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Leadership style in a board of directors: implications of involvement in the strategic decision-making process

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Abstract

A key question regarding the impact of the board of directors (BOD) on a firm's strategic choices is why some BODs are highly involved in the strategic decision-making process and others are not. We offer a novel explanation pertaining to the importance of individual non-executive board members' attributes in leading such processes of involvement. Specifically, our research sheds light on the question of why an individual board member with particular qualities acts differently when serving on different boards. We explore the dynamics that emerge within the BOD that enable the involvement of such a member. Evidence is derived from fifteen open interviews conducted with non-executive board members, and analyses of twenty strategic decision events in a variety of companies (fourteen public, four private, one nonprofit and one government-owned company; six very large, seven large, four mid-sized and three small companies). Our findings highlight the importance of the BOD leadership style, the potential sources of leadership power and their influence on the work environment and norms that develop within the board with regard to its involvement. We point to the challenges that non-executive board members face in different environments and their considerations in choosing whether and how to promote the BOD's involvement. Finally, we demonstrate the importance of the expert and referent sources of power and the shared values within the BOD in shaping the context and dynamics of the BOD's involvement.

Keywords Boards · Directors · Decisions · Leadership · Strategy

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1 Introduction

Research indicates that the involvement of the board of directors (BOD) in strategic decisions can have a positive influence on the firm's strategic directions and its outcomes (Doan and Nguyen 2018; McDonald et al. 2008; Ruigrok et al. 2006). In this regard, scholars have noted that "involvement in strategy is increasingly viewed as a core contribution to firms' value creation processes" (Machold et al. 2011, p. 369). However, despite its position as the highest authority in the firm's management and its potential positive influence on the firm's strategic directions and its outcomes, the BOD is often reluctant to be involved in the strategic decision-making (SDM) process (Adams and Ferreira 2007; Carpenter and Westphal 2001) and BODs vary in their level and type of involvement (Finkelstein et al. 2009; Heemskerk et al. 2017; Ravasi and Zattoni 2006).

A considerable body of research points to the relationship between the BOD, as a group, and the top management team (TMT) of the organization (Westphal and Zajac 2013). Agency theory scholars have focused on power relations and conflicts of interest between the BOD and the TMT as a source of the BOD's capacity to be involved (Ben Barka and Legendre 2017; Boubaker et al. 2015; Tang et al. 2011). Other corporate governance scholars have adopted a behavioral perspective and suggest that trust and cooperation between the BOD and the TMT determine the BOD's involvement (Calabro and Mussolino 2013; Nguyen 2012; Stevenson and Radin 2015). Others conceive the BOD as a unique and complex decision-making group in which group norms and processes (e.g., effort norms, cognitive conflict, polarization, and politic considerations) are key to its functioning and behavior (Forbes and Milliken 1999; Heemskerk et al. 2017; Minichilli et al. 2012; Zhu 2013). Finally, some scholars have suggested a more organization-specific perspective that captures the unique conditions and context within each organization that influence the degree of involvement of the BOD, such as business environment, ownership, size, and CEO tenure which may change over time (Finkelstein et al. 2009; Zattoni et al. 2015). Nevertheless, because "we still know little about what transpires behind the doors of the boardroom" (Heemskerk et al. 2017, p. 233), there is a need to move from studying traditional BOD factors to systematically exploring *what BODs actually do and why* (Finkelstein et al. 2009; Machold et al. 2011).

Complementing the theories described above, another line of research highlights the role of *individual BOD members* in the decision-making process. In focusing on the *micro-foundations* of BOD involvement in the decision-making process, this line of research explores the conditions under which individual BOD members[1] lead BOD involvement in the strategic decision-making process. In particular, literature examines the individual members' traits and links them to the BOD's functioning and its capacity to be involved in SDM (Haynes and Hillman 2010; Khanna et al. 2014; Volonté and Gantenbein 2016). Studies show that individual board members, to the extent that they possess attributes such as independence, expertise,

[1] Throughout the article the term "board member" refers to an individual who is non-executive, part-time, and independent (i.e., who has the ability to be objective; see Hambrick et al. 2015, p. 330).

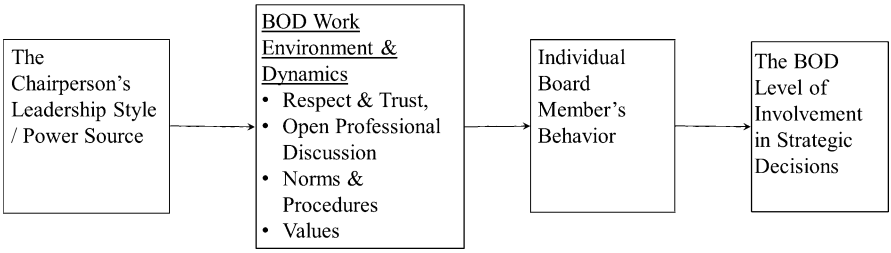


Fig. 1 Board leadership and involvement in SDM

commitment, and motivation, tend to be more involved in asking questions, expressing doubts, and proactively searching for additional information, which eventually leads to the BOD's involvement as a group. In line with this research, it has been noted that "the locus of monitoring is the individual director" (Hambrick et al. 2015, p. 324). Nevertheless, the research indicates that the same board member acts *differently* when serving on different boards (Cornelli et al. 2013; Li et al. 2018; Westphal and Milton 2000), such that he or she can be highly involved in one board and less involved in another. This variation in involvement is often explained by the group context and the perceived risks such involvement brings (Bailey and Peck 2013; Li et al. 2018; Roberts et al. 2005). Still, our knowledge about the interplay between the work context in the BOD and the way individual board members actually behave is rather limited.

In the present article, we expand on group leadership theories (Avolio et al. 2009; Schaubroeck et al. 2016) in order to better understand whether and how the chairperson's leadership[2] influences the work environment within the BOD and it's level of involvement in SDM (Machold et al. 2011). Specifically, we focus on the processes and dynamics that develop within the boardroom to create the behavioral conditions under which individual BOD members may become more involved (Bailey and Peck 2013; Huse et al. 2011; Pugliese et al. 2015). To this end, we propose the following research question: *Does the BOD chairperson's leadership style influence the work environment within the BOD in ways that lead board members, both singly and collectively as a group, toward greater involvement in strategic decisions?* (See Fig. 1 for an illustration of the process.)

We offer several potential contributions to the extant literatures on behavioral corporate governance and the line of research that views the BOD as a decision-making group. First, we hope to enhance our understanding of the motivation of individual board members to be involved, under certain conditions, despite potential personal risks (Westphal and Khanna 2003). This can advance the theory by addressing a key

[2] In the last decade, following corporate governance regulations and practices an increasing number of firms have appointed a non-executive independent director as the BOD chair (Krause et al. 2016). However, there are still other forms of BOD leadership, and thus, throughout the article the term "Chairperson" refers to different forms of the BOD's leadership, usually, but not always, the chairperson of the BOD.

theoretical puzzle concerning why individual BOD members, possessing a particular set of attributes, behave differently when serving on different BODs. Specifically, we show how the context, that enables certain behaviors, affects the level of involvement of the group as a whole, and delineate different pathways that individual BOD members adopt and pursue when driving the process whereby the BOD, as a collective unit, becomes involved in SDM. This endeavor thus bears the potential to further reveal "the 'missing link' of micro-behavior in macro-social explanations of macro-social phenomena" (Westphal and Zajac 2013, p. 609).

