



Diversity of Perspective: Impact of Director Experience on Board Effectiveness in FTSE Companies

Henley Business School
University of Reading

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Doctor of Philosophy

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DECLARATION

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DEDICATION

This thesis is dedicated to Mishthi who I got to know so much more during this journey and in whom I see a reflection of myself.

ABSTRACT

This doctoral research pursues the impact of the diversity of perspective on board effectiveness. This research is conducted by collecting data through elite interviews with thirty board members. Collected data are then thematically analysed, and observed themes are reported. The findings of the study suggest that the diversity of perspective on boards is critical for improving board effectiveness and can be obtained by appointing Directors with diverse experiences.

The different experiences of board members that influence their perspective, such as gender, functional background, nationality, may impact board effectiveness differently. The gender of board members is a unique experience altering their perspectives markedly. As a result, gender diversity on boards may have the broadest impact on board effectiveness. The diversity of functional experience and of nationality on boards also has a wide range of impacts on board effectiveness. Age diversity strengthens boards' decision-making ability by providing access to unique inputs regarding the aspirations and critical knowledge of the younger generation. However, boards may put a higher premium on the experience of Directors than the potentially unique input of younger Directors. Additionally, diverse ethnicity may endow board members with a unique perspective, but only if other diverse experiences augment it. The findings of this study also reveal that hitherto less researched experiences such as religious affiliation, parenthood, and socioeconomic background may also impact board members' perspective significantly.

This research may make a significant contribution to theory, practice, and policymaking. The study is guided by Strategic Leadership theory (Finkelstein et al., 2009), and contributes notably to its application. The findings of the research present evidence suggesting that board members take actions and decisions based on their cumulative experiences, which impact their perspective. The study also contributes to role-performance theories – Agency theory (Jensen and Meckling, 1976; Fama, 1980), Resource Dependency theory (Pfeffer and Salancik, 1978), and Signalling theory (Spence, 1973). The findings of the research may also contribute to improving practices in companies by suggesting that board diversity, when defined broadly may result in improved board effectiveness. This research may have significant policy implications, as it presents the views of corporate elites who have an exclusive perspective on board diversity and effectiveness.

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ABBREVIATIONS

The following abbreviations have been used in this thesis, including the appendices.

CA	Chartered Accountant
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CG	Corporate Governance
CoE	Church of England
COO	Chief Operating Officer
CoS	Church of Scotland
CSR	Corporate Social Responsibility
ED	Executive Director
FRC	Financial Reporting Council
FTSE	Financial Times Stock Exchange
MNC	Multi National Company
NED	Non-executive Director
PLC	Public Listed Company
SID	Senior Independent Director
SLT	Strategic Leadership theory
TMT	Top Management Team
UE	Upper Echelon theory
UK	United Kingdom

CHAPTER ONE – INTRODUCTION

1.1 OVERVIEW

This study explores the impact of the diversity of perspective on board effectiveness in UK listed companies. The purpose of this chapter is to introduce the topic of the research and describe the rationale, research aim and objective, research question(s) of this study, and structure of the thesis. An outline of the structure of the chapter is presented in Table 1.1 below.

Table 1.1 Structure of Chapter One – Introduction

Heading	Content	Categories in the content
Overview	Overview of the chapter	-
Background	Background of the research topic leading up to the research rationale	–
Research rationale / Research gap	Limitations of existing research on board diversity	–
Board diversity research and theoretical perspective	Board diversity research and Strategic Leadership theory	Strategic Leadership theory and this research
Research scope and objectives	Research aim, question(s) and objective	–
Contributions	The contribution of research to theory and practice	Academic contribution Contribution to praxis
Structure of the thesis	Introduction to the structure of the thesis	–
Chapter summary	–	

Source: Compiled by the researcher

The rest of the chapter is categorised into seven more sections. Section 1.2 presents the background of the research topic, followed by section 1.3 which explains the limitations of existing board diversity research and the rationale of the study. Section 1.4 outlines the theoretical perspective that guides this study, followed by section 1.5 which presents the aim of the research, the research question(s), and the research objective. The next section, 1.6, briefly discusses the contributions of the study to theory and praxis. Section 1.7 presents the structure of the thesis and, to conclude, section 1.8 presents a summary of the chapter.

1.2 BACKGROUND

Corporate governance (CG) is arguably the most significant aspect of a business which determines its profitability, growth, and sustainability, and is influenced by an

organisation's culture, values, policies, ethics, and its various stakeholders (Rajharia and Sharma, 2014). There are four prominent CG systems: Anglo-American, German, Latin, and Japanese (Oxelheim and Randøy, 2003) though presently a number of countries adopt various other systems based on their customs and best interests (Rajharia and Sharma, 2014). The Anglo-American CG system and practices are followed in the UK (Palmer, 2011).

CG practices have undergone momentous change since the late twentieth century (Hawkins, 1997). Due to numerous corporate failures and scandals in past decades, regulation of corporations has increased, as has shareholder activism (Bezemer et al., 2012). Additionally, various economic and political changes such as boards' voting patterns, innovative technologies, uniform global reporting standards, and increased global competition have challenged the conventional style of CG (Garratt, 1997; Van der Walt and Ingley, 2003). One of the changes in traditional CG is with regard to the role of boards. Unlike in the 1970s and 1980s when boards were merely a tool for the management to seek occasional direction and leadership, boards are now more accountable to all the stakeholders than ever before (Kakabadse and Kakabadse, 2007b; John and Senbet, 1998; Rao and Tilt, 2016). Presently, boards are also more involved in decision-making, more independent, and are under closer scrutiny (Burch, 2010; Golden and Zajac, 2001). Thus, boards are at the apex of the internal control mechanism (Kakabadse and Kakabadse, 2007b; Kang et al., 2007; Babić et al., 2011), and play a central and critical role in making CG effective (Guest, 2008). Resultantly, boards and their role in strategy formulation are increasingly at the focus of CG research (Kipkirong Tarus and Aime, 2014).

With increasing recognition of the role of boards in CG, more attention is being paid to the composition and functioning of boards (Terjesen et al. 2009; Ferrero-Ferrero et al., 2015). Effectiveness of boards in their role-performance is sought by the institutional investors (Kesner and Johnson, 1990; Dalton et al., 1998), employees, suppliers, customers (Hawkins 1997; Davies, 1999), creditors, shareholders/shareholder activists (Daily et al., 2003; Levrau and Van den Berghe, 2007), regulators (Huse et al., 2011), and courts (Fairfax, 2011). Boards' effectiveness is defined as their success in their role-/task-performance (Thain and Leighton, 1992; Forbes and Milliken, 1999; Nicholson and Kiel, 2004; Babić et al., 2011; Minichilli et al., 2012) as a group (Knyazeva et al., 2009).

Academic literature suggests that board's effectiveness is influenced by board diversity (Thain and Leighton, 1992; Randøy et al., 2006). Research shows that promoting diversity on corporate boards contributes to improving CG (Adams and Ferreira, 2009; Rao and Tilt, 2016). Hence this research explores the impact of board diversity on board effectiveness. Existing research on board diversity may have some obvious limitations, and the same are discussed in section 1.3 – Research rationale.

1.3 RESEARCH RATIONALE / RESEARCH GAP

The existing research on board diversity and its impact suggest five main limitations. Firstly, while exploring the demographic characteristics of board members and its impact on performance, the impact of board diversity of perspectives, also referred to as the diversity of views and thinking (Kakabadse, 2015; Kim and Rasheed, 2014, Bowen, 1994; Broome et al., 2011), has been largely unexplored. Though scholars of CG argue in support of board diversity of perspective, the absence of empirical academic studies on the subject is noticeable.

Secondly, for board diversity, surface-level characteristics such as gender, ethnicity (Harrison et al., 1998; Bell, 2007) are relied on heavily, while performance is measured by financial indicators of the firm (e.g. Carter et al., 2007; Carter et al., 2010; Erhardt et al., 2003; Nguyen and Faff, 2007). The volume of research on board diversity is ever-increasing though studies are overwhelmingly focused on one aspect of board diversity – gender – and explore its impact on firm/board performance (e.g. Chen et al., 2016; Nielsen and Huse, 2010; Kumar and Zattoni, 2016). As decision-making in a group is an information-intense activity (Jackson et al., 1995), academic research needs to incorporate several types of board diversity attributes in order to assess the impact of board diversity on performance (Huse, 2007; Galia and Zenou, 2013). A singular focus on gender may be essentialist as it masks diversity among women (Torchia et al., 2015). Scholars suggest that while gender is a crucial aspect of diversity, other attributes, such as culture, education, professional background, and age may also be relevant in boards' composition (e.g. Adams and Borsellino, 2015a). Many other characteristics, such as skills, personality, beliefs, and values of members that may influence the decision-making process in a group, are not adequately explored (Harrison et al., 1998; Milliken and Martins, 1996; Joshi and Roh, 2009; Bell, 2007; Torchia et al., 2011; Kramer and Ben-Ner, 2015). Hence, more substantive diversity constructs need to be explored because the assumption of demographic attributes being valid proxies of thinking and

perspective of the leaders is questionable (Davidson, 2011; Priem et al., 1999; Dhir, 2009).

Thirdly, in existing research on board diversity, readily available data from secondary sources such as annual reports, and statistical methods of analysis have often been used for exploring the relation between board composition and output of firm performance (Gabrielsson and Huse, 2004; Johnson et al., 1996). An overwhelming dependence on secondary sources can be explained by the challenge of accessing corporate boards for academic research and hence boards are often referred to as a 'black box' (Hambrick, 2007; Leblanc and Schwartz, 2007; Zona and Zattoni, 2007; Pettigrew, 1992; Kakabadse et al., 2006; Torchia et al., 2015). However, qualitative inquiries and more intrusive measures may be more reliable ways to explore boardroom behaviour and decision-making and assess the impact of board composition (Hillman, 2015). To understand and explain the relationships, the researcher needs to collect data from proximity to the subjects researched and have anecdotes to support them (Mintzberg, 1979). Daily, Dalton and Cannella (2003) argue that the fortress of boards, as they are perceived in academic studies, need to be demolished in order to understand their governance.

