. males on male dominated boards (other boards)

a)

Gender integrated / female dominated boards	Male dominated boards
i	iii
ii	iv

b) Females / Males

Figure 13: Interviewee subgroups.

6. Findings

The main findings of this study indicate that few differences were found between the male and female directors on gender balanced boards, in terms of role interpretation, as being effective and being accountable. Some differences and some similarities were found between males and females on male dominated boards, and the same can be said for females on gender balanced/female dominated boards and females on male dominated boards. Differences far exceeded similarities between males on gender balanced and male dominated boards.

I will start reporting the findings by attending to some context related issues. I will then report the findings on basic and particular role interpretations, accountability and relationships and compare those to the corresponding findings of Project 2. I will then proceed to an elaboration on boardroom dynamics emerging from this study. Finally I will illustrate the changing nature of reaffirmation of board members and the emerging issue of increased confidence of females on gender balanced and female dominated boards.

6.1. Context related issues

Before moving on to report the findings on role interpretation, there were two issues that emerged in all subgroups that had to do with the changed macroeconomic context, i.e. a more turbulent economic situation and the troubled situation that some of the companies were in. These issues were the increased meeting frequency of boards and concerns related to increased demands on boards, and the higher level of responsibility due to turbulence in the economy.

6.1.1. Meeting frequency

In most cases boards were meeting much more frequently due to the fact that the companies were struggling. The newly formed boards had met every week since their appointment in late October/early November 2008. Many of the other boards had adopted a similar frequency, meeting every one or two weeks to deal with high

levels of pressing issues, while others that were in better shape were staying with a monthly meeting frequency. Meetings were reported to be quite long, four to six hours or longer.

6.1.2. Increased responsibility

The issue of higher demands on board members and increased responsibilities of boards was mentioned by many board members, particularly those with high levels of board experience, and those serving on the male dominated boards.

> *Well generally with private companies the responsibility is so much greater, much greater with board members in times like these, because you have a much higher chance of the board members being prosecuted even though they haven't done anything wrong, because we face the risk that companies will go bankrupt, and will not be able to pay their taxes. F1*

> *In principle it is always a huge responsibility to serve on a board, as we are seeing more and more clearly in these times. M1*

> *But I am quite sure that we will be seeing the effects for a long time, in such a way that people will become much more careful. There are going to be lawsuits, much more than we have seen before. M6*

> *So the case today is that everyone is very aware of their responsibility. It varies between companies and their situation. People ask more about their responsibility as board members, what a board member can be held accountable for. People are thinking about insurance matters and so on. F3*

The view that boards had traditionally not been living up to expectations was also reported.

> *But serving on a board, I think that it is a huge responsibility […] There is all too often in my opinion too much sloppiness going on and that is very irresponsible when companies have reached a certain level, not to mention being listed. This needs to be put in order. M5*

> *It has been the tendency here pretty much just: "Let's pick this guy for the board, it is this guy's turn". People have not being thinking about the responsibility and the role. F8*

> *Well in general – I hope and I think there are some improvements being made […] I feel that in all too many companies have been affected, that the board is not effective enough. M6*

6.2. Basic role interpretation

As in Project 2, similarities could be detected between all subgroups in terms of general role interpretations. The interviewees seemed to have embraced the paradoxical role of keeping control and holding management accountable as well as supporting, advising and participating in strategy.

6.2.1. Holding management accountable

Males and females from all types of board shared the view that one of the main roles of boards was to hold management accountable. This illustrates the fact that in terms of general role interpretation, the agency view of keeping control of management is defined as a basic role not affected by context.

> *But it is of course important that you make sure that they [the management] are delivering the best results. F1*
>
> *If the board had no other role than to monitor the forecast and results, then that would be a full task. M5*
>
> *And then there is the control part with regard to the income statement and the balance sheet and make sure that laws are obeyed. M2*
>
> *Of course it is one of the board's main roles to review the financials. […] And then there is all this routine control. F6*

6.2.2. Supporting management

Although not elaborated on by as many interviewees, supporting management was seen as an almost equally important task.

> *But it [the board] should give him [the CEO] feedback and even to set limits, and I think a good manager can appreciate this; everybody needs some sort of feedback. M2*
>
> *Number two is the management team, you need to collaborate and motivate the team […] and the other thing I always make sure that I do is, because some people think boards just have a control role, I do not share that opinion, I think boards also have a supporting role, that is just part of who I am, I pat people on the back and I think that it is just perfectly normal to do so. F4*

It's of course number one to support the CEO of the company and to give this control which is very important, and to try to, and I think this is very important, to be in good contact with management not just the CEO but rather to get a feel for the management team. F8

6.2.3. Strategy involvement

As demonstrated in the quotes above, the strategy function was widely mentioned by both males and females from all types of boards.

To make sure that there is a strategy and a strategy process, it varies a great deal how much attention boards give to this task. Some are just too lazy to think about it. But I think board members should participate, they will learn a great deal about the company. F8

Yes, yes, yes really important, draft the strategy for the next five years or so and then you just break it down to how you open in the morning and close at night. M1

It is just right now, really important, this clear vision of where we are going. F4

And then it is of course the strategy which is really important, to know where we are going – so it is the big picture discussion which you need at least once or twice a year. You know, the short-term, and the long-term goals. F6

This finding is quite different from the findings reported in Project 2 where the females commented very little about their strategy role.

6.2.4. Attention to detail

Due to the notion that females often take on the role of attending to detail whereas males may be more inclined to look at the big picture, interviewees were probed on this issue. However, there was no indication that females adopted a more detail oriented role. Generally the participants were very aware of the importance of looking at the big picture and seeing things from a general perspective rather than from a detailed or specific viewpoint.

6.3. Particular roles

In addition to the basic roles of controlling, supporting and participating in strategy, several other key roles were defined. In contrast with the basic roles, the emphasis on these roles differed substantially amongst subgroups.

6.3.1. Asking questions

In Project 2, one of the key roles defined by females was to ask critical questions, a role that none of the males in Project 2 elaborated significantly on. In this project it was again the females (from both subgroups), and more surprisingly **also the males from the gender balanced boards** that highlighted this issue, whereas the males from the male dominated boards made hardly any comment on this matter. Asking questions was defined as a key element in opening up discussions, analysing and as a tool to improve decision making.

> *What is really important to me is to ask a lot – I consider it to be one of my main duties – (…)– to ask until I understand it, so I can make my decision with a certain level of confidence, so I can be certain that the right things are being done, and it really applies to the entire board, everybody asks a lot. F2*

> *You open up the discussion, and then you ask: "Do you think it is right to…?" F7*

> *It is just to think it over; you know, put forward the right questions and you are on the alert with regard to what you are doing. F6*

> *You participate in discussion, ask questions, and gradually the board reaches a conclusion – and well – I feel I have contributed like other members – Yes, sort of advanced matters – then a decision is reached and I feel that these questions have sort of supported this decision making. M3*

> *Well, how do I contribute? I contribute by active participation, by asking questions, and I do a lot of that. […] …there is plenty of time for discussion, for all enquiries and people do not hesitate, I don't hesitate to ask questions that I consider relevant. M4*

Many of the females from the male dominated boards commented on the fact that their questioning was not always welcomed and in fact sometimes seen as an anomaly from accepted behaviour. This provided the indication that questioning was traditionally not seen as part of the board culture. The two first quotes below are

from male dominated boards and the later two from gender balanced or female dominated boards.

> *Well I do obviously want some clear answers – This is often where the problem lies, you perhaps go and ask questions that people are not quite ready to answer. F6*

> *You get, you know: "Ohh, is she asking all those questions!"- But that really is the role of the board to ask. But people sometimes take it like something personal. We are there to ask, also the silly questions. F8*

> *And I think it is a characteristic of this board that we ask a great deal. Some [managers] might not be comfortable with that, and in fact many of them are not. F2*

> *[In general] it is all too easy to come into this and say practically nothing, just be there for the ride to some extent, and I know it is not easy to play the role of the boring person who asks the difficult questions and is different, particularly in the environment we have been in for the past 2-3 years. F4*

The only male from a male dominated board to elaborate on questioning as a board role commented on the issue very late in the interview and in the context of boards needing to do a lot more questioning, supporting the notion that a culture of questioning was not the norm.

> *I am quite sure that critical questioning by board members has been severely lacking. You don't need to fight like cats and dogs, I just mean that solid well worded and critical questions that experienced people have the cleverness to ask, and review things in that manner. M5*

Without being probed on the issue, some of the females voiced their view on how they thought women tended to ask more, and that men cared less about the questions.

> *I think we [women] ask more. In my experience I feel the men generally ask less during meetings. I am not saying this to badmouth anybody, but I think we do ask more.   F2*

> *Because we [women] bring a very different view to the table. We dig into matters, we are better at asking questions, we are more careful you know, while the guys are: "Come on, what's the problem, just go for it!" – I mean we need both. F8*

> *You know with these things I sometimes feel the guys are more like: "Oh! this doesn't matter at all, quit the questioning." This is why I am quite sure that it*

was much easier at (board T) to change the entire board rather than to have me there asking questions F6

6.3.2. Bringing specific knowledge and skills

Specific knowledge and skills were mentioned by many of the board members, males and females alike, but never in the context of a main contribution or reason for being appointed to the board. This is contradictory to the findings in Project 2 where women were found to have a tendency to highlight a particular set of knowledge and skills as the main reason for their appointment or value creation on the board. On the other hand, in Project 3 the female interviewees most often referred to a broad level of knowledge and skills as their main source of credibility.