Second, we specify the particular chairperson's leadership traits that help in creating a work environment in which individual BOD members can take on the task of leading the BOD's involvement in the strategic decision-making process. This requires us to explore the relationships between the chairperson's leadership traits, the source of leadership power, the work environment, and the BOD's level of involvement in SDM. Finally, we provide firsthand evidence of BOD dynamics and the challenges an individual BOD member faces in certain situations. In so doing, this endeavor extends corporate governance research by identifying actual board behaviors, such as, for example, *over-involvement*, which may be even harmful interference (Machold et al. 2011).

2 Theoretical background

The BOD's involvement in strategic decisions is defined as "the overall level of participation of board members in making non-routine, organization-wide resource allocation decisions that affect the long-term performance of an organization" (Judge and Zeithaml 1992, p. 771). A common belief is that BODs should be involved in SDM for the benefit of the firm and its shareholders (Doan and Nguyen 2018; Finkelstein et al. 2009; McDonald et al. 2008; Ruigrok et al. 2006), and different theories conceptualize their involvement based on different perceptions of the role that BODs need to fulfill. A dominant approach, derived from agency theory (Fama and Jensen 1983), suggests that the role of the BOD is to control and monitor the firm's TMT (i.e., to engage in its supervision, evaluation, selection, and dismissal) (Daily et al. 2003; Huse et al. 2011). Agency theorists view the BOD's involvement in the firm's strategic decisions as a way to enhance the BOD's legitimate power and to direct management's activities such that they align with shareholders' interests (Ben Barka and Legendre 2017; Boubaker et al. 2015; Cornelli et al. 2013). This line of research emphasizes the importance of the structural characteristics of the BOD and its members, such as professional expertise, non-duality, and independence, in enhancing the BOD's power and its capacity to be involved and thereby help in improving the firm's performance (Finkelstein et al. 2009; Hambrick et al. 2015; Volonté and Gantenbein 2016).

Another approach draws on resource dependence theory (Pfeffer and Salancik 1978) and focuses on the BOD's service role (i.e., as an advisory and networking resource with regard to the definition, selection, and implementation of the firm's strategy and resource allocation) (Calabro and Mussolino 2013; McDonald et al. 2008). Research suggests that the BOD's involvement in SDM endows the firm

with legitimacy and helps it to gain preferential access to beneficial resources and thereby improve its outcomes (Heemskerk et al. 2017; Stevenson and Radin 2015; Westphal 1999). While the control and monitoring role is based on power relations between the TMT and the BOD (Hambrick et al. 2015), the advisory and strategy roles require collaboration, trust, and cohesion between the BOD and the TMT (Adams and Ferreira 2007; Nguyen 2012). Studies propose different perspectives on the dilemma of power versus cooperation. Some propose an integrative perspective on the ways BODs exercise their power and develop collaborative relationships with the TMT (Sundaramurthy and Lewis 2003; Zhang 2013). Others reveal the different considerations that BOD members must address, depending on the firm's business environment or the nature of the decisions' processes within the BOD (Finkelstein et al. 2009; McNulty and Pettigrew 1999).

Indeed, understanding the BOD's functions with regard to strategic decisions is a complex and multilayered discussion (Machold et al. 2011). BODs are unique and complex and are seen as "large, elite, episodic decision-making groups that face complex tasks" (Forbes and Milliken 1999, p. 492). First, board members share their authority and legal liability equally, and yet their accountability is personal (Laux 2010). Second, the board is a rather episodic group, consisting of high-profile outside experts. Insofar as their product is cognitive and non-concrete, BODs are exposed to "free riding" behavior and are particularly vulnerable to value loss (Huse et al. 2011; Forbes and Milliken 1999; Heemskerk et al. 2017). Effort norms are especially relevant in this context, because they determine whether and when board members are likely to become more or less active participants (Minichilli et al. 2012; Zattoni et al. 2015). High levels of effort norms can contribute to constructive and fruitful discussions, facilitate the resolution of cognitive conflicts in order to support the BOD's functioning, and increase BOD members' cohesion and inclination to work together (Haynes and Hillman 2010; Heemskerk et al. 2017). However, research also indicates that cohesion encourages social group sanctioning of an individual board member who voices a minority opinion or violates the collective interests of the group (Westphal and Khanna 2003). Thus, it is a challenge to cultivate norms and procedures that balance between the BOD's control and service roles, between trust and power relations with the management, and between group cohesiveness and cognitive conflict.

Scholars have identified specific qualities of individual board members (e.g., professional skills, expertise, or breadth of knowledge) that support the capacity of the BOD to fulfill its tasks, shape the dynamics within the BOD, and influence the BOD's level of involvement in SDM (Khanna et al. 2014; Volonté and Gantenbein 2016). Individual board members display a variety of involvement behaviors that can contribute to BOD effectiveness (Hambrick et al. 2015; McDonald et al. 2008). Qualified directors have the conviction and authority, expertise and motivation, as well as the demonstrated vigilance to be able to grasp issues at hand, knowing when and how to exert a minority opinion, call for action, and lead the involvement in SDM (Khanna et al. 2014; Machold et al. 2011). To enhance our understanding of individual board member involvement, we view job involvement as a function of "a belief descriptive of the present job [that] tends to be a function of how much the job can satisfy one's present needs" (Kanungo 1982, p. 342). Consistent with this view,

we argue that individual board members hold personal beliefs and values about their role as board members that affect their willingness and ability to be involved (Li et al. 2018). Although individual BOD members can lead BOD involvement in some situations, depending on their professional expertise (McDonald et al. 2008), there may be BOD members who are more influential than others, regardless of their formal position (Carpenter and Westphal 2001; Ravasi and Zattoni 2006). Thus, the *actual involvement* of individual members depends upon the *BOD-specific context* (Bailey and Peck 2013). Following this line of thinking, we advocate a study that promises to enhance our understanding of the social-psychological processes within BODs and the conditions under which individual board members participate, interact, and become involved (Stevenson and Radin 2015).