Fourthly, the majority of research on boards explores an input-output relationship between boards' demographical statistics and firms' performance-related parameters (Johnson et al., 1996; Pettigrew, 1992; Zahra and Pearce, 1989; Gabrielsson and Huse, 2004). These studies often ignore the impact of board composition on an intermediary and critical component of 'board effectiveness' and seldom investigate the influence of board members' different characteristics on board's ability to perform their tasks (Gabrielsson and Huse, 2004; Nielsen and Huse, 2010). Such an approach also may ignore the contextual framework (Broome and Kraweic, 2008; Seierstad, 2016; McNulty et al., 2013; Zattoni et al., 2013). The relationship between board composition and firm performance is a distant one and challenging to explore (Johnson et al., 1996).

And lastly, a sizeable body of existing literature on board diversity seldom explores the views of board Directors on the subject. Lack of understanding about board members' perspective is due to their inaccessibility to researchers. However, board Directors may be uniquely positioned to know the impact of diversity on the effectiveness of boards.

Thus, this study may be able to address a number of limitations on board diversity studies as mentioned in this section. The study does not limit the definition of board diversity to any specific demographic attribute. This research is carried out by interviewing board members of FTSE companies, exploring their perception of board diversity and its role in improving board effectiveness.

1.4 BOARD DIVERSITY RESEARCH AND THEORETICAL PERSPECTIVE

In research, while the data indicates the empirical patterns being observed, the theory explains the reason behind those empirical patterns (Shah and Corley, 2006). Top management team diversity research is often guided by the Upper Echelon perspective (Hambrick and Mason, 1984). Traditional board role-effectiveness theories such as Agency theory and resource dependence theories are focused on role effectiveness may not explain how characteristics of board members influence boards' effectiveness (Nielsen and Huse, 2010). Thus, existing theories may have inherent limitations in guiding the research on corporate leaders and require further development (Cannella and Monroe, 1997).

Hence, this research is guided by Strategic Leadership theory which indicates that factors including but not limited to Directors' demographic attributes, such as their values, background, and experiences may impact corporate leaders' actions and decisions (Finkelstein et al., 2009). The application of Strategic Leadership theory in this research is explained in section 1.4.1.

1.4.1 Strategic Leadership theory

Cannella and Monroe's (1997) Strategic Leadership theory builds on Discretionary theory, combining the latitude available to corporate elites with the demographic variables of Upper Echelon theory and its impact on organisational outcomes. In Strategic Leadership theory (Finkelstein et al., 2009) the concept of discretion available to corporate leaders, their ability to exercise it, and the role of their demographic characteristics on firm outcomes is further broadened to include board Directors in the definition of 'upper echelon' by Finkelstein et al. (2009). Developing the Upper Echelon theory further, scholars argue that boards are suitable subjects for the application of strategic leadership research (Finkelstein et al. 2009; Nielsen and Huse, 2010).

Strategic Leadership theory suggests that corporate leaders – board members and the top management team – are in a unique position to influence the strategic

decision-making process (Finkelstein and Hambrick, 1990). Such decision-making by board members is shaped by their cognitive makeup which in turn is influenced by their experiences, values, and backgrounds (Cannella and Monroe, 1997). Board members have considerable leadership experience and a leadership style which they are expected to bring to boardrooms (Nielsen, and Huse, 2010). Strategic choices made by corporate leaders are central to organisations (e.g. Child, 1972; Cannella and Monroe, 1997; Waldman et al., 2004).

1.4.2 Strategic Leadership theory and this research

Strategic Leadership theory deals with corporate elites' influence on strategy formulation (Jensen and Zajac, 2004) and acknowledges the impact of diverse boards on their strategic decision-making (Cannella and Monroe, 1997). Corporate leaders often have to make strategic decisions in complex and ambiguous situations, exercising their choices in decision-making, which are influenced by their experience-based characteristics (Finkelstein and Hambrick, 1996). Strategic choices made by top corporate leaders have a behavioural component, and these choices do not always follow a rational model or even take a detailed analysis of inputs (information) into account when making decisions (Hitt and Tyler, 1991). Strategic leadership theory suggests that the personal characteristics of corporate elites determine whether they will opt to exercise their discretion (Finkelstein and Hambrick, 1996) and how exercising their discretion will impact organisational outcomes (Cannella and Monroe, 1997; Finkelstein and Hambrick, 1996). Additionally, personal experiences, values, and the personalities of the decision makers influence corporate leaders' ability to interpret situations and thus impact their decisions (Cannella and Monroe, 1997; Hambrick, 2007; Nielsen and Huse, 2010).

Strategic Leadership theory perspective guides this research because it includes board members in the ambit of corporate leadership and incorporates a broad range of directors' characteristics in decision-making and outcomes. The impact of board diversity on firm outcomes is beyond the purview of this research, as this study explores the impact on board effectiveness instead.

1.5 RESEARCH SCOPE AND OBJECTIVES

The research aim, objective, and question in this study are as follows.

1.5.1 Research aim and question

This research aims to explore the impact of board diversity of perspective on boards' effectiveness in UK corporations. Qualitative research explores the 'how', 'what' and 'why' questions, answers to which are influenced by the researcher's perspective (Snape and Spencer, 2003). In this research, the primary question is:

***Question 1:**How does the board diversity of perspective impact board effectiveness?*

***1(a):** How do board members perceive/define board diversity?*

1.5.2 Research objective

The objective of this study is to:

1. Gain an understanding of how board diversity impacts board effectiveness by reviewing existing literature on:
 - a. Board diversity including the diversity of Directors' gender, ethnicity, nationality, age, and background, as these characteristics are considered to be valid proxies for board members' perspectives in the literature.
 - b. Board effectiveness in its three primary roles, namely control/monitoring, service, and resource-provisioning, and the theories of CG supporting those roles.
2. Conduct an empirical study by collecting primary data through elite-interviewing board members of UK corporations.
3. Analyse collected and transcribed data using thematic analysis and find emerging themes.
4. Develop a tentative theoretical model on the impact of board diversity of perspectives and board effectiveness.

The chapter now briefly presents the contribution of this research. The detailed contribution of the study is discussed in Chapter Five (section 5.5).

This research explores the relationship of the diversity of perspective of board members in FTSE companies on boards' effectiveness in their role performance. The mode of data collection in the study is elite interviews with Board Directors on the topics of

defining board diversity and its impact on board effectiveness. As a result, the findings of the study are based on the perceptions of thirty participants, who are board members in FTSE companies, on board effectiveness. This approach of presenting board members' perception through the findings of this research is adopted as their views are based on their personal experience and observations of board processes, functioning and decisions making.

1.6 CONTRIBUTIONS

This research makes notable contributions to the theory and corporate praxis. This research largely overcomes the limitations of existing academic research on board diversity as described in the research rationale (section 1.3) and explores the impact of the diversity of perspective on board effectiveness. Overcoming the limitations of both distance from the boards and over-dependence on the demographic attributes of gender and ethnicity for understanding perspectives, this research, through elite interviews with board Directors, tries to unravel the impact of Directors' diverse perspectives in boards' effectiveness. This research makes the following contributions to theory and praxis.

1.6.1 Academic contribution

Firstly, this research makes a significant contribution to Strategic Leadership theory (Finkelstein et al., 2009) which suggests that board Directors' values, background, and experiences influence their actions and decisions. The findings of this research demonstrate how board members' value-sets are formed and how Directors' backgrounds and experiences influence their perspective and board effectiveness. The findings of this research add many other experiences, not indicated by the Strategic Leadership perspective so far, which may have a bearing on board members' actions and decisions. The findings also explore the impact of Directors' experiences on board effectiveness. Thus the findings of this research contribute to Strategic Leadership theory in two ways: reporting various attributes and experiences that influence Directors' perspective; and explaining how those experiences influence their actions.

Secondly, existing research exploring the characteristics of corporate leaders is often guided by Upper Echelon theory (Hambrick and Mason, 1984), and is conducted with top executives as its focus (e.g. Hambrick et al., 1996; Wiersema and Bantel, 1992) using quantitative methods of data collection and analysis (e.g. Hambrick et al., 1996; Nielsen and Nielsen, 2008). This research extends the application of Upper Echelon

theory to board members and suggests that their experiences influence board effectiveness. Thus, this research contributes to the application of Upper Echelon theory as well.

Thirdly, research also has an incidental contribution to the application of Discretionary theory (Williamson, 1963; Child, 1972). The Discretionary perspective suggests that corporate leaders' ability to influence organisational outcomes are determined by the latitude which they exercise in organisations. This study presents the evidence of boards members' cumulative experiences influencing the exercise of their discretion in decision-making.

Lastly, this research contributes to the application of role-performance theories – Agency theory, Resource Dependency theory, and Signalling theory. The findings of the study suggest that only a few attributes of board diversity, namely gender and functional experience, may have a bearing on the monitoring role of boards. The diversity of nationality and functional experience may improve boards' effectiveness in providing resources. Ethnic diversity, gender diversity, and the diversity of nationality may improve the boards' signalling effectiveness to their stakeholders.

1.6.2 Contribution to praxis

The findings of this research make multiple contributions to corporate praxis and potentially to policymaking. Firstly, the findings suggest that board members in FTSE companies perceive board diversity to be critical for improving board effectiveness and define it broadly, beyond a few demographic attributes of Directors such as gender and ethnicity. Secondly, the outcomes of the study also suggest that different attributes of board diversity may have a bearing on different board outcomes. The critical diversity that boards require for improving their effectiveness is the diversity of experience, which is obtained by appointing Directors with varied experiences. Hitherto unexplored experiences such as religious affiliations, values, and parental status may also have a bearing on Directors' perspectives and thus on board effectiveness. Additionally, gender diversity on boards seems to have the broadest impact on board effectiveness. Lastly, the findings of the research also indicate how companies can compose effective boards.