> *So it is more about getting things up and running, to be able to have knowledge or opinions in different fields instead of being an expert in one field and not making sense of the others. F6*

> *So I think they were looking for someone who could make a general contribution in order to strengthen the board. F1*

6.3.3. Rebuilding trust; ethics, transparency and consistent processes

Perhaps not surprisingly, the role that was most elaborated on by the members of the gender balanced and all female boards collectively was the role of rebuilding trust, restructuring processes and making sure that delicate matters were handled in a fair and consistent manner.

> *That is one of our most important tasks, to regain trust. It's a key element for [the company] to be trusted. If there is no trust there is no company. I think it is really important particularly now to construct these processes so the main guidelines are clear and you can explain these to the staff and customers, and we can be sure that people are using the same methods from top to bottom. And I think if people gradually feel that we are using the same methods over and over again, we will in spite of everything gain some trust. F2*

> *I am very concerned that the board gains trust, it is really important to me and I hope that my actions will demonstrate this. I am very keen to make sure that there is no discrimination or anything of that sort, and that the processes ensure that everyone gets treated comparably. M3*

> *So we are working on a transparent process – there are just all sorts of requirements…that were not considered before. F4*

We know we are being watched closely so we try to do things very carefully and professionally. Like in (a particular case) it was very important to make sure that the procedures were being scrutinised and that we had a well documented, open and transparent procedure. F5

And I have made a special point of getting an international professional to review all corporate governance procedures, so you could shamelessly say, to anyone, that this company complies with all international governance standards. M4

To regain the employees' trust, regain the trust of customers... F4

This type of role interpretation, shared by both males and females on gender balanced boards and by females on the all female board, can be considered to be somewhat similar to the emphasis that the women in Project 2 put on improving board performance.

6.3.4. Getting involved

The males on the male dominated boards were particularly vocal about being involved in decision making and one could speculate that they were becoming overly involved or even taking a driving seat.

In companies (E) and (F) [there is involvement] on daily basis, our system is such that we participate a lot in the companies' operations. In most cases we have daily contact with the management teams which is just part of the job – it takes up a lot of time. M1

And then I think it is generally very important that board members are very knowledgeable about the company's affairs and try to get involved in issues according to their strengths and expertise. M6

Like in company (G) – all [a certain type of decision]... we have the board involved in that, and really dig into it. M1

Some of the comments related to increased involvement due to the crisis situation:

The boards are becoming much more active and a lot more supportive of the management team because the responsibility is huge. M1

Of course the thing is that lately, these issues now I mean the most recent, it is just so unlike everything else you have dealt with before, because of the tough environment and how bad the shape of the companies is so it has completely changed. Under normal circumstances you plan to spend about

> *one day a month on the tasks but now, I think I have spent on this one board up to two months of work during a four month period. M6*

Two of the males described at great length examples of how they had been involved in decision-making processes on certain occasions; most cannot be quoted for confidentiality reasons but here is an example.

> *We had the first big blow last spring, so we (the board) have been on the case 24/7 since. (…) and we have been reacting ever since, so it has been a year now that the board has been involved in all operations in this period. MX*

6.3.5. Being assigned to specific tasks

Interestingly, two of the three females from male dominated boards had been assigned the particular task of attending to board processes, preparation of material, taking care of the meeting minutes and attending to follow-up matters at the board level.

> *Well there is a certain logic behind having someone attend to the board processes, so the role is to make sure that the subcommittees, the audit committee and the remuneration committee are in order, and of course I have a bigger role than the other board members, ensuring that the preparation of meetings is in order, that the board members receive the documents in advance, and just overall making sure things are in order. F3*

> *I sort of have this control role, I see it that way, […] my strength is more on the accounting and financial side. […] If I look back a little I have experience in being a board secretary...and now I have this particular task of organising and preparing for the entire board meeting.   F6*

Although being assigned these specific tasks of taking care of processes and details, both individuals seemed very aware of the importance of long-term and big picture matters and participated (in some instances) more on discussions of these matters.

> *I do have an opinion on all matters so I don't focus [on the financials] at least not consciously, but I definitely note that other board members sometimes refer to my expertise when it comes to something that has to do with accounting procedures.   F3*

An interesting thing was that these two women seemed to have developed a tactic to prepare important issues in dialogues with other board members before addressing them at meetings.

I think generally we women do things differently from men. You have not been making the phone calls before meetings to secure your position, you just want to come to the meeting, you have been busy with other matters, and then you come to the meeting and just want to get things done. But then as experience and age teaches you, you realise that you might have to talk to some people and prepare them: I am going to ask this particular question, so do you think you can have the answers ready. So one part is to maybe review the matter with the CEO before the meeting… so you don't catch him off guard and he gets all defensive. So I can just sense that if I make a point of preparing them before I bring the matter forward, then they can actually turn it into their own point, you see. F6

I am not sure there is a certain tactic, but I think you need to be involved in the dialogue. And I would say – you don't dive into it in the first meeting of a new company or a new board. It sort of comes gradually, you just interact, but I am fortunate to know the company and its operations well, so that helps. You also often try to have conversations before the meeting, that is a part of it. F3

These quotes illustrate that adapting a political behaviour in order to be effective in a male dominated board can be a strategy to become more effective.

6.4. Accountability

One of the contextual factors that are under examination in this project is the context of reasons and circumstances for appointments. This is why I have chosen to report specifically on the interviewees' elaborations on why they thought they were appointed to the board and to whom they felt accountable.

6.4.1. Why are they there?

Males and female of the newly formed boards unanimously mentioned two things as being the most critical factors regarding why they were asked to serve on the board. These were high levels of professional experience and the fact that they were seen as relatively independent, undisputed and had not been involved in politics or high powered business circles for the past five to ten years. In addition most of them mentioned that it was through referrals and recommendations that their names had come up when the government was searching for new board members that portrayed "professionalism and independence".

I believe that it was references; I believe it made a difference that I had not been active in the financial sector when the big blows happened – but my experience and knowledge were useful. F1

I at least think that he wanted someone who was honest and had never been involved in something dubious or dishonest so you could doubt the moral standards of the person…And that I am not connected to any of the big business circles that were in the playing field, so I should be in a neutral position. F2

Well, I was known to the minister and it may have to do with the fact that he knew I had experience in the sector – And when the crash hit […] I had a certain level of detachment. M2

Without a doubt the underlying assumption was that it was people that had knowledge and skills to take on the task and also a requirement that these people hadn't had anything to do with it before. F5

So I assume in the light of my education and experience I am considered a professional and I am not connected to any political party either. M4

It is to have this variety, not just the education; it is also the attitude and the experience, more importantly the experience. F7

I think it was that I have extensive experience in the sector […] so sector experience, and I know I was on a reference list with a few people, and when they get together and you know people from various places have wide connections, not just through one channel, there is a higher chance that you are seen and undisputed and not sort of connected to anyone in particular. And frankly I think it simply was the fact that I have the ability to get people to work together and that I have worked with groups of people to build trust. F4

The members on the male dominated boards, in contrast were much more vague in why they were chosen to be on a particular board, one mentioned being a shareholder as the only reason, while others, both males and females, spoke at a fairly general level about experience, knowledge, education and general factors such as being a visionary or a problem solver. There was however no indication from the three females here that they had been appointed because of factors such as specific knowledge and skills, in contrast to the explanations by the females in Project 2.

I assume that it partially has to do with experience and somewhere the education got you started. Today I would say experience, I do think so, but of course you hope that you have been able to contribute your vision, that you

have developed over time and that your contribution is of value and appreciated. M5

They are getting a person that has extensive – has developed a reasonably extensive experience (...) and I am in fact reasonably strategic as well. F3

Well I think I would have to say experience and knowledge – just here, internationally, in all types of different positions. F8

Uhh – you know I am just not sure, I think one must definitely be experience. M6

An issue that clearly set the members of the male dominated boards apart from the others was their high level of involvement with the particular company; many of the interviewees were former employees, employees of holding companies owning the focal company or had some other long-term connections or insights into the company's operations.

It is clearly through my job responsibilities, it started out by being appointed the CFO and this has developed in such a way because I have good rapport with the shareholders. F3

The boards I currently serve on are part of my job responsibilities. M5

Naturally in the cases of (A) and (B) it is clearly a part of the job.   F6

But of course it has to do with the fact that I have my professional experience from (company Y) and it also had to do with the fact that I am proud of having worked for (Z) for all those years which was great schooling for me. M6

With (company K), I managed the buying process [when working for the buyer] so that was a consequence because I had the knowledge and personal contacts. F8

6.4.2. To whom do they feel accountable?

There were notable differences between members of newly formed boards and the other boards in terms of to whom they felt accountable as directors. But the answers of males and females within each group did not differ. Without exception, the non-executive board members identified shareholders as their number one priority, followed by other stakeholders such as customers, employees, society etc. This is

very much in line with the findings of Project 2.