Research indicates that the BOD chairperson is key in influencing the extent to which "the knowledge and skills of board members are optimized in board efforts" (Huse et al. 2011, p. 18). This suggests that leadership derives its power and utilizes it to achieve desired outcomes. French and Raven (1959) identified five potential sources of leadership power: legitimate power, based on a person holding a formal position; reward power, based on a person's access to potential rewards; coercive power, based on a person's ability to punish; expert power, based on a person's expertise, and referent power, based on a person's friendliness and social skills. Nahavandi (1997) extended this theoretical lens to explain the way each of these sources of power influences the way followers behave and the dynamics and norms within the group, suggesting that leaders who tend *not* to rely solely on their formal position for their power, but also use expert and referent sources of power, lend additional support to the group in achieving its goals (see also Schaubroeck et al. 2016). In the complex context of the BOD as a group with unique characteristics, the chairperson's leadership traits and sources of power are more difficult to isolate (Bailey and Peck 2013; Forbes and Milliken 1999). In work groups, for example, an individual can emerge as an *informal leader* and influence the dynamics, processes, and outcomes, even in those situations where a formal group leader has been assigned (Luft 1984; Neubert 1999; Wheelan and Johnston 1996). Let alone in BODs, each member *is expected* to take on the adaptive form of informal leadership, based on his or her professional expertise and previous experience (Hambrick et al. 2015; McDonald et al. 2008). However, BOD members occasionally get involved and lead processes within the BOD based on their political power, ownership interests, or prestige, rather than professional expertise (Ravasi and Zattoni 2006). Hence, a focus on the BOD chairpersons' leadership characteristics and their influence on the dynamics or processes within the BOD, can shed light on the ways the BOD functions as a work group, albeit a unique one, and, in particular, can inform us about the context that affects the individual members' involvement. As separating the BOD chairperson's role from that of the CEO is becoming a common practice, it is important to understand the BOD chairperson's leadership style and source of power (Krause 2017; Krause et al. 2016). We expand and elaborate on the approach of McNulty et al. (2011) to study the BOD chairperson's source of leadership power and its influence on board processes. However, we focus on the BOD's involvement in SDM processes from the individual BOD members' perspective and motivation to act. In so doing, we reveal why the same BOD member with the same qualities can

Table 1 Interviewees' fit with the definition of 'Quad director', (see Hambrick et al. 2015, p. 330 definition)

"Independence: Ability to be Objective:

- Is the director currently or was he/she formerly an employee of the company?
- Does the director have family or personal ties to the CEO?
- Does the director have any material business connections to the company?
- Was the director selected during the current CEO's tenure? (If so, was the CEO on the nominating committee?)
- Is the director currently a CEO of another company?

X

Ability to Comprehend the Issues at Hand:

- What are the director's areas and levels of formal education and certification?
- How many other public company boards has the director served on?
- What types of issues/challenges has the director faced on other boards?
- How much experience does the director have in the focal company's industry?

X

Bandwidth: Ability to Devote Requisite Time and Attention:

- Is the director fully employed elsewhere? If so, how demanding is that position?
- How many other boards does the director serve on? (The optimal number will depend on full-time jobs elsewhere.)

X

Motivation: Eagerness to Exert Oneself on Behalf of Shareholders:

- Does the director have a meaningful ownership stake in the company?
- Does the director psychologically identify with being a director?
- Does the director identify with shareholders, by virtue of significant experience as an investor or venture capitalist?

Interviewees' Total Quad Scores on a scale of 0-100:

Interviewee No.	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**	**VIII**	**IX**	**X**	**XI**	**XII**	**XIII**	**XIV**	**XV**
Independence	1	1	1	1	1	0.9	1	1	1	0.95	0.95	1	1	1	1
Expertise	0.9	1	0.9	1	0.9	1	1	1	1	1	1	0.9	1	1	1
Bandwidth	1	1	1	1	1	0.9	1	1	1	1	1	1	1	0.9	1
Motivation	1	1	1	1	1	1	1	1	1	0.95	1	1	0.95	1	1
Final score %	**90**	**100**	**90**	**100**	**90**	**81**	**100**	**100**	**100**	**90**	**95**	**90**	**95**	**90**	**100**

Based on the interviewees' CVs. Please see some details in the following Interviewees' profile summery.

Interviewees' profile:

1. Industry expertise: energy; pharma; banking and finance (4); investments (2); aviation, telecommunication; technology services; IT; tourism, agriculture.
2. Professional expertise: global family-owned business, complex organizations; finance and accounting, entrepreneurship, innovation, operations, technology products, industrial operation, macroeconomics
3. Former TMT experience: A partner in one of the leading global venture capital funds; 2 CEOs of global technology firms; 2 VPs in global leading firms; 2 founders and CEOs; 2 CEOs of industrial firms; a CEO of a logistics firms; a senior partner in one of the big four accounting firms; senior economist in a global bank; CFO in a telecommunications firm;
4. Gender: 8 men; 7 women.
5. Education Profile: 3 PhDs (pharma, sociology of education, and economics); 5 MBAs, 2 BScs (engineering and design); 3 CPAs, 1 BA (economics).

perform differently while serving on different BODs, and propose a dynamic process in which the BOD, as a group, becomes more or less involved in SDM.

3 Method

Following calls to examine *actual* board behavior and "synthesize the insights that come from the rich data that qualitative techniques allow" (Bailey and Peck 2013, p. 143), this study employs a qualitative methodology. Since empirical evidence on the processes and dynamics within the BOD is scanty due to limited access to BODs (Bailey and Peck 2013; Daily et al. 2003; Heemskerk et al. 2017; Machold et al. 2011; Stevenson and Radin 2015) and at the same time it was necessary to ensure the validity and reliability of this study, we choose our sample from the network of board members to whom we have personal access. We did so bearing in mind the interviewees' qualifications and willingness to fully cooperate and discuss sensitive issues, including sharing actual events that occurred in the companies in which they served as board members. This sampling method has been used in previous qualitative studies (e.g., Nicholson and Kiel 2007; Stevenson and Radin 2015). Heemskerk et al. (2017, p. 235) recently advocated it by noting the following: "We used our linkages with 11 of these boards to investigate the role of conflict in board dynamics." Despite all the constraints, we compiled a diversified sample of interviews (see Table 1 for details).

3.1 Research setting

We conducted semi-structured interviews with 15 board members during 2015, and explored and supported the data on 20 cases of strategic decisions with financial reports and archival surveys. To increase the generalizability of the study's findings, we interviewed 8 male and 7 female board members, from different nationalities, with different personal backgrounds, and serving on boards of companies in a range of business sectors and industries. As shown in Table 1, interviewees scored highly as qualified directors (see Hambrick et al. 2015, p. 330). Thus, they had a substantial level of knowledge and human capital that enabled them to reliably describe and explain the complex situations and dynamics within the board, and to reflect on their motivations and behavior in different situations. The scope of the interviews may seem rather limited but we followed the guidelines of Charmaz (2006) regarding the definition of sufficient data, collected background data, gained detailed descriptions of the events that were discussed, and sufficient multiple views to enable us to develop analytic categories. Therefore, we believe that the depth and level of information sharing were sufficient to create a rich body of knowledge.