Thus, these findings may help boards of FTSE companies to compose boards depending on the specific role-requirement from their boards and determine the most suitable

board diversity attribute accordingly. The findings may encourage companies to continue their endeavours to promote gender diversity on boards, but also incorporate broader characteristics of diversity in Directors, for optimum improvement in board effectiveness. With these findings, corporations may formulate and/or review their policies and praxis on Director appointments for board effectiveness and improved CG. The findings also underline the role of the Chairs in the effectiveness of boards, which may guide companies and regulatory agencies to strengthen the Chairs' authority and discretion.

1.7 STRUCTURE OF THE THESIS

This thesis is divided into five parts. Chapter One (Introduction) gives an outline of the research rationale, research question(s), research aim and objectives, the methodology adopted, and contributions of the research. Chapter Two (Literature Review), discusses the literature on board diversity and attributes, which may influence board members' perspectives. This chapter also reviews the literature on board roles and requirements for making boards effective in performing their primary roles. Chapter Three (Method and Procedures) elaborately describes the researcher's ontological and epistemological positions and adopted research approach. It explains the rationale for choosing UK listed companies as the research context, the methodology adopted for data collection and data analysis, and the rationale thereof. This chapter also presents the pilot study and learnings from the same. Chapter Four (Data Analysis and Discussion) presents and explains the key findings of the research and theorises those findings with existing literature and guiding theories. The concluding chapter of this thesis, Chapter Five (Research Conclusions) presents a summary of the findings, forms a few propositions accordingly, and presents the model based on the findings of the study. This chapter gives the study's contributions to theory and praxis in greater detail. The chapter also discusses the limitations of this study and makes a few suggestions for future research. The chapter, to conclude, shares some reflections of the researcher. Finally, the thesis lists out references used in this study and offers further information in four appendices.

1.8 CHAPTER SUMMARY

This chapter introduces the research rationale, scope, aims and objectives, and contributions, and presents the structure of the thesis. This chapter also presents the theoretical perspective guiding this research, gives a brief background of the study, and

presents the research question(s), research aim, and objectives. Thus, this chapter provides an introduction to Chapter Two which critically examines the existing relevant literature for this research and explains the theoretical perspective in greater detail.

CHAPTER TWO – LITERATURE REVIEW

2.1 OVERVIEW

This chapter aims to critically examine the literature on board diversity and effectiveness through the lens of the Strategic Leadership theory (Finkelstein et al., 2009). The review of literature highlights a few aspects of board diversity which are relevant to this research although the section does not present an exhaustive review of the literature on board diversity. The chapter is divided into seven sections. The first section, section 2.1, presents an overview of the chapter. Section 2.2 presents the theoretical underpinning of the study and the evolution of the guiding theory. This section also explains the rationale for choosing Strategic Leadership theory (Finkelstein et al., 2009) to guide this research. Section 2.3 presents a critical and focused literature review on board diversity, including various attributes/characteristics of, and the rationale for, board diversity. Section 2.4 discusses the impact of board diversity on board role-effectiveness as presented in existing academic studies. Section 2.5 presents a review of the literature on board effectiveness in boards' three main roles – monitoring/control, service, and resource-provisioning, and the theoretical underpinnings thereof. Section 2.6 reviews a limited body of literature on the diversity of perspective in academic and practitioners' publications. Section 2.7 concludes the review and briefly discusses the contribution of the chapter. A brief summary of the chapter is presented in Table 2.1.

Table 2.1 Summary of Chapter Two – Literature Review

Heading	Content	Categories in the content
Overview	-	Table 2.1
Board diversity and the theoretical perspective	Discretionary theory (Williamson, 1963)	Limitations of Discretionary theory for guiding this research
	Upper Echelon theory (Hambrick and Mason, 1984)	Limitations of Upper Echelon theory
	Strategic Leadership theory (Finkelstein et al., 2009)	Applicability of Strategic Leadership theory to this research
	Agency theory (Jensen and Meckling, 1976; Fama, 1980)	Supporting boards' monitoring role-effectiveness

	Stewardship theory (Davis and Donaldson, 1990)	Supporting boards' service role-effectiveness
	Resource Dependence theory (Pfeffer and Salancik, 1978)	Supporting boards' resource-provisioning role-effectiveness
Board diversity	Defining Board Diversity	Broadening the meaning of board diversity – The diversity of perspective
	Rationale for board diversity	The business case rationale The social justice/equality rationale
	Measures taken to promote board diversity	Regulatory recommendations Liberal approach Mandatory gender based quotas
Boards' role-effectiveness	Board role-effectiveness and governance theories	Effectiveness in monitoring role • Attribute(s) for effectiveness in monitoring role – Independence Effectiveness in service role • Knowledge • Applying knowledge to relevant context Effectiveness in resource-provisioning role • Board capital (Human, Intellectual, Relational)
Board diversity and its impact on effectiveness	Impact of boards' monitoring, service, resource-provisioning effectiveness	-
Diversity of perspective, its antecedents and effectiveness	Rationale for the diversity of perspective	-
	Diversity of perspective and board effectiveness	-
	Antecedents of the diversity of perspective and their impact on board effectiveness	Gender • Improved role-effectiveness, process, dynamics Ethnicity • Improved role-effectiveness Age • Improved decision-making, functioning, role-effectiveness Nationality/culture • Improved role-effectiveness Functional experience • Improved role-effectiveness
Chapter summary	-	-

Source: Compiled by the researcher

The chapter now presents a focused review of literature on various theories which either guide the research or are relevant for this research.

2.2 BOARD DIVERSITY AND THE THEORETICAL PERSPECTIVE

This research is guided by Strategic Leadership theory, which builds on the Discretionary perspective (Williamson, 1963) and Upper Echelon perspective (Hambrick and Mason, 1984) and broadens the application of these perspectives beyond managers and top executives to include boards in its ambit. Upper Echelon theory and Discretionary theory suggest that the discretion of corporate leaders and their characteristics influence firm outcomes. In this section, first a brief introduction of Discretionary perspective and Upper Echelon perspective is presented in sub-sections 2.2.1 and 2.2.2 along with their limitation in guiding this research. This research is guided by the Strategic Leadership perspective (Finkelstein et al., 2009) which is discussed at section 2.2.3.

2.2.1 Discretionary theory

Much of the existing research on top echelons in corporations refers to the discretion and latitude available to them (Williamson, 1963; Hambrick and Finkelstein, 1987) in shaping organisational outcomes and this perspective is called the Discretionary theory (Child, 1972; Williamson, 1963; Stewart, 1982; Finkelstein and Hambrick, 1990). Hambrick and Finkelstein (1987) suggest that the higher the discretion of the top leadership, the more impact their choices will have on organisations (Finkelstein and Hambrick, 1996). However, the exercise of discretion and latitude of corporate leaders are also subject to prevailing environmental factors. Thus, Discretionary perspective may not comprehensively explain various actions taken by corporate leadership. The limitation of the Discretionary perspective in guiding this research is explained in section 2.2.1.1.

2.2.1.1 Limitations of Discretionary theory with regard to this research

The limitation of the Discretionary perspective for the purpose of this research is that discretion is not the sole influence in leaders' decision-making. The psychological make-up of leaders regulates the breadth of cognitive information processing (Finkelstein and Hambrick, 1996). Such information processing results in the formation of corporate elites' perceptions and thinking styles (Cannella and Monroe, 1997). Moreover, the exercise of discretion and latitude is also subject to prevailing environmental characteristics such as regulation, geographical differences, cost of

labour and materials involved, culture, capital intensity of the sector, and also political conditions (Cannella and Monroe, 1997), which may constrain the decision-making of the leaders. Hence, scholars further built upon the Discretionary perspective, adding the dimension of characteristics of corporate leaders and their role in influencing firm outcomes. This theoretical perspective is called Upper Echelon theory (Hambrick and Mason, 1984). A brief introduction to Upper Echelon theory and its limitation in guiding this research is given in section 2.2.2 and 2.2.2.2 respectively.

2.2.2 Upper Echelon theory

The Upper Echelon perspective indicates a landmark in academic thinking about leadership as earlier the prevailing perspective was that boards might be irrelevant to firm performance because they were perceived to not function as a team/group (Jackson et al., 1995). Few board diversity studies are guided by Upper Echelon theory (e.g. Ferrero-Ferrero et al., 2015; KipkirongTarus and Aime, 2014).

Upper Echelon perspective suggests that strategic choices made by the top managers are the products of their own characteristics and interpretations of situations, and these factors influence a firm's performance (Hambrick and Mason, 1984). This theory suggests that as the top executives often face unforeseen and uncertain situations, which they need to construe/interpret (Cyert and March, 1963), their prior experiences impact their decision-making process (Eisenhardt and Bourgeois, 1989). Top managers' decisions and discretion in discarding irrelevant parts from the multitude of information presented to them are based on their interpretation of critical problems in a complex situation (Finkelstein and Hambrick, 1990). The decisions that impact organisational outcomes are based on behavioural influences of the decision makers, and are not always based on a rational analysis of available information (Finkelstein and Hambrick, 1990). A range of characteristics of individuals such as their social, cognitive, or emotional expressions influences the behaviours of group members (Jackson et al., 1995; Boeker, 1997; D'Aveni, 1990). The choices made by leaders in turn are impacted by their knowledge, experiences, and values (Boal and Hooijberg, 2001). Corporate leaders' demographic attributes include their age, educational, functional background, and values (Wiersema and Bantel, 1992; Finkelstein and Hambrick, 1990; Dearborn and Simon, 1958).

A brief review of academic literature based on the application of Upper Echelon perspective on board diversity research is presented in section 2.2.2.1 below.

2.2.2.1 Upper Echelon theory and diversity research

A number of academic studies explore a relationship between demographic and cognitive characteristics of decision makers and firm performance (e.g. Eisenhardt and Schoonhoven, 1990; Finkelstein and Hambrick, 1990; Michel and Hambrick, 1992; Singh and Harianto, 1989; Hambrick et al., 1996; Finkelstein and Mooney, 2003; Wiersema and Bantel, 1992). In a meta-analysis of board diversity research conducted between 1990 and 2011 on various attributes of diversity among board members and its impact on performance, Johnson et al. (2013) acknowledge that the primary rationale of board diversity research is supported by Upper Echelon theory.