The owner, just like I said before, just the number one stakeholder is the owner, than you need to take into consideration that there can be more stakeholders, particularly creditors, the environment and it somehow comes in this order. M5

The owner, yes, yes, that is where the biggest stakes are, it is the owner that is to say; the shareholder. M1

It is the stockholders, stockholders there is no doubt. (…) but then you of course have to keep in mind I think the interests of customers and employees, and people have also contemplated the fact that companies can have a great effect and importance for a small country like Iceland so I think people need to – This responsibility can be a bit subjective but it is none the less extensive if you look at it that way. M6

Well if you think about it that way it is two things, perhaps the stockholders and then other stakeholders perhaps. F3

You sort of look at it in such a way that you are sort of responsible towards the owner who asks me to serve on the board, make sure that his affairs are well attended to, but at the same time you are there as an individual, but I just hope these two things go hand in hand. F6

It is of course owners, stockholders – yes I think I have sort of always thought of it that way and of course you are to a certain extent responsible towards the employees. If the company is not profitable, then it is irresponsible not to do something about it. People will lose their jobs if it doesn't work out and the owners are putting down money to gain returns. F8

The members of the gender balanced and the female only boards were, however, very clear that their top priority was the company and their own conscience, followed in some instances by accountability to society and the general public.

Still we are always processing this in the interests of the company. F1

My role is strictly to think about the interest of the company. … Towards the company. I am not accountable to anyone else - if I do this properly that concludes my responsibility. F2

I am first and foremost responsible towards the company as such. M2

I assume I am there to look out for the interests of the company and then you are there to try to fit these decisions and these views that are voiced, and make sure they are fair and just. My allegiance is first and foremost towards

the company. M3

And then it is our interests, the company's long-term interests. F4

The board is first and foremost there for the company and takes care of the company's interest. That is role number one. F5

It is core, the objective of protecting the company's interests…that is the first objective. …I am first and foremost responsible towards the company as such and then society. F6

The fact that the restructured companies are now government owned explains to a great extent why the interviewees did not identify shareholders as being among their top priorities, and in some cases they explicitly commented that the position of the shareholder was of low priority or should even be countered.

I think I should even go against the interest of the shareholder if I think he is making decisions that I feel are wrong with regard to the interests of the company. M2

The interesting part is how explicit the members of the new boards were about being accountable to themselves and their own conscience.

I am first and foremost responsible towards myself. That is completely clear in my mind. F4

The public, the general public is my boss - And my own conscience. M4

Yes that is right it (my conscience) plays a very strong role – I would without hesitation resign if there is something I dislike and am not willing to take part in. F1

My responsibility towards the shareholder is non-existent, except to the point that I am responsible towards myself and a potential personal liability that I can create with my actions. M2

Loyalty to the company and their own conscience surfaced again in the following discussion of how they cherished the fact that they were independent from the government as the owner or from politicians as the government's representatives. They were very vocal on the fact that they would only answer to the company and their own conscience, and were not willing to make any compromises.

6.4.3. Independence

Although the members of the new boards had been appointed by the political parties, proportional to their representation in parliament at the time of appointment, there was ample evidence that in spite of that fact, they were anything but willing to be puppets of politicians or the government.

> *God forbid I would ever fall into the trap of being a puppet for the owners, if there was something being done that I disliked I would without hesitation resign. F1*

> *I think for instance that I should go against the interest of the shareholder if I think he is making decisions that I feel are wrong with regard to the company's interests. Then he needs to assemble a shareholder meeting. M2*

> *I serve on the board of this company and there is no one who can tell me what to do, no one, no one. I do not accept any instructions or messages with regard to how I should approach issues. I am completely free and unattached. M4*

> *What I do fear most on behalf of the company is that the politicians start interfering and I am quite determined that when they make the first pass I am out of here, I will not participate in a political mumbo jumbo. Then they can just shove it! F7*

Some even voiced concerns if pawns of politicians were to take over.

> *But then something else happens, there are loads of people waiting on the sidelines ready to participate and that is a grave danger – If that happens the people with integrity will be gone and replaced by some puppets ready to lick the boots of the politicians. I am really afraid of that. F7*

6.5. Relationships

To clarify the social capital of interviewees, they were asked about the nature and level of their business and professional networks. All but three, one male and two females (one from a male dominated board and one from a gender balanced board), reported that their network was extensive or very extensive.

> *I would say I was rather high average – I think so – I know a great number of people. F1*

> *It is very extensive…I don't know, it is very large…because I have been serving on so many boards, and projects and within the government, all type of things, so I know a lot of people. F2*

In Iceland I would say it is average now, because I have been working abroad for some time, but it used to be [5 years ago] quite extensive. M2

I am gradually discovering how extensive it is – and it's a bit peculiar. F4

I consider myself to be quite significantly connected to the business society, to tell you the truth I have as a matter of fact significant connections. M4

I think very many people know who I am. F7

In Project 2, an interesting pattern of differences between males and females emerged. Males and females seemed to talk about relationships from quite different perspectives. Although having good relationships with members of the board was seen as being important and of value by both males and females, the males stressed and acknowledged the importance of having a good relationship with other board members to a much greater extent than the females did, and went into substantially more depth in describing the importance of relationships. The way females spoke about relationships on the board indicated that the level of interaction with other board members (most often all males) was at a minimum level, whereas males described interactions between board meetings and relationship building on a social level to be of utmost importance and a prerequisite for establishing trust.

Interestingly, there seemed to be a whole different pattern amongst the interviewees in this study. The three males on the male dominated boards reported relationships and informal interactions to be of high importance. In contrast the level of interactions between board meetings was reported low by all the females and males on the gender balanced boards and the all female board, and social interaction was almost non-existent.

It needs to be noted that meetings of the new boards were quite frequent, due to the extensive tasks they are facing. On the one hand the frequency can explain the low levels of interaction between members, but on the other, the grave situation could call for higher levels of informal interaction. Nevertheless the interviewees reported

that the level of interaction was low with the exception of an occasional e-mail or phone call when the board needed to be informed about something or a practical matter needed to be resolved.

> *Nothing worth mentioning, occasionally there will be a few emails sent between people, but that is rather the exception than the rule. M3*

> *I would have to say rather low, because you are just attending to other matters, and often it is in the hands of the chairman. F6*

> *It's not a lot, not at all, but it might happen that people make phone calls regarding specific matters. M4*

> *Yes it exists when needed, then you just call…but not a lot, but it happens. F7*

The women on the male dominated boards also reported low levels of relationships and informal interactions, and some expressed the need for more informal interactions.

> *It [informal interactions] is, it is rarely at a significant level. It just depends on the issues we are working on, then it is just relating to that particular issue, but we rarely leave cases open but if they are then we interact, otherwise we don't, so generally there is little. F3*

> *I would say rather low, I think. It is also because you are attending to other matters and it is more in the hands of the chairman how active he is in communicating with the other board members. F6*

> *I think there is way too little in fact. F8*

Although most of the participants had defined their business and professional network as high or very high, people on the gender balanced boards and the all female board had in general not known their fellow board members prior to being appointed. Of course there were the exceptions of some people being former or, in a one case current, colleagues, and there were some instances of loose acquaintanceships between people, but these cases were limited to one or two people for each board member. Social interactions were non-existent even between people that were formally acquainted, with the exception of one board having gone out to dinner once.

The situation was quite different for the males on the male dominated boards, who in fact could all be considered to belong to the more traditional male business network.

> *But a lot of interactions between [meetings], so for all these boards, that would be typical (...) Because there [in a particular context] we work a lot together, sit on boards together and have some social interactions. M1*

> *They are I would think, if people know one another it is quite all right, I mean they make calls and just discuss things in general, I think that is beneficial. – Just very good. (...) and I think when people (on the board) get to know each other, the board becomes more effective and people sort of come around and find the rhythm – I think it will work better. M6*

One female from a female dominated board, who had extensive experience on other boards, explained that if preparation was thorough and the communication and discussions during board meetings was honest and open, less informal communication was needed.

> *Sometimes it matters, but often it can be quite sufficient to attend meetings and prepare – because there is a lot of open discussion [on this board] and it is really the case that we can discuss matters in full at the meetings. F2*

The board consisting only of females had, however, made a point of meeting informally as a group to discuss their approach.

> *But perhaps, we [women] perhaps ask about different matters, we [the board] are actively discussing how we should approach matters and such things, and we have met outside the boardroom, even at a café, to go through some matters. And it is also a new experience for me to be on an all female board, I have usually been the only female. FX1*

> *And we have met informally [interviewer: Does that matter?] Yes, because sometimes you need to go deeper, talk to the individual not the board member. FX2*

6.6. Boardroom Dynamics

All the interviewees from the gender balanced and all female boards elaborated quite extensively on the dynamics and interactions at board meetings, whereas the members of the male dominated boards made much fewer comments on dynamics and in the few cases when they were mentioned, they were on a very general level.

6.6.1. Effective dynamics

The members of the gender balanced and female dominated boards particularly reported a board culture characterised by openness, active participation, candour and collaboration.