All the interviews were conducted by the first author in a face-to-face setting, except for one that was done over the phone. Each interviewee received a preliminary one-page document that described the research topic and the issues expected to be discussed. All but three of the interviews were recorded and transcribed, with a commitment to keep confidential all information that could reveal the identity of the company or its board members. The interviews lasted from 30 to 90 min each. Each interview had two parts, starting with the individual board member's general views on the BOD's involvement in SDM, with three guiding questions: a) the context and the dynamics of BOD involvement, b) the individual board member's motivation

and behavior, and c) the dynamics that take place between the individual board member and the BOD as a group. The second part focused on a specific strategic decision of importance for the firm, selected by the interviewees. Some interviewees were willing to share more than one case, and only one didn't share any. By inquiring into the details of the specific strategic decision, the interviewer was able to turn the theoretical discussion into a concrete and down-to-earth dilemma that highlighted the gaps between the individual board member's general views and his or her actual behavior. These gaps between one's view and actual behavior, revealed the context that distinguished between the different board dynamics and the way it influences the individual board member's behavior.

We selected twenty cases that represent a diversified sample in terms of company ownership (fourteen public, four private, one nonprofit and one government-owned), company size (six very large, seven large, four medium, and three small), board size (four cases with small boards, i.e., up to seven members, seven cases with eight to ten members, and eight cases with more than ten members), and percentage of independent board members (four cases with a low level of independence, i.e., less than 25% independent board members, seven cases with a medium level of independence, i.e., up to 50% independent board members, eight cases with a high level of independence, and one case for which we had no accurate data). Some cases focused on the most significant decisions in the company's life such as the sale of the company, mergers and acquisitions (M&As), and CEO succession, whereas others involved strategic decisions that boards periodically deal with such as budget approval, capital allocation, and CEO compensation. Table 3 displays the case characteristics. In order to obtain more in-depth information and strengthen the study's construct validity, we analyzed all available financial reports, economic data, and legal documentation with regard to the 20 strategic events and the companies involved. Potential information biases of interviews were addressed by: (a) comparing the evidence from the interviews with online data regarding the companies, the figures involved, and the specific events described in the case study, and (b) analyzing cases and personal tendencies from different perspectives, such as interviewees' potential personal motivation or norms that have been changed (Charmaz 2006). Finally, we should note our use of a dual methodology of interviews and the exploration of a diversified sample of cases from a variety of companies in terms of size, industry, ownership, and type of strategic decision event (cf. McNulty et al. 2013). Based on Eisenhardt and Graebner's (2007) definition, we believe that our sample can be considered theoretical, since cases were chosen because they are "extreme exemplars, or opportunities for unusual research access" (p. 27).

3.2 Data coding and analysis

To analyze the transcripts with regard to the open research question of *why and under what circumstances do BOD members actively participate, get engaged, and lead BOD involvement*, we performed "an inductive analysis, from what the informants say (first-order codes) to what the literature says (e.g., enfold theory, second-order codes)" (McNulty et al. 2013, p. 192). The first stage of this analysis was to

Table 2 (a) Key factors from interviewees' sentences, (b) Key factors in BOD involvement based on the interviews

Interviewee no.	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV	
(a)																
The BOD as a group	4	4	2	2	2	4	4	4	3	3	4	3	2	4	2	3.13
Relationships among BOD members: trust, harmony, culture, power relations etc.	√	√	√	√	√	√	√	√	√		√	√	√	√	√	14
The way BOD members perceive their role	√	√		√	√	√	√		√	√	√	√	√	√	√	13
BOD vis-a'-vis management relations		√		√	√	√	√	√	√	√	√	√	√	√	√	13
Common values and vision	√	√	√	√		√	√	√	√		√	√			√	11
Information available and BOD members' behavior in that regard	√	√				√	√	√	√	√	√	√		√	√	11
Open discussion	√		√	√	√	√		√	√		√		√			9
Work environment within the board	√		√			√		√	√	√	√		√	√		9
Board members' professional profile	√	√					√			√	√	√	√	√	√	9
Formal and informal procedures							√				√	√	√		√	5
Diversity	√											√				2
The individual BOD member	3	3	3	4	4	2	3	3	3	2	2	4	3	3	4	3.07
The way the individual BOD member perceives his/her role	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15
Individual professional capacity to understand the business	√	√	√	√	√	√		√		√	√	√	√	√	√	13
Sense of duty and responsibility	√	√	√	√	√		√	√		√	√	√	√	√	√	13
Time invested in work outside formal board meetings	√	√		√			√	√	√	√		√	√	√	√	12
Personal motivation to be involved or engaged		√	√	√	√	√	√		√	√	√	√	√		√	12
Independence from both financial and professional perspectives			√	√	√		√		√	√	√	√	√	√	√	11
Experience and capacity to identify warning signs				√	√		√	√	√	√	√	√	√		√	10
Personal characteristics			√		√	√			√		√	√	√		√	8
Willingness to make an impact		√			√				√	√		√	√		√	7
The BOD's leading figure	2	2	4	3	3	3	2	3	4	4	1	3	4	1	4	2.87
Lead director	√	√	√													3

Table 2 (continued)

Interviewee no.	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV	
CEO (+TMT)		√	√		√	√	√	√	√	√	√	√				10
Chair			√	√	√	√	√		√	√	√	√	√	√		11
Committee chair	√					√	√				√		√			5
Shareholders' representative						√	√	√	√	√	√		√		√	8
Independent board member				√			√		√		√	√			√	5
Leadership style				√	√	√	√			√	√	√	√	√		9
Challenges others to achieve goals		√	√	√									√		√	5
Enables an open discussion		√	√	√	√		√	√	√	√			√	√	√	11
Acts to promote personal (or certain shareholders') agenda, use of power				√	√	√	√	√	√	√	√	√	√			10
Acts based on integrity and trust			√		√	√	√	√	√			√			√	8
Acts based on ego or non-ego considerations					√	√				√	√		√			5
Professional					√	√			√		√	√			√	6
Others factors	1	2	0	1	1	2	3	1	2	2	1	0	1	1	1	1.3
Formal and corporate governance procedures and legal liability	√	√		√		√	√		√		√		√	√		9
Ownership					√		√	√	√	√	√				√	7
Strategy procedures within the BOD		√				√	√		√					√		5
Business situation		√		√		√				√						4
Company size		√					√	√								3
Local culture										√					√	2
Board's size							√									1

Table 2 (continued)

Interviewee no.	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	XIII	XIV	XV	Average
(b)																
The board as a group	4	4	2	2	2	4	4	4	3	3	4	3	2	4	2	3.13
The individual BOD member	3	3	3	4	4	2	3	3	3	2	2	4	3	3	4	3.07
The board's leading figure	2	2	4	3	3	3	2	3	4	4	1	3	4	1	4	2.87
Other factors	1	2	0	1	1	2	3	1	2	2	1	0	1	1	1	1.27

Scored from 4 to 1, based on frequency as determined by analysis of the interviews

4 = Very frequently

3 = Frequently

2 = Mentioned a few times

1 = Mentioned once

The board as a group: Trust, harmony, power, or other *relationships* among board members; the existence of professional board members, the level of openness in the discussion, the board members' self-perceived role, board-management relations, common values and vision, information available (formally presented or individually collected), formal and informal board procedures, the effect of the environment and culture on the board, diversity