This perspective explains that heterogeneous top teams may have an improved knowledge base, cognitive abilities, and problem-defining/-solving skills (Hambrick et al., 1996). Diversity among the top echelons also leads to more creativity and the incorporation of a more extensive array of information, thus providing more alternative solutions (Wiersema and Bantel, 1992). However, Upper Echelon theory largely concerns characteristics and discretions of top managers and hence may have a few limitations in guiding this board diversity research, as explained further in section 2.2.2.2.

2.2.2.2 Limitations of the Upper Echelon perspective

Consequent research guided by Upper Echelon theory (Hambrick and Mason, 1984) does not always support all the contentions made by Upper Echelon theory and some scholars claim that the theory needs further refinement (Hitt and Tyler, 1991). One of the criticisms of the theory of Managerial Discretion, also applicable to the Upper Echelon theory, is that the discretion is mediated by a number of environmental factors (Salancik and Pfeffer, 1978). The Upper Echelon perspective puts emphasis on the demographic attributes of the corporate elites, ignoring the governance regimes in which companies are situated (Jensen and Zajac, 2004).

Secondly, many intervening constructs used in demographic characteristics-based studies are mental processes, which are difficult to access and measure reliably and hence can best be understood through interactions with, and interpretations of, people living those experiences (Priem et al., 1999). Due to the challenge of accessing corporate leaders (Hambrick et al., 1996), data on these complex and deeply embedded mental constructs cannot be collected, so scholars consider demographic data as valid proxies of the same (Golden and Zajac, 2001). It is a formidable challenge to measure

the psychological characteristics and to predict performance on the basis of demographic make-up such as educational/professional background and age (Cannella and Monroe, 1997). As a result, much of academic research on diversity among corporate leaders, guided by Upper Echelon theory, is conducted using quantitative methods of data collection and analysis (e.g. Hambrick et al., 1996; Nielsen and Nielsen, 2008).

Lastly, the Upper Echelon perspective primarily addresses the diversity of the top management team (TMT) and its impact on organisational performance (e.g. Hambrick et al., 1996). While Forbes and Milliken (1999) posit that boards face similar, multi-faceted tasks as encountered by the TMTs, many scholars claim that the roles and responsibilities of TMTs and boards vary substantially, with little similarity in roles (Nielsen and Huse, 2010).

Thus, though the Upper Echelon perspective recommends that demographic and other attributes of decision-makers' influence their actions and performance, a more suitable lens to guide the research on board diversity and its impact on board performance/effectiveness is required. Moreover, though the Upper Echelon perspective argues that personal characteristics of decision makers influence their perception and decision-making, further research is required to understand how and when these characteristics influence the strategic decision-making process (Hitt and Tyler, 1991). Strategic Leadership theory (Finkelstein et al., 2009) is therefore a better fit for this diversity research, as explained further in the section 2.2.3.

2.2.3 Strategic Leadership theory

Strategic Leadership perspective recognises the role of discretion of corporate leaders and their characteristics in firm outcomes. The Upper Echelon Theory (Hambrick and Mason, 1984) has been further built on and been widely cited and expanded to include the concept of strategic leadership (Cannella and Monroe, 1997; Finkelstein and Hambrick, 1990). Child (1972) had argued that top managers' strategic choices are central to organisations (e.g. Cannella and Monroe, 1997; Waldman et al., 2004). However, Child's model (1972) relies less on psychological make-up of the top executives than the later version of the Upper Echelon Theory (Cannella and Monroe, 1997). Later Cannella and Monroe (1997) built on the Discretionary Theory further, associating the demographic variables of upper echelon's functional/educational

background of upper Echelon theory and its impact on organisational outcomes and devised the Strategic Leadership theory.

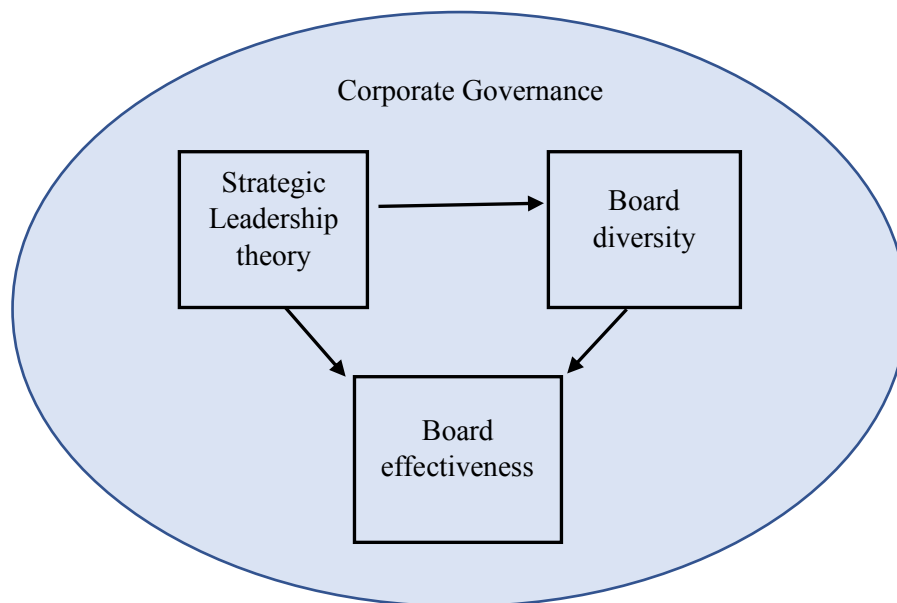
Strategic leadership theory suggests that top managers are in a unique position to influence the strategic decision making process (Finkelstein and Hambrick, 1996), through their cognitive make-up of knowledge, values or preferences (Cannella and Monroe, 1997). It also implies that executives need discretion/latitude to be effective in their role-performance (Cannella and Monroe, 1997). Strategic Leadership has a better application fit on this research as it associates Directors' personal characteristics (going beyond their demographic characteristics) with their decision making.

This theory also acknowledges the impact of heterogeneity on strategic decision making (Cannella and Monroe, 1997). Personal characteristics also determine whether the executives chose to exercise and extend their discretion (Finkelstein and Hambrick, 1996). The essence of this theory is that the leaders often have to take the strategic decisions in complex and ambiguous situations, thus making them exercise the choices of decision making on the basis of their own personal characteristics such as leadership qualities (Finkelstein and Hambrick, 1996). It contends that top executives' values, cognitions and personalities impact their field of vision as well as their perception/interpretation of information (Cannella and Monroe, 1997).

Corporate leaders' demographic characteristics and firm performance-based research has made significant contributions to the field, highlighting the role of leaders in organisations (Priem et al., 1999). A large body of existing academic literature defines board diversity with reference to demographic characteristics of board members such as gender and ethnicity (e.g. Broome and Krawiec, 2008; Carter et al., 2003; Miller and del Carmen Triana, 2009). A few studies explore the impact of other characteristics of board members such as educational/functional background claiming that they are valid proxies of psychological factors such as values and cognitive style (Olson et al., 2006). However, the assumption that such demographic attributes are valid proxies of the cognitive make-up of leaders has since been questioned (Priem et al., 1999). Scholars suggest that corporate leaders need a variety of behavioural traits – such as cognitive and social intelligence – to be effective, as cognitively complex individuals are better equipped to process information and conduct tasks (Boal and Hooijberg, 2001).

Strategic Leadership theory (Finkelstein et al., 2009) acknowledges that the cognitive aspect of board members' characteristics, such as their background, experiences, values, education, and functional background, also may influence their perspective and actions (Cannella and Monroe, 1997; Finkelstein et al., 2009). The impact of strategic leadership attributes of top management executives, such as their leadership style, on firm outcomes is commented on in existing literature (Daily et al., 2002; Vera and Crossan, 2004). A few studies show that diverse boards have varied perspectives, which make them more aware of their Corporate Social Responsibility (CSR) (Bear et al., 2010; Galia and Zenou, 2013). However, the impact the different experiences of corporate leaders have on their actions and decisions needs to be better understood (Finkelstein et al. 2009: 69; Buyl et al., 2011). Hence, this doctoral research, explores the impact of board members' perspective on board effectiveness. Figure 2.1 presents a pictorial representation of the approach to literature review as presented in this section.

Figure 2.1 Strategic Leadership theory, board diversity, and board effectiveness



Source: Compiled by the researcher

Strategic leadership research suggests that heterogeneity among the top executives has an impact on organisational outcomes (Cannella and Monroe, 1997; Finkelstein and Hambrick, 1996), and, as explained shown in Figure 2.1 above, this research explores the impact on board effectiveness.

The chapter now discusses other theories that relate to the role-performance of boards and hence shape this research.

2.2.4 Other applicable theories

Studies exploring the relationship between boardroom diversity and performance need to tackle the relationship at multiple levels, which only a multilevel perspective can provide (Kakabadse et al., 2015). Board studies often explore the roles of boards and factors improving effectiveness, with the help of various theoretical lenses such as Agency, Resource Dependency, Upper Echelon, and gender-based theories (Terjesen et al., 2015). This doctoral research explores the impact of board diversity on boards' role-effectiveness. Board effectiveness is referred to with respect to boards' performance in their primary functions of control and monitoring (Fama, 1980; Forbes and Milliken, 1999; Kim et al., 2014); service (Mace, 1971; Pugliese et al., 2014), and resource-provisioning (Pfeffer and Salancik, 1978; Hillman and Dalziel, 2003; Miller and del Carmen Triana, 2009). Hence, a brief review of the literature on three board role-related theories is now presented.