> *...so I have never felt it is difficult to get attention, and it has worked extremely well and everybody is sort of on the same level I think...so I would definitely say that this is a good working team. F5*

> *I think the entire group is participating on a similar level, we get presentations from the executives, and then the entire board participates in questioning, it is rather informal, you don't need to ask for permission to speak..." M3*

> *We need to be able to discuss matters without somebody worrying about what is permitted to be said and what is not – so I have tried to conduct it in such a way. F4*

> *But the board is quite coordinated – right from the beginning we have had extremely good cooperation. People have been relatively straightforward and open. M2*

> *Somehow everybody got into their role and commented in a natural manner or as they felt they should. F1*

> *But I do think it is important when we are facing such huge matters...that everybody speaks their mind. Then you can assess all aspects... [...]...we are just a much stronger team this way – there is no shyness, at least it washed off quickly, and people are quite open and frank, you know – The group is very motivated to put their thoughts on the table. F7*

They also elaborated on the board as a whole being very active in putting questions forward.

> *So we try to get to the point that you can trust that the decision is right...But the approach is of course just that people are vocal, they ask and try to figure out the context. [...] And when we have met informally we just let it all out. We allow ourselves to ask about all matters, even "hearsays" that is just the way it is. [...] And I think it is a characteristic of this board that we ask a great deal, some [managers] might not be comfortable with that but you just have to ask. F2*

> *[Generally] it is so easy just to come in and be passive, just tag along and I know it is not easy to be the one asking the strange questions and be different. F4*

Well it is a five people board so we have plenty of time for all discussions, all questions and people do not hesitate to ask. M4

Some mentioned that the board had high levels of diversity which positively affected the discussions.

I would say that the board I serve on has a very good mixture. […] I think it happened by coincidence, and I would say that it turned out very well in our case. We have people with different backgrounds, generally well educated but with very different experience, people coming from all over, and that is very important, you see it now, both men and women…you hear so often about these homogenous boards. Now I just see it, I would just say: "God help us if we were just five of the same type of people", you know what happens very quickly is just that people will be "Uh, well I agree, I agree..." because people don't see the other view.   F7

I think that in a few instances we have heard more people's philosophy on life, and it has been portrayed in how we think matters should be resolved […] but it doesn't happen very often but actually it would be rather preferable not to have everybody the same on the board anyway. M2

We are a harmonious team, the work has gone extremely well, particularly taking into consideration the political aspect. When you take people from here and there, it is not a given that they will work well together, but we work extremely well together, we interact and voice our opinions, that is not a problem. And we do not always share the same opinions but we have been very successful working our way out of the problems and we are unbelievably unanimous when it comes to principles. F5

Despite low levels of previous or informal relationships, reported by male interviewees in Project 2 as being a prerequisite of developing trust in the boardroom, the members of gender balanced and female dominated boards seemed to have a developed a high level of trust.

We have, I think, amongst us I think we have complete trust. We say all things comfortable or uncomfortable. If we need to excuse someone from the meeting we do that as needed. We think it is important that there is a high level of trust and I think we have it. But not to the extent that it is too much and you start making the wrong decisions. No "Bay of Pigs" nonsense! F2

My feeling is that we trust one another, there is nothing else going on. No one is leery towards other people or anything of the sort. M3

There is complete trust amongst us, for instance because we have been able to discuss very delicate matters and there has been no leakage. There is complete trust between us. And that is one of the reason we work as well as we do. F5

And I think perhaps it surfaces not least in the sensation we have at meetings of: here we are - here we are to take on the tasks that were appointed to us, each in his or her own way, and the mutual understanding that there is trust amongst people and faith in the work done and decisions being made, and that decisions are carefully and deliberately made, taking into account all relevant considerations. M4

It was interesting to note that the members of the gender balanced and all female boards, although coming from a diverse background seemed to share visions and values around the principles of how to run a board. They also seemed to have taken time to discuss these things and noted that they had, most often early in the process, openly discussed objectives, goals, procedures and confidentiality, reported particularly by the females.

I have made a point of approaching matters in such a manner that I am looking at them from the interest of the company, and the interest of the general public who is the owner, what people would consider reasonable. Fortunately the whole board has shared this view, so we were in harmony from day one, which is quite extraordinary. […] F1

But we try to be careful that the decision we make each time is the right one. On the other hand what we try to avoid, and you will hear that I use the term WE a lot, because we have discussed how we are going to approach decision making. F2

I knew two people before and the other two I didn't know and what is different about this board compared to many other boards is that, even though it doesn't look like it from the outside, we all have the same agenda, that is to rebuild the company – there is nothing complicated about that. [Board X – a newly formed board]… we have developed this through discussion and we have just emphasised an open and candid discussion. F4

And I've been thinking about this, because I was appointed to [board X – a newly formed board] the other day and we started immediately talking about the importance of confidentiality so people could speak freely at meetings – And I thought it was really positive and that is the way we did it at [the board meeting] when we started. And of course we have allowed ourselves to speak very freely, we just say what we feel like saying. F1

The thing was that we knew this [a particular decision] was the acid test, and we just spoke very openly about it: It is going to be tough and we need to do it carefully. […]   And we have just discussed it, sometimes you know, if we feel bad about matters, we keep it on the table too. F5

And that is really clear – we discussed it at length and we are quite determined if we ever start getting phone calls and instructions behind the scene then: No! Then we will just assemble a shareholders' meeting and make the decision there. F7

A number of the females reported that their experience on a gender balanced or an all female board was quite different from what they had experienced on other (male dominated) boards in terms of open interactions.

On this board perhaps the interactions are more open than in so many of the boards I have served on previously. Maybe it is because we are trying to make sure that things are in good order. F2

No [open interactions are not the norm] I have sat in on meetings where, well of course it depends on the ownership as well, but yes sometimes it is just either the CEO or the chairman that drives the show and you really have to make an effort to put in a word. And everything has been decided beforehand, what needs to be got through at the board meeting. But that is not the case in this board, but I have seen it elsewhere. I have been in many board meetings, and some of the time the board is just a show off. F7

What is different about this board compared to many other boards is that, even if it doesn't look like it from the outside, we do all have the same agenda. F4

One female even mentioned that she was managing to get her ideas and concerns more easily across than in her previous positions where she had been the only female on the board.

[We are making] …a lot of this type of decision that I am very content with, that WE are quite content with. Some of the decisions we have made recently are of the kind that I have advocated for a long time [on other boards]. There were various issues that I was fighting for and never got through at [board Y], but I get to drive them home here. I got very little support for some issues at [board Y]. F2

6.6.2. Counter dynamics

As already noted, the interviewees from male dominated boards were not at all as vocal about dynamics and interactions. Two of the females, however, elaborated quite a bit on their experiences of feeling their questioning was not welcomed and was rather seen as annoyance or stalling.

> *You see a tendency for communication between the chairman and the CEO, which is – of course they plan meetings but they need to make sure that all board members are informed about important issues, but it is like some people think it is officiousness, you are asking too many questions etc. […] Sort of – Oh, is she asking all those questions - but it really is the role of the board to ask. But people sometimes take it like something personal. We are there to ask, also the silly questions. F8*

> *Anyway I wanted to ask and find out why things are the way they are. […] Well I wanted some straight answers, this is where the problems lie, perhaps you often ask questions which people are not quite ready to answer. […] Like I said, sometimes it is like you are being excessively officious, but I choose to look at it in a way that you are trying to improve the operations and point to things that can be improved…and you are not always looking for someone to blame, you are trying to help people to manage their affairs properly. F6*

One female particularly and persistently talked about the lack of open discussion and that things could be improved by taking more time to discuss objectives, procedures etc.

> *So you could make huge improvements if people sat down in the beginning and just reviewed how are we going to work together, and meeting without the CEO I think, and just discuss how they are going to work together – those traditions are missing […] Everyone is doing their best but you need a framework, a common vision and to open up the discussion. It is like when someone is afraid to ask at school – you sometimes get this feeling, how am I supposed to act here? And then everyone tries to emulate everyone else. […] I have never been on a board where people have sat down and discussed these issues. F8*

She also commented on wanting to make improvements but not receiving interest or support in that regard.

> *I would like to see a lot of improvements in how we structure things and such, but I am not exerting myself in changing everything. (Interviewer: why not?) Well I have often thought about it, of course. I have had my way in certain issues in a subtle way and made some improvements, but maybe people*

haven't felt the need for change because things were going so well.
(Interviewer: do you get more support now that things are not going so well?)
I don't know, not necessarily, I'm not sure, no; perhaps it remains to be seen.
F8

When talking about dynamics and interactions, the males on male dominated boards were very vocal on the importance of a good interaction, relationship and trust between the chairman and the CEO.

> *And like I have been saying, it is the chairman and the CEO, they need to be in touch more often than around board meetings and the trust between these two needs to be absolute – I mean absolute or good so to speak – so you have a certain level of certainty between the two that their minds are aligned and things are discussed at the right moments. M5*

> *I think, well – I think it is good if it is in such a way that the chairman works closely with the CEO. He is sort of the communicator to the board. The CEO has to be able to discuss with the chairman: How should we handle these things? Should we take it to the board? Should we call a board meeting and clear the issue? So I think that is the best way, it is the absolutely most important thing that you have good cooperation between these two. M6*

> *And I maintain daily contact with the CEO, and we perhaps conduct this together and then I communicate to the board. (…) It is a lot of work in this type of company at this point in time, and I really conduct it with him [the CEO]. M1*

Obviously since all these three have extensive experiences as chairmen it might come naturally to them to emphasise the chairman/CEO relationship. It should, however, be noted that some of their comments imply that the board comes secondary to the chairman/CEO dialogue, which creates the danger of underutilising or muting the board. This is precisely the comment of one of the female on a male dominated board who happened to have extensive experience as a chairman herself.