The individual board member: The way he/she perceives his/her role, level of understanding the business, sense of duty/responsibility, time and energy dedicated outside formal board meetings, personal engagement, financial and professional independence, experience as a board member, alert to warning signals, willingness to make an impact

The board's leading figure: The leader's formal role, leadership style, enabling open discussion, leader's agenda—whether personal or professional, the leader's integrity, level of trust; level of professionalism, leader's ego or lack of ego as a key personality factor

Other factors: Formal legal and corporate governance requirements—whether conducive to involvement, type of ownership, annual strategy procedures, business situation, company size, local culture, board size

Table 3 Strategic cases in point analysis

Case no.	Strategic decision	Firm size (a)	Sector (b)	Ownership (c)	Globalization level (d)	Business situation (e)	BOD Size (f)	% independent directors (g)	Specific strategic case leadership	BOD's formal/informal leader	Words describing BOD's leader	Level of involvement (h)
1	Budget approval	X Large	3	Pu	L	S/P	L	Low	A board member	Chair and shareholder	Powerful, devious	1
2	CEO compensation	Small	6	Pu	L	D/L	M	Mid	A board member	Chair, CEO and founder	Aggressive, very strong	1
3	Dividend distribution	X Large	4	Pu	L	S/P	S	High	A board member	Chair and shareholder	Powerful, influential	1
4	CEO compensation	Mid	1	Pu	M	S/P	L	Mid	A board member	Chair and shareholder	Powerful, influential	1
5	Acquisition	X Large	6	Gov	L	S/P	L	High	A board member	CEO	Powerful, a politician	2
6	Acquisition	Large	5	Pu	G	S/P	L	Mid	A board member	Chair and founder	Aggressive, dominant	2.5
7	Board procedures change	Large	2	Pu	M	S/P	M	Mid	A board member	A Board member and shareholder	Tough person	2.5
8	Company sale	Mid	1	Pr	L	S/P			A board member	Chair, CEO and founder	Professional; committed	3

Table 3 (continued)

Case no.	Strategic decision	Firm size (a)	Sector (b)	Ownership (c)	Globalization level (d)	Business situation (e)	BOD Size (f)	% independent directors (g)	Specific strategic case leadership	BOD's formal/informal leader	Words describing BOD's leader	Level of involvement (h)
9	Company expansion	Large	5	Pu	G	S/P	S	Mid	A board member	Chair and shareholder	Very strong, professional	3
10	CEO succession	Mid	1	Pr	L	S/P	M	High	A board member	Chair and shareholder	No ego, very open	4
11	Company expansion	Mid	7	Pu	M	S/P	S	Low	A board member	Chair and shareholder		4.5
12	M&A	X Large	1	Pu	L	S/P	M	High	Lead director	Chair and CEO	Open; enabling; no ego	5
13	M&A	Large	4	Pu	L	S/P	M	Low	A board member	A board member and shareholder	Very open, Transparent	5
14	Strategy change	Large	1	Pu	I	RG	M	High	A board member and shareholder	Chair and CEO	Collaborative humble, sensitive, inquisitive	5

Table 3 (continued)

Case no.	Strategic decision	Firm size (a)	Sector (b)	Ownership (c)	Globalization level (d)	Business situation (e)	BOD Size (f)	% independent directors (g)	Specific strategic case leadership	BOD's formal/informal leader	Words describing BOD's leader	Level of involvement (h)
15	Budget approval	Large	7	Pu	M	RG	L	High	Lead director	Lead director	Professional challenging, Thinks outside the box	6
16	Strategy plan	Small	3	Pr	L	RG	S	Mid	A board member	Chair	Very open	6
17	CEO succession	X Large	5	Pu	G	S/P	L	High	A board member	Chair	Open minded, thinks OTB, listens	6
18	Strategy plan	X Large	4	Pu	L	S/P	L	High	Chair	Chair	Professional open	6
19	CEO succession	Large	5	NP	G	S/P	L	Mid	A board member	The former CEO/chair	Collaborative	6-7
20	Strategy change	Small	3	Pr	G	RG	M	Low	A board member and shareholder	Chair		7

Table 3 (continued)

(a) Size: small 2 ≤ € 10 m; medium 10 ≤ € 50 m; large € 50 m < to € $1 B; and X large—above € $1 B

(b) Sector, as defined by ISIC UN standard industrial classification, coded for the purpose of confidentiality

(c) Ownership: public (Pu), privately owned (Pr), non-profit (NP), government owned (Gov)

(d) Globalization Level: local (L), international (I), multinational (M), global (G)

(e) Business situation: decline/losses (D/L)—negative growth or stability, marginal profits or losses; stable/profitable (S/P)—one-digit growth and profitability; rapid growth (RG)—two-digit growth and profitability; Crisis (C)—significant losses and/or high debts

(f) Board size: small (S)—up to 7 members; medium (M)—8–10; and large (L)—more than 10 members

(g) Percentage of independent board members: low—up to 25%; Medium—up to 50%; High—above 50%

(h) Level of involvement (Judge and Zeithaml 1992, p. 793)

Table 4 Board leaders' attributes and leadership sources of power

Case No.	BOD's Formal / Informal Leader	Level of Inv.	Board leaders' attributes: Personal Agenda	Powerful	Aggressive	Political	Dominant	Professional	Self- Confident	No Ego	Open	Transparent	Attentive	Enabling	Challenging	Sources of Power: Legitimate	Reward	Coercive	Expert	Referent
1	Chair & Shareholder	1	•	•	•											•	•	•		
2	Chair, CEO & Founder	1	•	•	•											•		•		
3	Chair & Shareholder	1	•	•		•										•	•	•		
4	Chair & Shareholder	1	•	•	•											•	•	•		
5	CEO	2	•	•		•											•	•	•	
6	Chair & Founder	2.5			•		•	•								•	•		•	
7	Board member & Shareholder	2.5		•	•			•										•	•	
8	Chair, CEO, & Founder	3					•		•	•						•	•			
9	Chair & Shareholder	3					•	•	•							•	•		•	
10	Chair & Shareholder	4							•	•	•					•	•			•
11	Chair & Shareholder	4.5						•				•			•	•	•			•
12	Chair & CEO	5						•		•	•			•		•			•	•
13	Board member & Shareholder	5						•			•	•		•					•	•
14	Chair & CEO	5						•		•	•		•						•	•
15	Lead Director	6						•		•				•	•	•			•	•
16	Chair	6						•			•		•	•		•			•	•
17	Chair	6						•			•			•	•	•			•	•
18	Chair	6						•				•			•	•			•	•
19	The former CEO/ Chair	6.5						•			•			•	•				•	•
20	Chair	7						•			•			•	•				•	•

break down the content of the interviews into "codes" that can be used for statistical analysis, based on the grounded theory approach (Charmaz 2006). In particular, key sentences were extracted from each interview transcript, based on the three research questions. Then, each sentence was classified by topic (such as the board as a group, board-CEO relations, leadership), key words were extracted from each sentence, and related themes, as described by the interviewees, were identified (such as respect, personal responsibility, chairperson's "non-ego-driven" leadership). See Table 2a for the list of codes. In the last step of this stage, the results were classified under three general headings identified by all the interviewees as factors that impact the context and dynamics of BOD involvement: (a) board norms and group characteristics, (b) individual board members' attributes, and (c) the leading figure on the board. These findings were later tested in the case analysis. See Table 2b for a summary of the results.