2.2.4.1 Agency theory – Monitoring role

The monitoring/control role of boards dominates academic literature across legal, management, and finance streams (Johnson et al., 1996), and is based on the Agency theory of CG (Jensen and Meckling, 1976). This theory requires corporate boards to monitor and control the executive to ensure alignment of the managers' interests with those of the owners' (Berle and Means, 1932; Fama and Jensen, 1983). Agency theory of CG favours the separation of ownership and control in a corporation (Bosse and Phillips, 2016).

While board homogeneity compromises a board's oversight (Anderson et al., 2011), board diversity makes the board more independent (Farrell and Hersch, 2005; Jensen and Meckling, 1976; Singh, 2007; Ferreira, 2010) and a more effective monitor (Anderson et al., 2011).

2.2.4.2 Stewardship theory – Service role

Stewardship theory (Donaldson and Davis, 1991) propounds that executives are committed stewards of the firm, and hence the role of the board is to support and assist them through the offer of sage counsel (Huse, 2007). Heterogeneity of functional and educational background, such as experience in non-profit organisations, law, academia,

and investment banking, enriches a board's ability to extend counsel to the executives (Zahra and Pearce, 1989).

2.2.4.3 Resource Dependence theory – Resource-provisioning role

A board's resource-provisioning role (Zald, 1969; Pfeffer, 1972) is based on the Resource Dependence theory (Pfeffer and Salancik, 1978) of CG, which expects boards to manage resource dependencies by providing the organisation with a link to the external environment (Johnson et al., 1996).

There is a sizeable body of academic research (e.g. Ruigrok et al., 2007) suggesting that diverse groups find more creative, innovative, and unique solutions, as the problems are addressed by people with diverse perspectives and experiences to draw from (Jackson et al., 1995). Richer board capital, such as its human, social, structural, and cultural capital, impacts a board's effectiveness (Nicholson and Kiel, 2004). Diverse boards may also create value with Directors' intellectual capital such as varied experience (Treichler, 1995), and occupational attributes (Baysinger and Butler, 1985).

Thus, all three governance theories – Agency, Stewardship, and Resource Dependence theories – are also partially applicable to this study, as this research explores the impact of board diversity on boards' effectiveness in their three primary roles.

The chapter now presents a focused review of academic literature on board diversity and its various attributes/antecedents.

2.3 BOARD DIVERSITY

For boards, the issue of diversity is a relatively new one, as until the 1970s organisations preferred the status quo and opposed the inclusion on boards of people with new attributes (Houle, 1990). Board diversity is now considered as one of the significant dimensions of an effective board structure, others being Directors' complementarity, occupational/functional experience, and knowledge (Van den Berghe and Levrau, 2004).

Board diversity is defined as the distribution of differences in attributes and characteristics among the Directors which impact attitudes and opinions (Van der Walt and Ingley, 2003; Ararat et al. 2010), or the variations in the way boards are composed (Kang et al., 2007). Various dimensions of heterogeneity of board members can be gender, age, nationality, functional background, skills, religion, political preference,

and sexual orientation among board members (Rao and Tilt, 2016). Various categorisations of board diversity are suggested by scholars, as explained here.

- A few scholars refer to board diversity with the composition of the board of Directors having both observable diversity attributes (e.g. gender, age, race/ethnicity), and less observable attributes (e.g. educational, previous work experience, and competencies) (e.g. Kang et al., 2007; Galia and Zenou, 2013; Rao and Tilt., 2016). Scholars also distinguish attributes of board diversity as observable/unobservable (Milliken and Martin, 1996; Forbes and Milliken, 1999).
- Another categorisation is based on structural or demographic diversity. Structural diversity relates to board size; leadership structure; the ratio of national and international Directors; board independence; and Directors' ownership, tenure, and compensation (Hafsi and Turgut, 2013). Demographic diversity relates to board members' characteristics such as their gender, age, and ethnicity (Westphal and Milton, 2000; Adams and Ferreira, 2004; Grosvold et al., 2007).
- A few studies categorise the attributes of diversity as demographic and cognitive (e.g. Hafsi and Turgut, 2013).
- Other categorisation of board diversity is surface level/deep level (Harvey, 2013), or task-/relation-oriented (Joshi and Roh, 2009). 'Task-related' diversity refers to department or unit membership, former credentials or tenure, and 'relation-oriented' diversity includes gender, culture (race, ethnicity, nation of origin), age, physical features, or membership of religious or political groups (Jackson et al., 1995). Task-related attributes are more mutable and underlying, such as knowledge, skills, abilities (cognitive and physical), and experience, and relation-oriented attributes are less mutable, such as social status, attitudes, values, personality, and behavioural styles (Jackson et al., 1995).
- Lastly, a categorisation of board diversity is also demographic/human/social capital. Demographic attributes include age, education, ethnicity/race, gender; human capital consists of functional experience, role, and tenure; and social capital comprises professional networks including interlocks, personal

relationships, and status/prestige (including membership of elite organisations/institutes) (Johnson et al., 2013).

The guiding theory of this research (Strategic Leadership theory), suggests, demographic attributes as well as cognitive experiences may have a bearing on board members' perspectives (Finkelstein et al., 2009). Hence, existing academic literature on board diversity of gender, age, nationality/culture, and skills (functional and educational background) is reviewed. The Strategic Leadership perspective also suggests that the values board members are exposed to and believe in also may have a bearing on their thinking styles. However, values of board members, and their impact on decision-making, are significantly less well explored in existing academic literature on board diversity. Following is a review of the literature which suggests that the definition of board diversity ought to be broadened.

2.3.1 Broadening the meaning of board diversity – The diversity of perspective

The best performing boards are define board diversity broadly and include the attributes of ethnicity, geographic familiarity, cultural understanding, functional capability, and thinking styles in addition to gender (Skroupa and Manning, 2016). However, as demonstrated in the categorisation of board diversity, a large body of academic research on board diversity is focused on a few surface-level characteristics such as gender and ethnicity (Harrison et al., 1998; Bell, 2007; Ararat et al., 2015; Rao and Tilt., 2016). This approach may be essentialist and may mask diversity among minority members. Moreover, these attributes may vary among women (Torchia et al., 2015) and may be too symbolic (Brancato and Patterson, 1999). Hence, other attributes of board members, such as functional experience, and their impact also need to be explored in different countries, with different socioeconomic backgrounds and educational qualifications, and also across gender and age ranges (Mahadeo et al., 2012; Adams et al., 2015). Additionally, demographic attributes may not be valid proxies of Directors' thinking and perspective, and more substantive diversity constructs need to be explored (Milliken and Martins, 1996; Davidson, 2011; Priem et al., 1999; Dhir, 2009).

Academic and practitioner literature both proclaim board diversity to be the key component that brings different perspectives to the complex decision-making process followed by corporate boards (Rao and Tilt, 2016). Recent practitioner literature, and a small body of academic literature, emphasise on obtaining the diversity of perspective on boards. Academic literature suggests that board members' thinking style may be

influenced by their characteristics such as gender, ethnicity, and age, other backgrounds (Van der Walt and Ingley, 2003; Rao and Tilt., 2016). Board members with a wealth of prior experience help in avoiding out-group biases (Westphal and Milton, 2000), bringing in a diverse perspective and better problem-solving skills to boards (Shrader et al., 1997). In this review, the literature on multiple attributes of board diversity and their impact on board performance is included.

The chapter now discusses the rationale of promoting board diversity as discussed in existing literature.

2.3.2 The rationale for diversity on boards

In the aftermath of corporate scandals, both in the US and Europe, practitioners, pension fund holders, as well as the public began demanding higher board diversity (Randøy et al., 2006). Additionally, academic researchers, business leaders, investors, and policymakers over the last two decades have expressed an interest in board diversity of a range of attributes, including experience, race, gender, and age (Upadhyay and Zeng, 2014). In recent decades, as the potential advantages of diversity on boards are recognised, initiatives have been taken by regulatory/legislative bodies across the world to improve the proportion of women on boards (Adams and Kirchmaier, 2013). Clause B.2.4 of the UK Corporate Governance Code ('the Code' Financial Reporting Council (FRC, 2016) expects boards to declare their policy on diversity, its implementation, and periodical evaluation of achievements.

The justification for higher board and leadership diversity as explained in existing literature is twofold – 1) business case rationale and 2) social justice rationale (Carter et al., 2003). Each rationale is discussed in detail below.

2.3.2.1 The business case rationale

The economic rationale of the sound business case (Erhardt et al., 2003; Stephenson, 2004; Kim et al., 2013) emphasises the benefits of diverse boards on the performance of boards and/or firms. Kakabadse and Kakabadse (2008) in their book, *Leading the boards*, present many 'business case' justifications for having a diverse leadership. Firstly, as global organisations are a melting pot of emotion, argument, dispute, and disagreement, having a diversity of views in the leadership helps to manage these tensions.

Secondly, promoting diversity in leadership may help organisations to be perceived as the ‘employer of choice’ by the people of less well-represented communities. It may provide organisations with access to a wider pool of talent and better bottom-line results.

Thirdly, following diversity agenda in leadership helps organisations win the confidence of their stakeholders, such as governance agencies, shareholder-activists, press, politicians, and a diverse workforce. This rationale also recommends board diversity for effective signalling (Fondas, 2000), reducing conformity and groupthink (Janis, 1972; Ferreira, 2010; FRC, 2016), and providing representation to the consumer communities (Mattis, 2000).

However, certain scholars of board diversity argue that material gain should not be the only reason to promote it. The social justice rationale is discussed in section 2.3.2.2.

2.3.2.2 The social justice rationale

Scholars’ dependence on the business case rationale to promote diversity on boards has come under criticism for losing sight of much stronger justifications: those of social justice, equitable representation, and fairness (Kang, 2010). The social justice rationale seeks board diversity for ensuring representation of the neglected sections of society (Fairfax, 2011), owners/shareholders on the boards (Carver, 2002), and corporate philanthropy (Coffey and Wang, 1998). The argument commonly used to justify the promotion of gender diversity on boards is the ‘fairness’ or the ‘social justice’ argument (Fairfax, 2011; Hazen, 2010; Seierstad, 2016).

