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# Understanding Boards of Directors: A Systems Perspective

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# Contents

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|          |   |           |
|----------|---|-----------|
| <b>1</b> | <b>Introduction</b>   | <b>2</b>  |
| <b>2</b> | <b>The Roots of Research on Corporate Boards</b>              | <b>4</b>  |
| 2.1      | Initial Studies on Organizations . . . . .                    | 4         |
| 2.2      | Boards as Rational Legal Entities . . . . .                   | 5         |
| 2.3      | Boards as Complex Decision Makers . . . . .                   | 7         |
| 2.4      | Boards as Servants of the Shareholder . . . . .               | 9         |
| <b>3</b> | <b>Demystifying the Dynamics of Corporate Boards</b>          | <b>11</b> |
| 3.1      | Our Methods . . . . .   | 12        |
| 3.2      | Our Findings . . . . .  | 12        |
| 3.3      | A Modest Proposal to Improve Corporate Governance . . . . .   | 15        |
| 3.4      | Intensified Interest in Board Research . . . . .              | 16        |
| 3.5      | International Work on Corporate Boards . . . . .              | 18        |
| 3.6      | Jonathan Charkham . . . . .                                   | 20        |
| <b>4</b> | <b>The Move Towards Scientific Rigor</b>                      | <b>22</b> |
| 4.1      | The Research of Westphal and Zajac . . . . .                  | 23        |
| <b>5</b> | <b>The Constraints on Gathering Evidence</b>                  | <b>27</b> |
| 5.1      | The Limitations of Quantifiable Data . . . . .                | 27        |
| 5.2      | Data That Reflect the Complexity of a Social System . . . . . | 28        |

|          |  |           |
|----------|--|-----------|
| 5.3      | Directly Observed Data . . . . .                         | 30        |
| <b>6</b> | <b>Why Board Research Should Focus on Social Systems</b> | <b>34</b> |
| 6.1      | Why “Teams” Are an Inadequate Concept for Board Dynamics | 36        |
| <b>7</b> | <b>A New Paradigm for Board Research</b>                 | <b>38</b> |
|          | <b>Appendices</b>  | <b>42</b> |
| <b>A</b> | <b>Appendix</b>  | <b>43</b> |
|          | Exhibit 1 . . . . .                                      | 43        |
|          | Exhibit 2 . . . . .                                      | 48        |
|          | Exhibit 3 . . . . .                                      | 49        |



# Understanding Boards of Directors: A Systems Perspective

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## ABSTRACT

In this essay my goal is to explore why, despite the tireless efforts of talented people, research on corporate governance has been slow and uneven, and where that research should turn to next to be most valuable to practitioners. My belief is that the most fruitful work thus far has recognized that corporate boards are dynamic social systems, has identified all the forces that shape those systems, and has acknowledged that boards should seek to represent a wide variety of *stakeholders*, not just shareholders. The best way for me to establish this argument is to trace the history of research on corporate boards and analyze the trends in that research, including the relative value of the types of data that researchers in this field have used. Ultimately, I identify what I consider to be the best path forward in studying these complex social systems. I have made a deliberate choice to focus primarily on research that reflects firsthand experience with boards rather than on research that utilizes data derived from questionnaires and other secondary sources. Not everyone will agree with my choices, but my hope is that my perspective will nonetheless provide some guidance for people working in this evolving field to understand the true complexity of corporate boards.

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# 1

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## Introduction

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Since the middle of the twentieth century, business and legal scholars have tried to explain why corporate boards of directors function the way they do. These research efforts deserve to be applauded, as it is not easy work to understand what happens behind the closed doors of boardrooms. I have studied corporate governance for 25 years (after previous decades as a teacher and researcher in organizational studies), so I believe that I understand these challenges well.

In this essay, my goal is to explore why, despite the tireless efforts of talented people, research on corporate governance has been slow and uneven, and where that research should turn next to be most valuable to practitioners. My belief is that the most fruitful work thus far has recognized that corporate boards are dynamic social systems, has identified all the forces that shape those systems, and has acknowledged that boards should seek to represent a wide variety of *stakeholders*, not just shareholders. The best way for me to establish this argument is to trace the history of research on corporate boards and analyze the trends in that research, including the relative value of the types of data that researchers in this field have used. Ultimately, I identify what I consider to be the best path forward in studying these complex social systems.

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