> *It varies a bit how CEO's deal with it, I think generally they are not knowledgeable enough about how to work with a board, they just come there and think everyone has previous board experience…When is it OK to just talk to the chairman or how should the communication process be? – They are not fully aware of the board's responsibility and perhaps that you need to inform everyone, not just the chairman. You have sort of seen the tendency for the dialogue between the two, which is really, I mean of course the need to prepare the meetings – but you need to inform all board members of important matters, but it is like some people think it is officiousness to ask too much… F8*

6.7. Confidence & Reaffirmation

6.7.1. Reaffirmation

Interviewees were not particularly vocal on how they knew they were being successful as board members. Although some people mentioned financial results, and contributing to creating a company, as their main indicator of success, matters relating to boardroom dynamics, such as having an input, moving the discussion forward, probing for answers and rationalisation of decisions was more common.

A few people, most from male dominated boards mentioned financial results.

> *Mainly, first and foremost it is the accounts; the income statement and balance sheet, at the end of the day are the criteria for all things – no matter what. M1*

> *Well I am always so practical. It's just the financial returns, although you might have episodes of different emphasis. F3*

> *Results? Perhaps I am too single minded in that, but I clearly define results in terms of financial returns. M5*

> *[In general] I would have to say that operational results, that you are running the company in an efficient way and with enough returns – that is the criteria I use, yes. This way I feel we can see if we are being successful in general, or not. There is just nothing that beats that. F1*

At these companies the financial situation is still very unclear and financial information is scarce. This in many cases forced people to look for other indicators of success, like in this one instance, of external feedback and self reassurance.

> *I pay attention to the public discussion of the company…I pay attention to how openly people are willing to speak to me…Yes, it is sort of a feeling. Do I feel comfortable at the end of meetings? If I do then – I don't know how to approach it differently – I mean, we don't have a proper balance sheet yet, hello!!! F4*

Unlike in Project 2, where it was strongly indicated that females mainly sought feedback by looking for feedback from owners or fellow board members and as being appreciated as individual contributors, there was no indication that the females in this study were looking for anything of the sort. Like their male counterparts they

mentioned having an impact, being able to move the discussion forward, pushing for results and rationalisations as their main success indicators.

> *Well, if I have a very strong opinion that I feel is essential to voice and I am able to voice it, that is success. I also feel it is success if I get a good debate about matters, that I perhaps am having doubts about and haven't made up my mind, and I get a debate about it so I get to focus my opinion and come to a conclusion that I am confident about, I think that is success too. I also think it is success to bring items to the meeting that evolve into something you think is of great importance. F5*

> *When I bring my comments, perhaps because I have an uneasy feeling about particular matters and I want some answers, and when I achieve getting to the point when I am reassured whether things are in order or not. F6*

> *I think it surfaces in such a way that people realise that when they come in [to a board meeting], they know I am there and they expect that I might even turn every stone…If people learn to expect that, well I think that immediately delivers results. M4*

> *By pushing matters through, but also if I manage to open the debate and get more people to see – …You open the discussion and ask questions like: Do you feel it is right to…? F7*

Having an effect on process restructuring was also seen as an indicator of being successful.

> *Now we are processing a lot of things – so now you are just looking at; are matters being handled in the way you want them to be handled, that is what you are looking at now. F1*

> *The board discussed it back and forth…some details couldn't be disclosed, but we agreed that the process should be transparent and completely fair. M3*

6.7.2. Confidence

Although difficult to portray in quotes, the overall texture of the conversation with females on gender balanced and all female boards, and their manner of presentation indicated a high level of confidence with their role and position as board members, particularly when compared to the female interviewees in Project 2. There seemed to be some inner sense that they were contributing and doing the right thing even though it wasn't "confirmed and approved" by some external body. This particular

quote gives a good example:

> *And gradually throughout the years, I've been in the business for 20 years, you learn to trust your own judgement, finally the time comes that you learn to deal with and tolerate the uncertainty that inevitably comes with not having all the answers, and just say "All right, what is this?", and because you cannot predict all outcomes, you sort of line up the decisions and little by little you learn: does this decision sit right, is this approach right? ...and I am just using all these pieces, I don't know if they would work under all circumstances, but here and now it works. F4*

In some ways a higher level of confidence could be detected amongst **all** the females interviewed in this Project 3 study, not just the ones from the gender balanced and female dominated boards. This is supported by higher levels of involvement in strategy by all females and the fact that they did not have as much tendency to attribute their credibility and contributions to tangible factors such as education or a particular knowledge or set of skills that was very much the focus of the females in Project 2. Neither did they seem to be adapting the nurturing role of supporting the CEO or facilitating a comfortable atmosphere. Although two had been assigned a specific coordination/control role within the board, it did not keep them from adopting a strategic role at the same time.

However, very much unlike the females on gender balanced and female dominated boards, the females on male dominated boards seemed to be dealing with frustrations and questioning the level of effect they were having in terms of getting their points across, questioning and making process improvements. These two contrasting quotes illustrate this very well, the former from a female on a female dominated board and the latter from a female on a male dominated board.

> *[We are making] ...a lot of this type of decision that I am very content with, that WE are quite content with. Some of the decisions we have made recently are of the kind that I have advocated for a long time [on other boards]. There were various issues that I was fighting for and never got through at [board Y], but I get to drive them home here. I got very little support for some issues at [board Y]. F2*

> *I would like to see a lot of improvements how we structure things and such, but I am not exerting myself in changing everything. (Interviewer: why not?) Well I have often thought about it, of course I have had my way in certain*

issues in a subtle way and made some improvements, but maybe people
haven't felt the need for change because things were going so well.
(Interviewer: do you get more support now that things are not going so well?)
I don't know, not necessarily, I'm not sure, no; perhaps it remains to be seen.
F8

The main difference between females on different boards seemed to be that the females on gender balanced and female dominated boards seemed to be in an environment where they felt like a "fish in water" whereas the females on male dominated boards seemed to feel like a "fish out of water".

7. Discussion and conclusions

7.1. Summarising the findings

Project 2 left me with the question as to whether valuable contributions of female board members, such as questioning and probing for better decision making might be lost due to the fact that they were not participants of the informal networks identified as vitally important by their male counterparts. Female board members had to struggle for respect and did not participate in power networks, this provided a reason to question the impact. While they might have been appreciated in their roles as support givers and facilitating a good atmosphere, there is reason to consider if these might seem trivial contributions in the tasks the company is confronting. Since the females, as opposed to the males, did not participate in informal networks, they were probably given an informal "out-group" status on the board, indicating that more challenging contributions like questioning and pushing for better results might not materialise.

In Project 2 I concluded that:

"In an ideal world the important contribution of pushing for better preparation of management and improved decision making would be a highly valuable ingredient of improving board performance. The actual world and the context in which boards work is, however, much more complex, and informal relationships and politics play a huge role. Therefore, the potential contributions of individuals not connected with the power clusters are less likely to be realised. This is most likely the case for both males and females – it just so happens that women are more often positioned in the out-group."

It was evident that the social culture and norms of boardrooms seemed to be quite masculine and deeply rooted in predetermined assumptions about behaviour and success.

In this study I have sought to explore whether the gender demography of boards affects individual role interpretation and how it would have an effect on the impact of female directors in terms of their positions on the board and their contributions. The findings of both projects are summarised in table 24.

		Role interpretation	Value of contribution	Informal relationships	Dynamics
Project 2	**How does gender have an effect?**	Females are more likely to contribute by asking critical questions and improving board performance	Females' contributions are less likely to be valued due to lack of inclusion	Males see informal relationships as extremely important. Women are excluded from informal relationships	Not discussed
Project 3	**How does gender demography have an effect?**	Females' role interpretation does NOT seem to be affected by gender demography.	Females' contributions are much more likely to be valued when female representation is high due to an equal power status to males.	Informal relationships are seen as important by males on male dominated boards.	Females on male dominated boards comment on lack of open discussions and questions not being welcomed.
		Males tend to adopt roles like questioning and improving board performance when female proportion on a board is balanced or high.		Informal relationships seen as UNimportant by both males and females on boards where female representation is high.	Candour and open discussions seen as a vital part of being effective as a board by both males and females on boards with gender balance or high female representation

Table 24: Summary of main findings of Projects 2 and 3

As in my previous study, both males and females on both types of boards had a similar general understanding of their basic roles and seemed to embrace the paradoxes of holding management accountable, as well as adopting a supporting role and participating in strategy. In addition a responsibility towards a wider pool of stakeholders, such as employees, customers, creditors and society in general was looked upon as an important part of their responsibilities.

In terms of a more specific role interpretation, this study has demonstrated that board gender demographics seem to have a greater effect on males' role interpretations than on females' role interpretations. Females from all types of boards continued to be quite inclined to define questioning and improving board performance and decision making as some of their key roles. However males on boards with gender balance were found to be much more likely than males on male dominated boards to adapt to these roles, namely to put forward critical questions, to probe, improve decision making and push for better board practices.