The chapter now briefly introduces various approaches adopted to promote board diversity globally.

2.3.3 Measures taken to promote board diversity globally

Several measures for promoting diversity on boards are taken globally, though the efforts are focused on gender and ethnic diversity only. Diversity management on boards for ethnic minorities was first initiated in the USA, and a business case was also presented favouring their appointment on boards long before the issue piqued the interest of regulators and academics in the UK (Singh, 2007). Presently, regulatory initiatives are actively deployed in a number of countries to increase gender diversity on boards (Adams and Kirchmaier, 2013; Ararat et al., 2015). Improving gender

diversity on boards of PLCs has become a subject of contemporary importance and the focus of a vital debate globally (Seierstad, 2016).

The *Women on boards* report (Whitehead and Normand, 2011) describes three approaches that are adopted in different countries to improve gender diversity on corporate boards – collaborative, liberal, and coercive.

2.3.3.1 Regulatory recommendation – Voluntary targets – Collaborative approach

The UK government prefers a voluntary approach to improving gender diversity in boardrooms (Chartered Institute of Personnel and Development – CIPD, 2015; FRC, 2016). This approach is called the ‘collaborative, business-led’ approach and has been adopted in the UK (Sealy et al., 2016). In the case of the UK, the promotion of diversity on boards is also enshrined in the UK Corporate Governance Code (FRC, 2016) which governs with the spirit of ‘comply or explain’ (Bøhren and Strøm, 2010; Terjesen et al., 2015). In the UK, the *HiggsReview* (Higgs, 2003) and *TysonReport* (Tyson, 2003) both recommend that the recruitment process for directorships be more open and that UK companies make more effort to find talented Non-Executive Directors (NEDs) from diverse backgrounds, including ethnic minority groups.

The UK has shown a strong interest in improving gender diversity on corporate boards since 2011, when government, through Lord Davies, took the initiative to encourage voluntary targets of 25% gender diversity on boards of FTSE 100 companies (CIPD, 2015). The UK regulatory agencies have not adopted the mandatory quota approach (as adopted in Norway – 2.3.3.3) to improving gender diversity on its boards as companies oppose any suggestion of implementing the quota through the European Union (Watson, 2014).

2.3.3.2 Freedom to choose diversity, or not – Liberal approach

The USA and Canada adopt a liberal approach to gender diversity and expect voluntary commitments from private firms (Whitehead and Normand, 2011). In this approach, boards/companies are left to define board diversity and roll it out at their convenience. Regulatory authorities/legislature does not intervene in diversity management on boards in any way. In a few other countries, such as Australia, companies have taken the route of making disclosure of their policy via the publication of statistics on board gender diversity in their annual reports (Kulik, 2011).

2.3.3.3 Mandatory gender-based quotas – Coercive approach

Several countries follow the policy of legislative intervention or mandatory quotas, to improve the proportion of women on boards such as Norway, Italy, Germany, Spain, France, and India (Singh et al. 2008; Rao and Tilt, 2016; Ararat et al., 2015; Adams and Kirchmaier, 2013; Egon Zehnder, 2014; Sealy et al., 2016). There are now gender-based quotas for boards in fourteen countries and codes supporting gender diversity in sixteen other countries (Adams et al., 2015).

Legislative intervention mandating gender diversity on boards is the most substantial measure to improve the representation of women on boards as compared to any action taken by any individual, firm, or industry (Adams and Kirchmaier, 2013; Terjesen et al., 2015). Scholars agree that despite a natural vested interest in keeping the status quo, regulatory authorities are obliged to intervene if gender diversity on boards does not improve (Adams and Borsellino, 2015a). However legislative quotas may not be enough to improve the ratio of female Directors on boards significantly (Iannotta et al., 2016).

Section 2.4 discusses the board's role-effectiveness in their three primary roles, along with attributes for improving effectiveness.

2.4 BOARDS' ROLE-EFFECTIVENESS

Boards' effectiveness is measured as their success in each role-performance (Thain and Leighton, 1992; Forbes and Milliken, 1999; Nicholson and Kiel, 2004; Zona and Zattoni, 2007; Babić et al., 2011; Minichilli et al., 2012) as a group (Knyazeva et al., 2009). Boards' effectiveness in their role-performance is sought by the institutional investors (Kesner and Johnson, 1990; Dalton et al., 1998), employees, suppliers, customers (Hawkins, 1997; Davies, 2001), creditors, shareholders/shareholder activists (Daily et al., 2003; Levrau and Van den Berghe, 2007), regulators (Huse et al., 2011) and courts (Fairfax, 2011).

Corporate boards of listed companies perform a range of roles, such as controlling and monitoring the executive, managing risk, and demonstrating their knowledge of financial accounting, often guided by the legal mandate in existing governance regimes (Demott, 2010). In the UK, the UK Corporate Governance Code (FRC, 2016) expects boards to provide entrepreneurial leadership; set strategy, values, and standards for the company; ensure availability of resources; review management

performance; and fulfill their obligations to their shareholders. The academic literature based on research conducted in the UK also considers mentoring and advising the executives the responsibility of the Chair (Bowen, 1994; Kakabadse and Kakabadse, 2007a), and monitoring the executives that of the NEDs (Vafeas and Theodorou, 1998).

Boards' various roles have different theoretical foundations, which are discussed in section 2.4.1

2.4.1 Board roles, respective governance theories, and board effectiveness

Boards are evaluated as per their performance in a range of roles that they are expected to perform (Huse, 2005b). Rao and Tilt (2016) consider the roles supported by the Agency theory, Resource Dependence theory, and Gender Role theory to be the primary roles of boards. Finkelstein et al. (1996) suggest that Agency theory, Resource Dependence theory, and Social Class theory govern the main roles of boards. However, there is a broad consensus among scholars that the monitoring role (Fama, 1980; Forbes and Milliken, 1999; Kim et al., 2014), resource-provisioning role (Pfeffer and Salancik, 1978; Hillman and Dalziel, 2003; Miller and del Carmen Triana, 2009) and service role (Mace, 1971; Pugliese et al., 2014) are the most significant roles performed by boards (e.g. Zahra and Pearce, 1989; Johnson et al., 1996; Nicholson and Kiel, 2004; Wan and Ong, 2005; Pugliese et al., 2014, Madhani, 2017). Presented below is an account of the attributes required in boards to be effective in these three roles, as presented in existing academic literature.

2.4.1.1 Board effectiveness in the monitoring/control role

Corporate boards are one of the most important mechanisms through which the shareholders monitor and control the executives (Anderson et al., 2011). Unlike a few years ago when the primary role of boards was reviewing and ratifying corporate strategy, currently for boards monitoring the executive is a primary role, as often mandated by governance codes (Demott, 2010). After the corporate scandals of the previous decades, managerial accountability has come under greater scrutiny for improving CG (Faleye et al., 2011; Minichilli et al., 2012). Various crises in the corporate world have further underlined the significance of boards' monitoring role-effectiveness (Kim et al., 2014; Levrau and Van der Berghe, 2007; Minichilli et al., 2012; Nicholson and Kiel, 2004). Since the 1990s, US-led academic research in corporate governance has emphasised the monitoring role of the board to protect shareholders' interests (Huse, 2005b).

The Anglo-American corporate governance system, generally referred to as the ‘shareholder-oriented model’, works on boards’ fiduciary responsibility towards shareholders, fulfilled by overseeing operations and monitoring the executives (Lorsch and MacIver, 1989). According to this perspective, while the shareholders are the owners of the company, the executives run the firm and thus have control over it (Levrau and Van den Berghe, 2007; Berle and Means, 1932; Eisenhardt and Bourgeois, 1989). Agency theory suggests that the executives/managers can be self-serving and individualistic, and hence need to be supervised by the board Directors – as representatives of the owners – in order to increase the return on shareholders’ investments (Daily et al., 2003; Shleifer and Vishny, 1997). Agency cost (loss on account of misdeeds of agents, unchecked by the owners) causes potential loss to society, which, though difficult to measure, is significant. Such an agency problem forces the employers (owners) to deploy an intermediary body (boards) to ensure that self-interested groups can economise the agency cost (Bosse and Phillips, 2016).

2.4.1.2 Attribute for effectiveness in the monitoring role – Board independence

The most crucial attribute required for effectively executing their monitoring/control role is boards’ independence from the management (Kim et al., 2014; Levrau and van den Berghe, 2007; Nicholson and Kiel, 2004; Kakabadse et al., 2015; MacAvoy and Millstein, 1999). A board’s independence from the CEO/executives enhances their ability to perform their monitoring tasks (Fama and Jensen, 1983a&b; Goyal and Park, 2002). Boards’ independence can be obtained by ensuring independent board leadership, and appointing a majority of independent Directors on boards. When the roles of the Chair and the CEO are held by the same person, it reduces a board’s independence from the executive and hence a separation of roles is recommended (Finkelstein and D’Aveni, 1994; Adams et al., 2015). Boards with a majority of independent Directors are considered independent of the executives (Kiel and Nicholson, 2003; FRC, 2016). Currently, boards and board committees in many countries consist exclusively of independent Directors, and boards spend a considerably long time performing monitoring roles (Faleye et al., 2011).

The Code (FRC, 2016) recommends that Directors have the independence of ‘character and judgment’ (p. 10, Clause B.1.1). Independence of mind and thinking enables board Directors to constructively analyse and test executives’ proposals and assumptions (Van der Berghe and Baelden, 2005; Walker, 2009). The educational

qualifications of Directors equip them with independent thinking crucial for board's effectiveness (Brown, 2005; Singh et al., 2008).