The second stage was the analysis of the 20 cases that describe a variety of strategic decisions from among those discussed by the interviewees. The companies were characterized and coded in terms of company size, sector, ownership, degree

Table 5 Environment within the BOD

Case No.	**Level of Inv.**		Unpleasant	Power Relations	Conflicts	No Discussion	Pressures	Ineffective	Focus on Corp. Gov	Politeness	Consultation	Professional	Open Discussion	Responsibility	Transparency	Stewardship
1	1		•	•	•	•	•	•	•							
2	1		•	•	•	•		•								
3	1		•	•	•		•	•								
4	1		•	•	•	•	•	•								
5	2					•		•		•						
6	2.5					•	•	•	•	•		•				
7	2.5					•		•	•	•		•				
8	3									•	•	•	•	•		
9	3								•	•	•	•	•			
10	4									•	•	•	•	•		
11	4.5								•		•	•	•	•		
12	5										•	•	•	•	•	•
13	5										•	•	•	•	•	
14	5											•	•	•	•	•
15	6											•	•	•	•	•
16	6											•	•	•	•	•
17	6											•	•	•	•	•
18	6											•	•	•	•	•
19	6.5											•	•	•	•	•
20	7				•							•	•	•	•	•

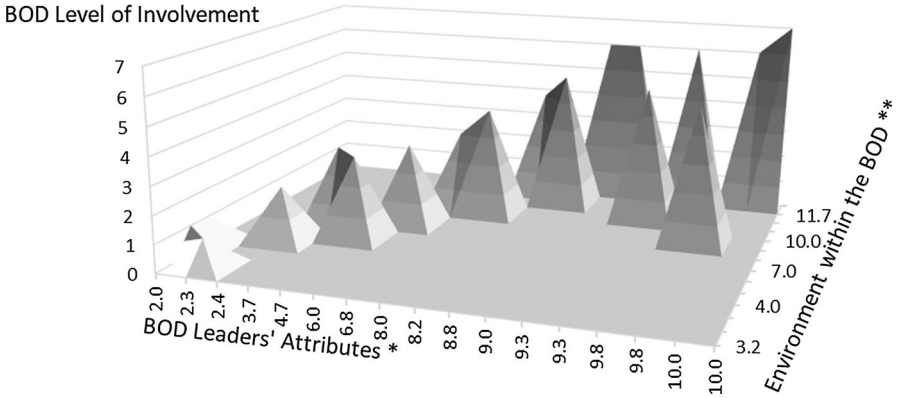


Fig. 2 BOD involvement, leadership traits, and work environment within the BOD Twenty Case Studies. * BOD leaders' Attributes—based on the attributes in Table 4, an average score was calculated for each case according to the following scale: personal agenda—1; powerful—2; aggressive—3; political—4; dominant—5; professional—6; self-confident—7; no-ego—8; open—9; attentive—10; transparent—11; enabling—12; challenging—13. ** Environment within the BOD. Based on the attributes in Table 5, an average score was calculated for each case according to the following scale: unpleasant –1; power relations—2; conflicts—3; no discussion—4; pressures—5; ineffective—6; focus on corporate governance—7; politeness—8; consultation—9; professional—10; open discussion—11; responsibility—12; transparency—13; stewardship—14

of globalization, business situation (i.e., growth and profitability), board size, and percentage of independent board members. Next, as shown in Table 3, we drew on Judge and Zeithaml's seven-point scale (1992) such that each case was categorized in terms of the BOD's level of involvement in SDM. Then, each firm was coded based on the three parameters that were found to be critical to the BOD's involvement from the first part of the interview (see Table 2). These parameters included: the leading figure on the board, the formal role and leadership style of the chairperson, the cohesion of values among board members, and board members' individual traits as personally perceived. In Tables 4 and 5, dots are used in each case study to picture the results. Finally, we sorted the cases based on the BOD's level of involvement. First, we noticed that the firm's characteristics, such as industry, firm size, and board size, had no correlation with the level of involvement.

Once the cases had been sorted, the relations between the BOD chairperson leadership style, the environmental characteristics and BOD level of involvement, emerged from the data, as presented in Fig. 2. We compiled and compared the data from the interview transcripts in order to identify cross-case patterns (Charmaz 2006). The different sources of power of the BOD chairperson's leadership and the way such power is used was found to lie beneath the surface. Since power theories correlate the sources of power of the leader and the courses of action of the followers (Nahavandi 1997), we explored the way sources of power may influence the work environment within the BOD and BOD members' behavior. Finally, based on the case descriptions, we coded the sources of power and found them to be correlated with the levels of BOD involvement in SDM. See Fig. 2.

4 Findings

4.1 Leadership style, work environment, and BOD involvement

We identified three BOD patterns, relating to different levels of involvement in the strategic decision-making process *A high level of involvement in SDM* (i.e., levels 5–7 of Judge and Zeithaml's (1992) scale; see cases 11–20 in Tables 4 and 5) was associated with chairpersons who were described as highly professional, not ego-driven, transparent, attentive, challenging, and open-minded. These chairpersons were found to base their influence on *expertise and referent power*, cultivating a safe, professional, and cohesive environment in which each board member felt free to ask questions, raise doubts, express opinions, and come up with new ideas, thus enabling far-ranging discussions and constructive debates. Chairpersons with referent power *challenge* the management with queries for more information, and in so doing encourage such behavior from other board members, as indicated in case 15: "X, who was an independent director, now our lead director, said, 'You know what, I would like to challenge you: what if we want to double our business in the (domain).'" In such environment, members of boards take their responsibility to the company very seriously. They actively collect information to gain an objective and professional point of view and share it with other board members; as indicated in case 15: "I read a lot about the industry. I take it very seriously. … The first thing is to make sure that all the board members understand the market." As a stewardship climate develops within the BOD they trust and consult each other, and *expect others* to get actively involved and their involvement changes as required, based on an awareness of the business situation. As described in case 19: "We enjoy the board. We have a very collaborative board that creates an environment where people can openly discuss issues". The BOD's work is supported by the effective work of its committees, which increases the board members' level of involvement through their acquaintance with TMT members and their ability to obtain information and develop a deeper understanding of the company. As related in case 19: "As an ex-auditor, I noticed that this doesn't feel right. Others said, 'You're right; let's inquire further.'" In such an environment, the BOD can direct the company's vision and values, and hence can face difficult strategic decisions, such as CEO succession. As described in case 18: "When people come with experience, the management listens to them, there is respect, and then a dialogue can develop." Or in case 17: "We felt his strategy was not focused, so he quit and we chose a new candidate." Strategic decisions are formulated by management together with the board, they are supported by market, organization, and technological information, they may follow brainstorming and discussions on the preferred decision, and they may require management to provide more information and make changes to its proposals. As noted in case 15: "Management comes with proposals for various options. … They propose the things they are looking at as possibilities, not for decision making."