From the findings of this study it is very clear that the power position and impact of contributions such as questioning, probing and improving board performance is

much more visible in the case of the females on gender balanced and all female boards than in the case of both the women from the male dominated boards in this study and in the Project 2 study. This is in line with Konrad et al., 2008). In addition, what emerged to be quite characteristic of the women on gender balanced or female dominated boards was their high level of confidence. In fact this confidence level could both be considered to facilitate effective contributions or be a result of females being more confident about their contributions.

Informal relationships still seemed to be considered an important factor by the males on male dominated boards, as defined by the males in Project 2 who defined informal relationships as a prerequisite of trust, which in turn was in their opinion a necessity for an effective board. The females seemed again to be absent from informal relationships, but interestingly in the case of the gender balanced and female dominated boards, informal relationships were not considered to play any role by males or females. This finding is relevant in shedding light on previous findings that indicate that social ties on boards are important for effectiveness (Westphal, 1999; Westphal & Milton, 2000; Pye, 2004; Stevenson & Radin, 2009). According to my findings they are important only to the extent that they are part of the "rules and norms" of the board.

The most notable finding of this project is the high level of similarities and shared interpretation of the NED role between males and females on gender balanced boards, and how this contrasts with the male dominated boards. The males and females on the gender balanced boards shared a unified understanding, not only of their basic role, but also in the way they elaborated on being successful in their role and to whom they felt accountable. This is very much in contrast with males and females on male dominated boards. It was also notable how vocal the members of gender balanced and all female boards were about the level of open interactions, candour and trust on the boards. They seemed to have made a point of discussing their mutual roles and objectives very early in the process. Although the individuals came from different backgrounds and the level of informal relationships and previous

acquaintances was very low, their frequent meetings, open interactions and sharing a common goal seemed to have brought them sufficiently together to have in a relatively short time developed a high level of trust amongst each other. The level of trust was particularly described as *"not being afraid to voice your views and opinions, even though they contrast with those of other board members"*. This is very much in contrast with the findings of Project 2 where the male interviewees, on male dominated boards, defined informal relationships as prerequisites of building trust amongst board members.
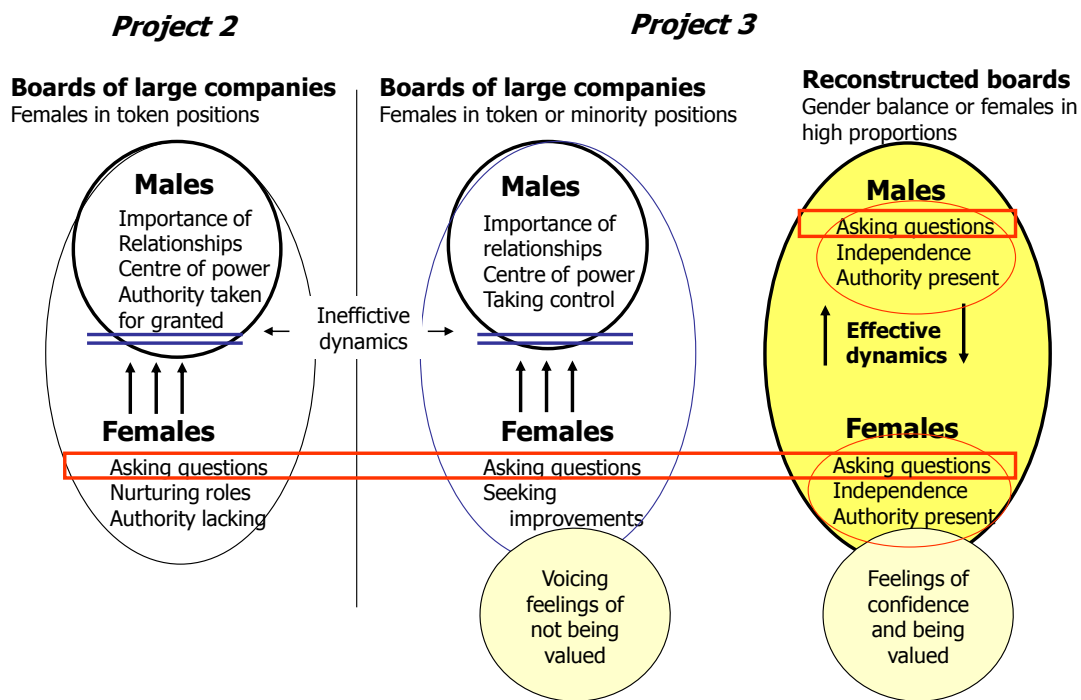

Figure 14: A conceptual map of the findings of project 2 and project 3.

While previous research (Konrad et al., 2008) supports the conclusion that gender composition is a significant source of the change in dynamics, one cannot rule out other explanations. Undoubtedly the gravity of the financial situation of the companies with newly formed boards and the recruitment process of the newly

appointed directors could play a role. These alternative explanations will be explored further in the next section of this chapter.

7.2. Effective dynamics

Interestingly the gender balanced and all female boards seemed to possess some of the qualities that are described in the literature as features of highly effective boards, such as: engaging in open discussions and active debate (Sonnenfeld, 2002; Finkelstein & Mooney, 2003; Cascio, 2004; Nadler, 2006; Buchholtz et al., 2005; Maharaj, 2008a), asking challenging questions (Finkelstein & Mooney, 2003; Roberts et al., 2005; Nadler et al., 2006; Maharaj, 2008a), and sharing a common goal (Aram & Cowen, 1986; Finkelstein & Mooney, 2003; Murphy & McIntyre, 2007). The boards seemed to possess high levels of knowledge and skills, independence of mind, and the diversity of the individuals, which have been considered as important traits of successful boards (Sonnenfeld, 2002; Finkelstein & Mooney, 2003; Leblanc, 2004a; Letendre, 2004; Pettigrew & McNulty, 2005; Nadler, 2006; Maharaj, 2008a). Taking note of the fact that the members of the newly formed boards were appointed based on their experience, knowledge and skills and the fact that they had a good reputation and could be considered independent from political parties and business cliques, their human capital and independence could be considered to be high. The board members of the newly formed boards reported (with only two exceptions) high levels of social capital, and also commented on the high level of diversity amongst their fellow board members.

As already stated, it must be kept in mind that the new boards were appointed by the political parties in proportion to their representation in parliament at the time of appointment. However, the fact that the interviewees were very vocal on the issue of not being dependent on the parties that nominated them nor the government in general, and that they would sooner resign rather than becoming a puppet of politicians, supports the view that these individuals do possess an independence of mind. The independence of the members of the newly formed boards was also reflected in their strong opinions of being accountable to the company and their own

conscience. It somehow seems that the gravity of the situation, when the companies collapsed, and the uncertainty and haste required, "forced" the politicians to intuitively set aside political agendas and search for highly qualified individuals with undisputed integrity.

In contrast to the gender balanced and female dominated boards, the members from the male dominated boards were not as vocal about boardroom dynamics and director interactions. This lack of discussion and little emphasis on relationships outside the boardroom gives a reason to suspect that the openness and interactions of the male dominated boards are somewhat less than those of the boards with higher proportions of females. This is supported by the persistent elaboration of the males on the importance and weight of the Chairman/CEO interactions, and comments by a female that a tradition for overemphasis on the chairman/CEO relationship somehow muted or demobilised the board as an entity. As the chairman/CEO relationship has been defined as a key for setting the stage for board interactions (Parker, 1990; Roberts & Stiles, 1999; Kakabadse et al., 2006a; Nadler et al., 2006) and that the chairman can play a key role in activating or deactivating the board (Leblanc & Gilles, 2005) the overemphasis on the chairman/CEO relationship can lead to a less dynamic board.

The repeated comments from females on male dominated boards (and the other females referring to previous experiences) indicated that questioning from women directors in particular was generally not seen as welcome. Furthermore, matters sometimes needed to be discussed "off record" to get their points across, and the fact that they (the females) felt they were not successful in pushing things forward, favours speculation that the general culture of these boards was less open. Open discussion and questioning did not seem to be the behavioural norm of the traditional male dominated boards, or at least not as appreciated as on boards with higher proportions of females.

It is evident that many boards are less effective due to the fact that they are operating in the more traditional modes. Although not a subject of this project, the boards of Icelandic companies did not seem to be able to do much to prevent the huge effect of the economic downturn. A good deal of that can be attributed to groupthink as described earlier in this paper. In order to make improvements, the board's assumptions about rules and norms must be questioned and reconsidered.

7.3. Moving into positions of effectiveness

The relative positioning of females on boards seems to have shifted from Project 2, where females reported serving auxiliary functions, were somewhat insecure about their authority and felt excluded from the informal networks. However, the degree of the shift is much greater in the case of the females on boards with high a proportion of females.

The females on the male dominated boards seem to have slightly more authority in their positions. They had become more likely to participate in strategy discussions and emphasised having a general function in a similar manner to the males. This again is in contrast with Project 2, where females were found to consider their input to be in terms of specific knowledge and skills. This could be explained by the macro change in the environment calling for more accountability of board members. This is not to say that the females were not behaving in an accountable manner before, but rather they were somehow sensing the urge to step in to a greater degree when the situation became graver. It could also be attributed to the fact that there were cases when these females were serving on boards where there was another female present, in contrast to the situation in Project 2 where the females were always the only one on the board. The females on the male dominated boards, however, persistently voiced their frustrations and feelings about not being effective enough, their questions not being well received, and their efforts for improvement were not being fruitful. They were still absent from the informal networks which continued to be defined as important by their male counterparts. It can, therefore, be concluded that although the females are stepping into more active roles, there is still

evidence that they do not entirely share the traditional male views on how to run an effective board and therefore do not experience being able to use their full potential.