2.4.1.2.a Defining Director independence

The definitions of independence of the Directors vary from country to country (Kang et al., 2007). Directors are mostly categorised as independent when they do not have any past or present, professional or family, relationships with the company (Bøhren and Strøm, 2010; Schmeiser, 2012; Weisbach, 1988). NEDs are considered to be more independent in approach than the executive Directors (Jensen and Zajac, 2004). Section B.1.1 of the Code (FRC, 2016) seeks disclosure of independence of all NEDs in the annual reports of listed companies. The Code also defines independence of members, but Directors who do not fit the definition are not automatically disqualified. Sir Howard Davies – Chairman of RBS, a NED at Prudential, ex-Chairman of the FSA and Deputy Governor of the Bank of England – suggested revising the nine-year rule as described in the Code (Priestly, 2016a). The nine-year rule (clause B.1.1) expects NEDs who have served for nine-years since their first appointment to be disclosed by boards and such Directors should be re-elected annually. Such a procedure puts an additional burden on the Chairperson to keep refreshing the board while giving due considerations to different attributes in prospective Directors.

2.4.1.2.b Director's/boards' independence

Support for the independence of Directors has three main rationales. Firstly, outside (independent) Directors may be more concerned with compliance of governance norms than inside (non-independent) Directors. Secondly, outside/independent Directors are more attuned to the expectations of society and are more sensitive to the ethical aspects of decision-making (Rao and Tilt, 2016). Thirdly, board independence, in accordance with Agency theory, is believed to safeguard shareholder wealth from potential destruction by the managers (Nguyen and Nielsen, 2010; Nygaard, 2011; Rosentein and Wyatt, 1990).

Boards' monitoring role is often in contrast with their service role (Demott, 2010), which is discussed in section 2.4.1.3.

2.4.1.3 Board effectiveness in the service role

Boards spend a considerable amount of time rendering advice to the executive on a range of strategic issues such as acquisition, restructuring, and preparation and analysis of strategic alternatives (Forbes and Milliken, 1999; Langevoort, 2010; Lorsch and

MacIver, 1989). This role impacts firm-level performance directly and is influenced by a board member's ability to provide advice (Forbes and Milliken, 1999).

A board's service role can be explained by the Stewardship theory (Donaldson, 1990; Donaldson and Davis, 1991). Stewardship theory is an alternative to Agency theory and is favoured by many scholars for describing the role of boards (e.g. Davis et al., 1997; Stiles and Taylor, 2001). The theory adopts a more favourable perspective than Agency theory on the motivation and behaviour of the executive in an organisation (Bosse and Phillips, 2016). Stewardship theory negates managerial opportunism and claims that the executives are committed stewards in an organisation, suggesting that the interests of the principals (shareholders) and the agents (managers/executives) are aligned (Huse, 2005b). According to this theory the role of the board is to support and assist them by offering advice (Donaldson, 1990; Davis et al., 1997; Westphal, 1999). This theory does not put as much emphasis on independence of Directors and suggests that independent Directors often may not have access to the critical information required to perform their advisory role efficiently (Adams and Ferreira, 2007; Adams, 2009; Faleye et al., 2011).

2.4.1.4 Attributes for effectiveness in the service role

Boards' Service role involves giving advice and providing insight to the executive in framing sound policies and taking appropriate decisions. For effectiveness in this role a the board/Directors require the knowledge and expertise in organisational phenomena (Ruigrok et al., 2007). Additionally, board members need to be able to apply their knowledge in the context of the firm (Forbes and Milliken, 1999; Kakabadse and Kakabadse, 2007b).

The chapter now discusses the resource-provisioning role of boards – a role which often is clubbed together with a board's service role by some authors (e.g. Pearce and Zahra, 1992).

2.4.1.5 Board effectiveness in the resource-provisioning role

Boards are expected to provide the company with access to rare resources, by co-opting with critical external organisations with which the company is interdependent (Pfeffer and Salancik, 1978). As part of their resource-provisioning role, boards are also expected to reduce the transaction costs of linking the firm with the external environment (Zahra and Pearce, 1989) and reduce environmental uncertainty (Pfeffer, 1972).

The Resource Dependence perspective claims that boards are boundary spanners (Aldrich and Herker, 1977). The Resource Dependence theory (Pfeffer and Salancik, 1978) of CG considers the board to be a mechanism for managing companies' dependence on internal and external resources (Johnson et al., 1996; Huse, 2005b). Associating this perspective with the Social Network perspective (Carpenter and Westphal, 2001; Westphal, 1999), boards become instruments of door-opening, legitimacy, and networking (Huse, 2005b).

2.4.1.6 Attributes for effectiveness in the resource-provisioning role

Board members' personal reputation, knowledge, and networks improve their role-effectiveness on boards (Johnson et al., 2013). Kesner (1988) suggests that board members are expected to provide resources to the organisation, and hence higher human capital may improve their likelihood of being considered for board positions.

Board capital, consisting of human, social/relational, and cultural capital, impacts boards' effectiveness (Nicholson and Kiel, 2004). Board capital, such as board members' competence and characteristics, is influenced by a board's composition, such as the diversity of their members (Huse, 2005b). Board capital obtained in the form of board members' status, prestige, and reputation is also a useful signal to a range of stakeholders to show that the company values merit and is led by capable members (Certo, 2003).

Human Capital theory (Becker, 1964) proposes that organisations benefit from an individual's cumulative cognitive and productive capabilities such as their education, skills, and experience (Terjesen et al., 2009). The firm may also benefit from the Directors' intellectual resources such as varied experience (Treichler, 1995), reputation and legitimacy (Pfeffer and Salancik, 1978; Zahra and Pearce, 1989; Hillman et al., 2002; Erakovic and Goel, 2008), and occupational attributes (Baysinger and Butler, 1985).

Board members also provide relational resources to the firm, e.g. access to the bankers and political players (Hillman and Dalziel, 2003; Ferreira, 2010), suppliers, buyers, and public policy decision-makers (Hillman et al., 2000). Directors also provide access to critical occupational networks (Baysinger and Butler, 1985). Boards that tap their network resources may be able to reduce their dependencies and uncertainties by

utilising those resources (Ali et al., 2014; Miller and del Carmen Trianna, 2009; Pfeffer and Salancik, 1978).

Additionally, resourceful and well-networked board members develop vested interests in ensuring that their boards' reputation for probity and efficiency is not tainted; thus the resourcefulness of board members helps their other roles as well (Demott, 2010).

Though the inside and outside Directors both provide different resources to the board and the firm, the outside/non-executive Directors are expected to provide the firm with access to critical external resources (Zahra and Pearce, 1989; Hillman et al., 2000).

To follow is a review of literature discussing the impact of various attributes of board diversity on board effectiveness.

2.5 BOARD DIVERSITY AND ITS IMPACT ON EFFECTIVENESS

Many aspects of a board's composition influence their effectiveness, in various roles, such as board members' qualifications, their strategic expertise, knowledge of financial markets and industry, experience in various fields, and their ability to manage people (Adams and Borsellino, 2015a). Other factors such as honesty, openness, diversity of experience, thinking styles, age, gender, and cultural backgrounds also impact board effectiveness as they encourage constructive debate (Adams and Borsellino, 2015a). Additionally, boards' independence, size, demography, boardroom culture, members' tenure/age, functional heterogeneity, and board processes also influence their performance (Golden and Zajac, 2001; Adams and Borsellino, 2015b). Boards' competence is influenced by their functional, firm-specific, board-specific knowledge and experience, and skills (Huse, 2005b). Board members' characteristics may be determined by their attributes such as age, race, seniority, formal background, individual behaviour, esteem, influence, independence, and integrity (Huse, 2005b; Westphal and Milton, 2000). Having knowledgeable board members leads to the evolution of board knowledge and effectiveness (Huse, 2005b). Hence a broad range of diversity attributes among Directors may improve board effectiveness.

A number of academic studies explore the impact of board diversity on various aspects of boards' functioning such as CSR, board processes, and corporate financial performance (Hafsi and Targut, 2013; Ali et al., 2014). Bøhren and Strøm (2006)

consider boards' effectiveness to be a function of boards' ownership, access to information and its level of diversity (within and outside the organisation). Houle (1990) claims that board effectiveness is a function of the ability to put members' diversities to appropriate use. Diverse boards benefit from improved effectiveness in the various functions they perform such as strategic decisions, developing links with external stakeholders (e.g. suppliers, consumers), and engaging talent (Thain and Leighton, 1992; Randøy et al., 2006; Ali et al., 2014).

Diverse boards also have an improved quality of board decisions (Muller-Kahle and Lewellyn, 2011). Board diversity is often recommended as a tool to diffuse groupthink (e.g. Hillman, 2015; Krawiec et al., 2013; Fanto et al., 2011). A lack of diversity on boards generally results in groupthink as the members are likely to have similar perspectives, which can result in conformity and uniformity of opinion (Miller and del Carmen Triana, 2009; Rao et al., 2016). Additionally, a lack of diversity on boards adversely impacts board functioning, as homogenous boards are also less efficient communicators with stakeholders such as bankers, regulators, analysts, and suppliers (Brickley and Zimmerman, 2010).

The chapter now presents a review of literature on the impact of board diversity on the specific role-effectiveness of boards.

2.5.1 Board diversity and effectiveness in the monitoring role

The most critical aspect of effectiveness in the monitoring role is a board's independence from the executive, which diverse members are believed to engender as they are likely to ask more questions than members from traditional backgrounds (Carter et al., 2003; Faleye et al., 2011; Rao and Tilt, 2016). While board homogeneity can compromise a board's ability to supervise/monitor the executives (Anderson et al., 2011), board diversity makes the board more independent (Singh, 2007; Ferreira, 2010). Diverse boards are also more independent because a significant proportion of minority/diverse members are often independent Directors (Farrell and Hersch, 2005; Bøhren and Staubo, 2015). Board effectiveness is adversely impacted in socially homogenous boards due to challenges such as groupthink, which compromises their monitoring effectiveness (Upadhyay and Zeng, 2014). The impact of various attributes of Directors on boards' monitoring effectiveness is discussed in section 2.6.