A medium level of involvement in SDM (i.e., levels 3 and 4 of Judge and Zeithaml's scale; see cases 6–10 in Tables 4 and 5) was associated with chairpersons who manifested a *combination of professional expertise and reward power*, usually

based on their position as a principal shareholder or founder. These chairpersons were described as *powerful, aggressive, strong,* and *dominant,* yet *professional*, with an obligation to the agenda that benefited the company. Such chairpersons view the board as a *professional source of advice.* The work environment on the board was described as semi-open and professional, polite, and respectful; however, discussions were described as ineffective and highly focused on corporate governance. It emerged that there are unwritten rules of behavior within the BOD, known and accepted by all board members, determining when and to what extent to get involved, while the power to make the final decision is solely in the hands of the chairperson. As described in case 8: "It was a balancing act to figure out how much not to agree to the things he wanted to do." If a board member sensed that the leader was not making the right decision and disagreements arose, he or she was reluctant to break the unwritten rules of the board as such action could lead to a personal exit, as indicated in case 6: "I voted against him. … Later, I asked him if he wanted me to resign."

A low level of involvement in SDM (i.e., levels 1 and 2 of Judge and Zeithaml's scale; see cases 1–5 in Tables 4 and 5) was found in BODs where the chairperson was supported by *legitimate power and/or the power to reward and coerce*, derived from a controlling stake in the firm, control over the firm's resources, political or financial backing, or influential networks. Chairpersons were described as being *very powerful, aggressive, and dominant* and *having a personal agenda*, not listening to others' opinions, and making strategic decisions based on personal, political, or professional goals that do not necessarily benefit the firm. Chairpersons view the board as a necessary evil imposed on them by regulation or in response to shareholders' requests, and therefore strategic decisions are actually made outside the boardroom (Ravasi and Zattoni 2006). As succinctly put in case 1: "Strategic decisions are made outside the boardroom." The work environment was described as unpleasant due to its many conflicts and political considerations, where board members are under a lot of pressure and there are no professional discussions. Power is used either to reward board members who comply or to sanction those who do not by shortening their tenure on the board or preventing appointments to other boards, as described in case 2: "I always voted against. They didn't appoint me again." The environment, dynamics, and processes of the BOD in such cases can be very aggressive and unprofessional, as indicated in case 1: "It was a big power struggle." Professional board members often find themselves struggling to achieve compliance with basic corporate governance rules. Those who raise questions or express doubts experience aggressive reactions and the dynamics usually degenerate into an unpleasant exchange of views, followed by a formal vote, where the leading figure typically has the required majority. In such cases, board members may serve as a rubber stamp, as described in case 5: "The board was pushed to do something they did not feel comfortable with."

4.2 The individual board member's leadership

The individual board member's leadership capacity is challenged within BODs that are controlled by the power to reward and coerce. Yet, despite all the difficulties, an individual board member can effect a change in the board's dynamics and context, though it may take time and come with personal risk. This was described, for example, in case 5: "The acquisition was made, but it also provided the opportunity to put a new policy in place." Individual board members may have to cope with tremendous adversity when demonstrating leadership in the form of greater board involvement within a challenging context of such BOD. This is described in case 4: "(X) told me, 'No one will ever vote you onto another board,' but I said, 'This is what has to be done.'" In these cases, the partnerships among board members who share the same values were found to be highly important and supportive of the individual board member in his decision on whether to initiate a process of greater involvement, as described in case 2: "We were the only two independent board members at the time. It was a real partnership."

On the other hand, a higher level of involvement is not always the preferred course of action. Board members occasionally *choose not to get involved* and insist on preserving a clear-cut separation between the responsibility of the board and the management as they believe that except in extreme situations, an overly high involvement in SDM prevents the TMT from assuming its responsibility and may lead the firm into chaos, as indicated in case 19: "You shouldn't get into micro-management; otherwise the CEO doesn't take responsibility." Insofar as board members acknowledge that effective involvement needs to be built over time and that the process of change can take longer than expected to achieve (unless an extreme situation arises), they become familiar with the context of the board and the personality and attributes of the leading figure, and choose wisely when and how to get involved. As described in case 16: "Board leadership actually develops, not necessarily by one person: there are dynamics and of course there must be enabling conditions."

The findings also indicate that external pressures on the BOD can have different effects on the level of involvement, leading to either higher involvement via formal procedures, or to lower involvement, as corporate governance regulation may weaken the BOD's input into strategy. As noted in case 14: "With the Sarbanes–Oxley Act and after Enron, boards have been much more oriented toward finance and much less oriented toward strategy. … There have always been a lot of activists. It makes the board very nervous and leads to a focus on the share price and short-term performance." A change in the BOD's level of involvement may also be the result of changes in ownership, as happened in case 7, and such a reaction can happen very quickly.

5 Discussion and conclusions

Corporate governance literature acknowledges the BOD's importance in SDM and its potential contribution to the firm's outcomes (Doan and Nguyen 2018; McDonald et al. 2008; Ruigrok et al. 2006). However, there is still limited research on the

group-level processes that underlie the strategic decision-making of the BOD and, specifically, the interplay between the micro-behavior of the individual BOD members within the macro-context of the BOD (Pugliese et al. 2015; Westphal and Zajac 2013). Scholars allude to the important role that an individual BOD member plays in promoting BOD involvement in strategic decisions, and point to board members' characteristics and certain personal traits, such as professional independence and expertise, as key to supporting this capacity (Hambrick et al. 2015; Haynes and Hillman 2010; Li et al. 2018; Volonté and Gantenbein 2016). Our study advances this line of research by addressing the question of why the same BOD member with the same personal characteristics exhibits different behaviors when serving on different BODs. This article points out that while individual BOD members' traits are essential for building their capacity to be involved, the *actual involvement* depends upon the work environment within the BOD. The organizational behavior literature recognizes the influence of leadership style and source of power on the group work environment, processes, and norms. While power relations between the BOD and the TMT have been a key subject of corporate governance inquiry for a long period of time, we argue that the BOD chairperson's leadership style and source of power are key in cultivating the work environment and creating the work relationships among BOD members, and that these influence the way individual BOD members choose to be involved and their level of involvement and, as a result, the BOD's level of involvement in strategic decisions as a group. In this regard, we extend research that investigates board behavioral patterns as well as the need to examine "the precise causality in the relationships between board chair leadership, a common framework and task performance" (Heemskerk et al. 2017, p. 257).