As already described, the males and females in all subgroups seemed to share similar interpretations of their NED roles, procedures and accountability. The views of the males on the gender balanced boards, however, appeared to have a lot more in common with the views of the females from all subgroups (male dominated, gender balanced, all female) than with males on male dominated boards. One of the main reasons for appointing the members to the newly formed boards was absence of involvement and relationships with large businesses. It can be inferred that these new males had not been socialised in the norms and behaviours of traditional boards, and therefore perhaps did not come with a preconceived idea of how they should operate. The females on the gender balanced and all female boards were notably speaking from a platform of higher confidence than found among the other females interviewed in the two studies, and indicated that they felt content in their roles and were making a valuable contribution on the boards, despite the very challenging tasks the boards were facing.

The bulk of studies on female board members have dealt with numbers, qualifications, career advancement strategies and strategies to fit and be effective on boards. Females have been associated with positive contributions such as promoting open discussions and not being afraid to ask difficult and probing questions (Bilimoria & Huse, 1997; Huse & Solberg, 2006; Konrad & Kramer, 2006), but there have been several indications that effectiveness could not reach its full potential in non-inclusive cultures (Zelechowski & Bilimoria, 2003).

The findings of this study support these findings, i.e. that women can indeed bring valuable contributions but these can very easily be diminished or muted by traditional assumptions of board effectiveness. My findings also support research that shows that on male dominated boards barriers can be broken down through influencing behaviour, high levels of preparation and possessing high levels of social

capital (Huse & Solberg, 2006) as two of the females on male dominated boards elaborated upon. However, these factors are not prerequisites for female directors on boards where the culture and norms are more open and inclusive (Konrad et al., 2008).

Although this study focuses on studying the effect of the number of women on boards, one can speculate that exclusion need not be adapted to women exclusively. This could also be considered a trait of highly educated and experienced individuals who have not yet been socialised in the traditional rules and norms of boards. It just so happens that women are more often to be found in this position. This finding is similar to Kanter's (1977) observation of women more often being found in positions lacking power.

7.4. Other contextual factors and alternative explanations

Going beyond the gender demographic explanation for changed board behaviour, the two obvious alternatives would be the seriousness of the crisis and the unusual recruitment process of the new directors.

7.4.1. The crises and the worsening economic situation

The findings of this study indicate that contextual factors can have an effect on role interpretation and have an impact on female directors' effectiveness. As indicated in the literature review, boards have been reported to become more active in times of crisis (Lorsch & MacIver, 1989; Mace, 1972; Mace, 1973), but such apparent effects of crises on board dynamics and discussion is not known to have been reported previously. In fact Lorsch & MacIver reported on rigid norms and behaviours all too often paralysing boards' abilities to act, and delaying detection of problems or an upcoming crisis (Lorsch & MacIver, 1989).

In the context of a worsening economic situation, board members are feeling the increased pressure of the responsibility borne by the board. This is consistent with the findings of Lorsch & MacIver (1989) that boards become more open in periods

of crisis. This might indicate that the female input of asking challenging questions, probing for answers and pushing for improvement, might be considered of higher value than when things are booming. In an economic upswing there may be a higher likelihood of groupthink, less reason to question methods in general, and there is not a pressing need for alternative solutions. Therefore alternative views might not be as welcomed.

However, what seems to be substantially more important is the general atmosphere and dynamic on the board which appears in this case to be largely affected by the board gender demographics. Traditional rules and norms have not fostered an ambience of open discussion, task conflict and challenging questions. Although research has shown these factors to be essential traits of successful boards, changes are occurring slowly. In the context of gender proportions, while having two females on a board seems to be better than one, getting to a critical mass seems to make a substantial difference (Konrad et al., 2008) in terms of fostering both a common goal understanding, and dynamics that invite open discussions, questions and improvements.

7.4.2. The recruitment process

Taking into consideration the fact that the conditions and circumstances during the recruitment of the new boards were quite unusual, the criteria for recruitment could very well have an effect on how individual board members perceive their roles. The literature on board recruitment processes is not very extensive. It has mainly two aspects. On the one hand it claims that the director selection and recruitment processes are highly informal and mainly rely on the social networks of directors and CEOs (Daily & Dalton, 2004; Conger & Lawler, 2001; Kim & Canella, 2008; Ramirez, 2004; Westphal & Zajac, 1995; Shivdasani & Yermack, 1999; Hermalin & Weisbach, 1998). On the other hand it offers suggestions for improvements and altered focus, paying increased attention to director competencies and independence, as well as the abilities of the directors collectively to construct a board that practices active interaction and appropriate levels of confrontation (Leblanc, 2004b; Cantor,

2005; Conger & Lawler, 2001; Maharaj, 2008b; Olson & Adams, 2004; Watson, 2004).

Research linking recruitment procedures to role interpretation is limited and mainly deals with the issue of director independence and ability to make decisions independent of management. In my previous study there were, however, indications that individual role interpretations could be attributed to reasons for the appointment of particular board members:

> *"Five interviewees, three males and two females, were generally more specific in defining "guarding the interest of shareholders" as one of their key roles. When taking a closer look at these individuals, what they had in common was that they were either large shareholders themselves in the company in question, or had been hired or appointed by an individual who was himself a large shareholder. Interestingly enough, out of the four individuals who defined "bringing different viewpoints" as one of their main roles, three of them did not belong to the group of five that defined "guarding the interests of shareholders" as their key role. This might indicate the reasons why particular people are appointed to boards – to influence role interpretation. (Project 2, 2007)*

This indicates that "who" appoints directors and under what conditions can affect how the individual behaves on the board and how the role is taken up. The circumstances regarding the appointment of the three new boards were indeed quite extreme. When the government took over the companies in October 2008, all the previous board members were dismissed and new ones were appointed by parliament. Due to the extreme gravity of the situation one might even say that the board members were in fact appointed to "speak up". The boards of the other companies, however, similarly to the boards of the Project 2 study, consisted of members that were either large shareholder themselves, appointed by large shareholders, were employees of large shareholders, or were appointed from

alternative sources for the sake of being independent non-executives. This could be explored as a possible explanation for the difference in role interpretation and particularly the large difference in board dynamics.

Literature on the board recruitment process

The director selection process has traditionally seemed to be rather informal. Daily & Dalton (2004b) suggest that director recruitment has severely lacked planning and they call for a more formal process. The tendency has typically been to recruit individuals where there is an existing personal relationship to the recruiters or where the candidate is of a certain stature (Conger & Lawler, 2001). This is supported by Kim & Canella (2008) who suggest that internal social capital of director candidates will enhance the likelihood of selection as the candidate is known, liked and trusted by incumbent directors. External social capital is also associated with new director selection, because it indicates increased effectiveness through linkages to the external environment. They also suggest that when powerful external forces in the environment are present, the importance of external social capital will increase, but decrease as the corporation ages. Internal social capital will have more value when the company is doing well, while external social capital becomes more important when the company is doing poorly (Kim & Cannella, 2008). Directors still appear to be chosen based on cultural similarity to the CEO and homosocial reproduction prevails. The challenge seems to be finding enough economic and political interests that can be gained from enhanced diversity or from improved corporate governance, and to educate and mobilise those interests (Ramirez, 2004). On the same note, newly recruited directors have been found to have demographic similarity to the CEO when the CEO holds high power in relation to the board, whereas in the cases of relatively high board power, new directors have been found to share more similarities to the board (Westphal & Zajac, 1995). In addition, the involvement of the CEO in the recruitment process has been found to result in recruiting directors that are less likely to monitor aggressively and are less likely to be independent. (Shivdasani & Yermack, 1999; Hermalin & Weisbach, 1998).

Boards typically rely on recruiting CEOs of other firms and, as a second choice, professionals in accounting, law and finance, but many boards lack expertise in employee relations, change management, strategy formulation and organisational development (Conger & Lawler, 2001). Studies of non profit boards, however, have shown them to pay more attention to diversity of board profile and regular rotation of board membership. They focus on balancing diversity, stakeholder representatives and governance skills. Directors' own networks are the major vehicle for recruitment (Parker, 2007).

Although structural reforms in the recruitment process, such as recruiting more independent directors and separating the role of the chairman and CEO have been claimed to have some positive effects (Dulewicz & Herbert, 2008) there are loud voices that claim structural reforms are far from being the remedy needed to improve overall board performance, and that director qualifications and board processes are the issues on which boards should be focusing (e.g. Maharaj, 2008a).

Leblanc (2004b) suggests that boards should identify the right mix of competencies and behavioural patterns that match the strategy of the firm and apply these effectively in recruiting and evaluating board members. "This" Leblanc claims "will mark the end of the era when casual acquaintance and cronyism is the chief criteria for selection to a board. Directors will be chosen very carefully, and specifically for their behavioural characteristics and competencies. No longer will being a member of "the old boy's network" or being beholden to the controlling shareholder be a sufficient criteria for board membership" Leblanc, 2004b:7). Maharaj (2008b) calls for directors with knowledge, values and awareness of the effect of groupthink on the decision making processes. Cantor (2005) defines three areas essential to effective board performance: the expertise and the experience of the directors and good board dynamics. When evaluating director candidates, careful consideration should be given to their level of expertise, not only their possession of information but also the skill of knowing when to act and when not to act. Of equal importance is the experience of the director, defined as being business savvy, having the will to act and

the wisdom to offer advice and consent. The "proof" for competency in this dimension, Cantor argues, is having seen a particular candidate in action, and that is why boards are inclined to nominate people they know. In addition to carefully selecting directors, the board must then take steps to ensure that the environment in which it operates can replicate and sustain best practices in corporate governance, engaging in board climate reviews – values, objectives and operating styles (Cantor, 2005).

Literature has suggested several prescriptive methods for more effective board procedures where the recruitment process plays an important role. Boards should particularly be looking for individuals that can contribute different pieces of knowledge and information to the total picture. They also need people with sufficient power, defined as personal power, expert power and positional power. Power is demonstrated mainly in the ability of directors to confront and challenge management which has been identified as the most important characteristic directors look for in recruiting board members (Conger & Lawler, 2001). Power is claimed to be maximised when the board is made up of independent directors. Finally boards should be looking for directors that are sufficiently available to attend to their board duties (Conger & Lawler, 2001). Olson & Adams (2004) propose a functional approach to the selection of board members, who can and will work together as effective monitors, within the context of the new regulatory and private sector corporate governance standards. They suggest a 10-step plan including mapping what is needed, taking inventory of present directors, examining the social dynamics of the board and matching those to a new candidate with a successful track record, and the qualities, time and motivation to be a valuable addition to the board. Watson (2004) claims that the province of British Columbia is taking a lead in public-sector governance reform, defining best practices in director recruitment that highlight candidates' competency matrix, personal attributes and ability to work with the chair/board, and defining processes for a proactive search for candidates as due diligence, diversity, transparency, and quality control, in addition to committing to best practices.

Breaking the norms and assumptions of recruitment

A great deal of the literature on board recruitments indicates that, in order to reach improvements in the board, recruitment process traditional norms have to be broken. When the economy took a catastrophic downturn in October 2008 and subsequently when the boards of the companies examined were dismissed and new boards formed, two major assumptions were broken. The first was that the financial sector, and in fact the business sector in general, that presumably had been very successful in terms of growth and financial returns during the past, had taken a huge plunge, and was no longer seen as a success story but rather as a failure. This meant that a lot of the assumptions on how directors should be recruited, how things should be done, how decisions should be made, how boards should work and behave etc. were now up for scrutiny and questioning. The second assumption had to do with the boards themselves. In one blow the entire board was dismissed, its members disqualified and new members brought in. As described in the findings of the study, the new members were selected based on their professional background, their neutrality and being impeccable. Although not explicitly stated, one can infer that in fact their primary duty was indeed to speak up. While some of the new members had extensive board experience, others did not. Unlike the traditional boards in the business word, the newly formed boards now had females in greater numbers than ever seen before and even in majority positions in two of the three boards. Faced with a huge task, the newly appointed members knew that they should do anything but emulate the norms and behaviours of their predecessors, and it was up to them to find out how. The traditional rules and norms had been thrown out.

Possible effects of the recruitment process

Both male and female board members have been affected by the macro shift in assumptions, although in slightly different ways. Generally people have become more aware of the huge responsibility of the board and its members. With regard to the recruitment process, in essence, the politicians were forced to look beyond the traditional suspects for director candidates, such as CEOs of other companies etc. (Conger & Lawler, 2001). What seems to have been achieved when composing the

new boards is something similar to what is being described as an ideal board, with competent individuals, effective dynamics and a very high level of individual and board independence (Leblanc, 2004b; Cantor, 2005; Conger & Lawler, 2001). It did not, however, happen through a formal or rigid process, but it certainly involved a very different approach from what had traditionally been practised.

These findings support the view that norms and traditions need to be broken in order to go beyond structural reforms. Without doing so, the chances are that assumptions about profiles and board tasks remain unchanged and board progress will remain marginal or slow. That applies to all types of different director attributes, currently missing, but very much needed to construct an effective board. It applies for instance to the scarce expertise in change management and organisational development (Conger & Lawler, 2001). It also seems to have opened doors to the very scarce female directors. It seems evident that the circumstances and the recruitment process opened a way for very capable but "non traditional" individuals to the board. Many females fall into this category and indeed unusual proportions were recruited to these boards. These "unusual suspects" and the context they were working in succeeded in forming what has been defined in literature as effective board dynamics

Huge failures or quantum leaps in the environmental context might just be the "earthquake" needed to shake up the obsolete traditions and assumptions of board recruitment and functioning. It seems harsh, and one would certainly wish that boards could be reformed under less severe circumstances. Reformation needs a drastic questioning of the way things have been done and how directors have been behaving. The question then becomes: "Are boards capable of doing that?", or "Will it require a 'cataclysm'?"   This is an area that can provide fruitful contributions to the understanding and improvement of board workings and is well worth further research and examination.

What seems to be yet another important factor is to redesign assumptions and norms about board roles and effectiveness. The fall and restructuring of the companies and

their boards has provided excellent circumstances for doing just that. In a complete collapse there is ample reason to question the previous rules and norms, and when the boards were rebuilt with a diverse set of individuals with ample human capital, a platform existed from which to create new ones.

7.6. Conclusions

The findings of this study indicate that board gender demographics, in this case gender balanced or all female boards, do have an effect on individual role interpretation of males particularly, and can facilitate and increase female director effectiveness and levels of confidence. Although alternative explanations such as the severe economic crisis or the nature of the recruitment process can be offered, findings of previous studies support the conclusion that gender demography plays a significant role. These findings are in line with those of Kanter (1977) and Ely (1995) who demonstrated that a lack of gender balance could inhibit effectiveness and gender integration could facilitate effectiveness. They support the findings of those who have previously defined the role of asking challenging questions as one of the major contributions of female directors (Bilimoria & Huse, 1997; Huse & Solberg, 2006; Konrad & Kramer, 2006; Konrad et al., 2008), but question the notion that high levels of preparation, influencing behaviour, alliance building and social capital are necessarily prerequisites of female effectiveness on gender balanced boards (Huse & Solberg, 2006), as high level preparations can be attributed to efforts to counteract tokenism and that informal relationships and social capital only seem to play a role when it is seen as the norm of the majority. More particularly, my findings support and add to the findings of Konrad et al., (2008) that a critical number of women will not only reduce the effect of tokenism, and create a more supportive atmosphere where females are more likely to raise issues and be heard, but also that it does affect the male participants and the dynamics of the board in general. What my research also indicates is that the changes in this case are most likely to be facilitated by the fact that the entire boards were renewed and forced to redefine, not the role itself, but how they considered being valuable in their roles, and how the board should operate in terms of dynamics and processes in order to fulfil

their roles positively by promoting open discussion (Sonnenfeld, 2002; Finkelstein & Mooney, 2003; Cascio, 2004; Nadler et al., 2006; Buchholtz et al., 2005; Maharaj, 2008a), asking challenging questions (Finkelstein & Mooney, 2003; Roberts et al., 2005; Nadler et al., 2006; Maharaj, 2008a), and sharing a common goal (Aram & Cowen, 1986; Finkelstein & Mooney, 2003; Murphy & McIntyre, 2007). In line with Konrad et al., (2008), the reason that the boards were able to redefine themselves in such a way might indeed be because they had high proportions of females.

8. Limitations and suggestions for further research

Undoubtedly the small sample and the isolated context of this study suggest substantial limitations. The extreme economic conditions are not the norm for business and board settings. Although not generalisable to all circumstances, this study casts light on the importance of context and the inertia of a traditional culture, limiting the contributions of members that are in a way "different" or not part of the social network, and this is not easily overcome.

Research on board norms and culture are still scarce, and research on newly established boards is non-existent. To further understand the contributions of individual directors, effects of diversity, and lay foundations for further board improvement, more research on board interactions, cultures and norms is encouraged.

APPENDIX 1 - INTERVIEW SCHEDULE - PROJECT 3

The interviewees will be asked to keep a particular focal board in mind in the discussion. However they are encouraged to compare and contrast their experience to other boards they currently or recently served on. - The questions below are aimed to be a checklist of themes or points of discussion for the interviewee

Can you tell me about other boards you sit on?

Why were YOU asked to serve on this particular board? *(probe for evidence of particular qualifications or insight, social capital etc.)* - probe for functional experience

How would you describe your role or purpose as a board member on this board?
- Is it similar or different to roles you have on other boards?
- What do you do to fulfil that role?

Can you describe how you would behave and interact in a typical board meeting?
- o Are there some issues that you usually comment on more than others? Why? Can you give me examples?
- o What sort of behaviour or tactic is most effective for you to get your points across?
- o Would you say that your influencing strategy is the same as that of other board members, or is it different? How? Why?
- o How do you know if you are being effective in your role?
- o Attention to detail?
- o Do you feel that your behaviour, interactions or contributions have changed over the time you have served on the board - Why? How?

To whom or what do you feel accountable as a director? Why?

Can you describe your relationships with other board members?
o Did you know any of them prior to the appointment to the board?
o Have you developed your relationship with some board members more than others? Why?
o How extensive is your social network?

What do you think is your greatest contribution to this board?
Anything else you would like to share or comment on?

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