Specifically, this article contributes to the literatures of strategy, leadership, and corporate governance by shedding light on the context in which the BOD influences strategic decisions. Our study extends the related empirical research and theory by linking the BOD's level of involvement in SDM, found to be a key attribute of a firm's performance, to the chairperson's leadership style and source of power, the BOD's context and work environment, and the behavior of board members as individuals. Our findings indicate the unique characteristics of the BOD as a working group, the challenges non-executive board members face in certain BOD work environments, and their influence on the potential of individuals to promote BOD involvement, regardless of their personal attributes. More specifically, our research reveals a pathway by which the BOD chairperson's leadership style influences the BOD's level of involvement by shaping a certain environment within the BOD, i.e., encouraging (or discouraging) individual BOD members to lead the process of involvement by creating or preventing certain processes, norms, and dynamics. We show that the involvement process is either embedded within the BOD routines, or initiated by the individual board member by asking questions, raising doubts, or looking for more information, and such dynamics eventually lead to BOD involvement as a group. Our cognition-based model emerged from the *broadly* defined research question regarding the sources and circumstances in which BOD members actively participate and get engaged. This research addresses the need to explore the dynamics, processes, and norms that have been identified as a main challenge in

creating an effective corporate governance mechanism (Daily et al. 2003; Pugliese et al. 2015; Zhang 2013).

The findings also inform corporate governance research by integrating leadership theories. We point out that leadership qualities that effective chairpersons possess, create the context in which informal leaders emerge and influence the process by which boards become more involved in SDM. This expands Schaubroeck et al.'s (2016) findings that leadership style based on professional attitude, listening, and enabling capabilities, transparency, and non-ego-driven behavior is positively correlated to team effectiveness. Picone et al. (2014) point to leadership "hubris" as a potential cause of strategic decisions that involve high risk. Our findings indicate that BOD chairpersons who exercise coercive and reward power can be manifesting hubris. Thus, future research on the hubristic behaviors of chairpersons can further unveil the relationships between the BOD chairperson's leadership style and the quality of the BOD's strategic decisions. This is important because research on the chairperson's potential contribution to the BOD's effectiveness is still in its early stages of development (Huse et al. 2011; Krause 2017; Krause et al. 2016; Withers and Fitza 2017).

This research also expands on a behavioral perspective that views the BOD as a unique working group. We found that when the BOD chairperson's leadership is based on both the expert and referent sources of power, it creates an open, cooperative, collegial, and professionally encouraging environment within the board, which in turn creates a high level of trust and shared values among members. Over time, a cohesion of values develops between the BOD and the TMT, and if not, the BOD replaces the CEO and chooses one who shares the same values and strategy. Such processes shed some light on the way BODs integrate their power and cooperation relationship vis-à-vis the TMT (Sundaramurthy and Lewis 2003; Westphal and Fredrickson 2001; Zhang 2013). Within this open and cooperative work environment, the balance between cohesiveness and cognitive conflict enables the BOD to contend with its complex challenges. Individual board members are encouraged to initiate BOD involvement by raising questions, challenging the management, or raising doubts. These dynamics evolve into an open, high-level, and professional discussion that is followed by strategic decisions that can significantly improve the firm's output. Board members are often included in a variety of preparatory activities and most strategic decisions are explored through discussions between the management and the board. The board's control over SDM can be characterized by giving management the room to make the right decisions. Finally, based on an internalized moral perspective, boards with a high level of involvement in the strategic decision-making process tend to fully comply with corporate governance rules, and voluntarily follow best practice rules.

Our study also contributes to the practice of corporate governance in several ways. First, with the increasing trend towards dual leadership (i.e., separating the BOD chairperson's role from that of the CEO) (Krause et al. 2016), our study highlights the role of the BOD chairperson in the strategic decision-making process and thus can inform the work constellation of the BOD, the CEO, and the shareholders. Chairperson leadership based on expertise and referent power is important in order to ensure that highly qualified board members will join the BOD and be able to trust

that they will be treated with *respect*, both professionally and relationally. In a BOD context, when the knowledge and expertise of each individual board member is respected and combined with the wisdom of the group, the BOD is able to realize its full potential as a strategic decision-making group and contribute positively to the firm. Moreover, as corporate governance regulation becomes ever more demanding, BOD meetings become ever more intense and hectic. The BOD as a group includes formal board members as well as observers and outsiders (e.g., the firm's TMT members, the firm's legal team and other consultants, the shareholders' representatives), all of whom may play a vital role in enacting working procedures and engaging in either productive or less productive discourse. Hence, the way BOD meetings are managed, what norms and procedures are followed, both inside and outside the boardroom, all have a significant role in functioning of the BOD, its effectiveness, and its potential involvement in SDM. Therefore, to effectively manage board meetings and ensure productive, in-depth discussion, it is necessary to balance openness and discipline, based on the leader's expertise and referent power. Finally, this study points to certain processes and norms that develop within the BOD and links them to the ways the board exercises its control, monitoring, advisory, and strategy roles. While certain BODs may fully comply with their control and monitoring roles, they may fail to fulfill their strategy role, potentially leading to undesired outcomes. The evidence presented in this study can help shareholders, BODs, and regulatory authorities to understand corporate governance failures, on the one hand, and promote certain norms and processes within the BOD to enhance its effectiveness, from an integrated perspective, on the other hand. For example, these norms can support a balanced approach toward time and effort invested in compliance procedures versus strategic decisions-making processes, or can encourage building trust and respect among board members. This calls for future studies that investigate board processes and norms that enable BODs *to integrate* their different roles, regardless of regulatory requirements and other pressures (Zhang 2013).

Nevertheless, caution should be exercised when interpreting the findings of this study. First, although the limited number of interviews is acceptable in a qualitative study since saturation has been achieved, we advocate expanding this line of studies by further empirical endeavors, both qualitative and quantitative. Second, although adopting grounded theory and utilizing its tools enabled a flexible approach to interview analysis, there could have been biases arising from the subjective point of view of each interviewee, biases in the "retrospective reconstruction" (Eisenhardt and Graebner 2007), and deviations due to differences in the vividness of the accounts and the verbal skills of the interviewees. We attempted to limit these distortions by verifying the information against different public sources, and by analyzing the scripts through key words, key questions, and tables and code numbers to avoid personalization of the data. The first author's personal BOD experience must also be regarded as another possible source of bias but we tried to alleviate this concern using another independent assessment of the data. Therefore, future research can further explore the model based on different empirical methods to strengthen the relations and theory developed here. Future empirical studies can expand on our model to develop measures and reveal pathways in which the BOD chairperson's leadership fosters board involvement.

We did find evidence in a few cases that a high level of BOD involvement in SDM led to solutions that significantly improved the firm's output. However, we do not claim that higher levels of involvement always serve the firm, since our findings also point to what may be described as *over-involvement* of the BOD, which is found to be unproductive and even harmful interference. In future research, it would be interesting to explore the relationship between the chairperson's leadership style, the BOD's level of involvement, and the firm's output (Krause 2017). We believe that an effective board *should have the capacity to be involved as required* and adapt its level of involvement in the strategic decision-making process to the firm's specific business situation. Nevertheless, the power to make such decisions should be rooted in the BOD's expertise and referent power, based on professional and relational mutual respect.

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