2.5.2 Board diversity and effectiveness in the service role

Board heterogeneity brings in a breadth of experience, backgrounds (Fondas and Salsalos, 2000), and attitudes (Robinson and Dechant, 1997). High educational

qualifications among board members are vital for board effectiveness (Holland and Jackson, 1998; Brown, 2005). Female Directors often have higher educational qualifications and a higher likelihood of elite education (Hillman et al., 2002; Singh et al., 2008). They also tend to have a breadth of professional experience in marketing, public relations, law, smaller corporations, academia, non-profit organisations, and government service leadership, which enriches boards' ability to offer competent advice (Zahra and Pearce, 1989; Nielsen and Huse, 2010). Female Directors are well versed with the views of female consumers, which may enhance their ability to advise the executive appropriately (Terjesen et al., 2015; Robinson and Dechant, 1997). Ethnic minority Directors often have higher and different educational qualifications and varied functional experience (Singh, 2007). Thus, ethnically diverse boards may be better equipped to offer counsel to the executives.

The impact of various diversity attributes of Directors on boards' service role-effectiveness is discussed in greater detail in section 2.6.

2.5.3 Board diversity and effectiveness in the resource-provisioning role

Boards composed of members with heterogeneous attributes result in an improved skill-set, and more information and knowledge to share with the group (Nielsen and Huse, 2010; Rao et al., 2016). Additionally, access to unique networks improves resource dependence of firms and improves the effectiveness of boards in this role. Board diversity improves boards' resource dependency role-effectiveness; e.g. women Directors not only have access to unique networks but also have unique experiences, thus being able to contribute in functional decision-making in an inimitable way (Nguyen et al., 2015). Ethnic minorities provide networks from which firms can benefit (Fanto et al., 2011).

The impact of various diversity attributes of Directors on boards' resource-provisioning role-effectiveness is discussed in section 2.6.

2.6 DIVERSITY OF PERSPECTIVE, ITS ANTECEDENTS, AND BOARD EFFECTIVENESS

The diversity of thinking or perspective is increasingly discussed in academic and practitioner literature (Milliken and Martins, 1996; Kakabadse, 2015; Kim and Rasheed, 2014; Bowen, 1994; Broome et al, 2011; Grant Thornton, 2015; Bogoslaw, 2016). The diversity of perspective is an essential characteristic of effective leadership,

as it provides access to broader external factors and internal capabilities, which result in a better formulated strategy (Carter et al., 2007; Kakabadse, 2015). Boards can be genuinely diverse when they have a range of viewpoints and thinking styles (Fairfax, 2011).

Debbie Hewitt MBE – Chairman of Moss Bros Group, White Stuff, Visa UK and The Restaurant Group (Priestly, 2016b) – suggests that the most crucial attribute of diversity on boards is cognitive diversity. She suggests that ‘cognitive diversity is a factor of having different ages, experiences and skill sets around the table’. Dr Tracy Long – the founder of Boardroom Review (2015) – suggests that in effective boards the Chair derives the advantage of the diversity of thought by encouraging NEDs to express their views, as they have a different experience and expertise.

The research on board diversity needs to incorporate various attributes of perspectives, ideas, and experiences (Beecher-Monas, 2007). However, empirical research on the diversity of perspective on boards is limited. Group diversity literature suggests a few rationales of diverse perspectives, as presented in section 2.6.1.

2.6.1 Rationale for the diversity of perspective

Diverse perspectives contribute towards the success of a decision-making group by providing access to broader external factors and internal capabilities, and lead to an improved strategy (Carter et al., 2007; Kakabadse, 2015). The literature on organisational research claims that the diversity of perspective expands a group’s range of understanding (Wood and Marshall, 2008), and thus makes the decision-making more legitimate (Burch, 2010). The diversity of perspective enables groups to have detailed debates and find multiple alternative solutions (Watson et al., 1998).

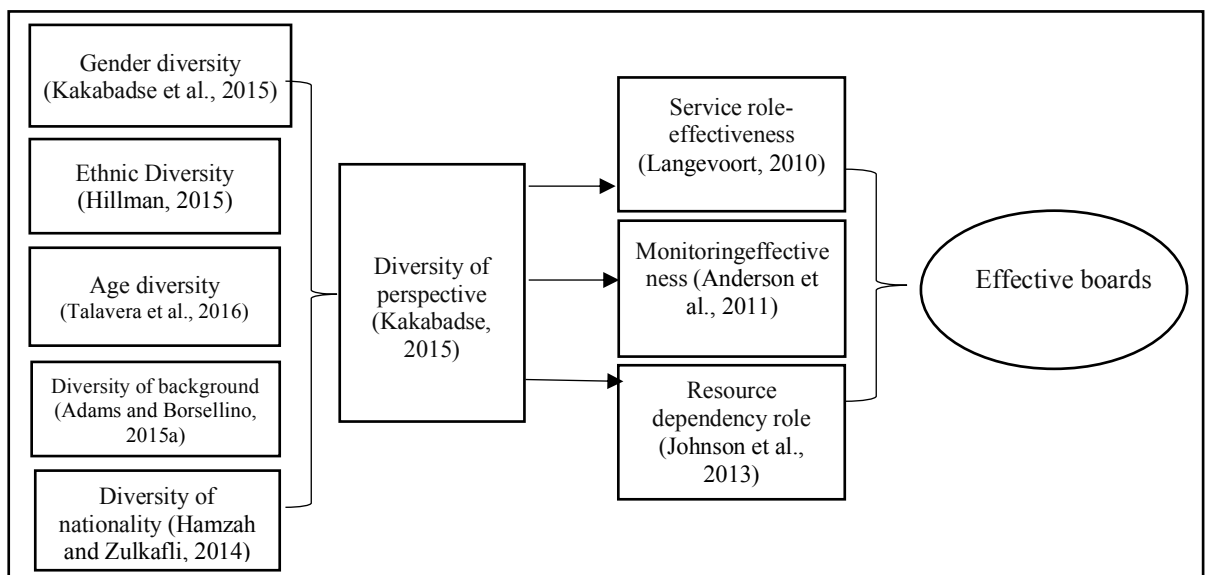
Boards also need a variety of perspectives to evaluate more strategic alternatives and their consequences for better and more comprehensive decision-making (Fanto et al., 2011; Kim and Rasheed, 2014; Hazen, 2010; Hillman, 2015). The diversity of perspectives may result in resistance, which may lead to more discussion and alternative strategies (Fanto, 2011). Dhir (2009) acknowledges that boards need a plurality of perspectives to be effective monitors. Elizabeth M. Murphy of the Secretary, Security, and Exchange Commission suggests that the diversity of perspective is a ‘critical attribute to a well-functioning board and an essential measure of good governance’ and boards with ‘a wide range of viewpoints, backgrounds, skills, experience, and expertise

internally increases the likelihood of making the right decisions’ (Fairfax, 2011, p. 864–5).

2.6.2 Diversity of perspective and its impact on board effectiveness – A conceptual model

Diversity attributes such as gender and background may be indicative of the implicit diversity of perspective (Milliken and Martins, 1996), but many other factors also have an impact on the perspectives of board Directors – such as language, religion, family upbringing – as these life experiences vary from country to country (Ararat et al., 2015). Similarly, board heterogeneity of age, educational and functional background, and experience among the Directors also bring in a range of perspectives to boards (Anderson et al., 2011; Kim and Rasheed, 2014; Krawiec et al., 2013; Milliken and Martins, 1996; Grant Thornton, 2015). Additionally, diversity of tenure, which can be representative of the diversity of experience and age, also leads to a diversity of perspectives, thus helping the boards in problem-solving (Kim and Rasheed, 2014). Figure 2.2 shows a conceptual model designed after reviewing existing literature on the subject.

Figure 2.2 The diversity of perspective on boards and board effectiveness



Source: Conceptualised by the researcher

FRC’s guidance (2011) recommends considering the diversity of personal attributes of board members to ensure that boards are not solely composed of like-minded people. Individual characteristics of board members may influence specific

board tasks even if they do not have an impact on general board effectiveness (Nielsen and Huse, 2010). Existing board studies based on Directors' demographics claim that these attributes influence boards' cognition and decision-making (Johnson et al., 2013).

Following is a review of the literature on different attributes of diversity which may have a bearing on board effectiveness.

2.6.3 Antecedents of the diversity of perspective, and their impact on board effectiveness

Demographic attributes of board diversity such as gender and ethnicity may result in a diversity of perspective on boards (Kramer et al., 2006; Hillman, 2015; Carter et al., 2007; Hazen, 2010; Fanto et al., 2011; Krawiec et al., 2013). Furthermore, demographic diversity on boards also enhances other attributes of board diversity; e.g. gender diversity improves the cognitive diversity on boards as female Directors have diverse educational backgrounds (Mahadeo, 2012). Diverse attributes may help with different role-performance on boards providing expertise, experience, skills, knowledge, perspective, and their influence on decision-making (Ali et al., 2014). On a diverse board, members' varied experience improves board processes (Fondas and Salsalos, 2000; Wiersema and Bantel, 1992), interpersonal relationships (Milliken and Martins, 1996; Babić et al., 2011), oversight, and productive cognitive conflict (Dhir, 2015; Erhardt et al., 2003).

A significantly large body of research explores various aspects of gender diversity on firm performance and a few explore the impact on board performance (e.g. Huse and Solberg, 2004; Terjesen et al., 2009; Ferreira, 2010; Fairfax, 2011; Adams and Funk, 2012; Bøhren and Staubo, 2014; Ben-Amar et al., 2017). The impact of other diversity attributes such as ethnicity/race (Fairfax, 2011; Carter et al., 2010; Brammer et al., 2007), age (e.g. Siciliano, 1996; Kang et al., 2007; Kakabadse et al., 2013), educational/professional background (e.g. Van der Walt and Ingley, 2003), functional/industry/life experience (e.g. Muller-Kahle and Lewellyn, 2011), insider status (Ferreira, 2010) and thinking/ideology (Westphal and Milton, 2000; Kim et al., 2013; Kakabadse, 2015) is explored less extensively. In recent years other attributes such as culture, perspectives, and level of analysis are attracting the attention of scholars in different disciplines (Volckmann, 2012).

Following is a brief account of existing literature on elements influencing board Directors' thinking and their impact on boards' effectiveness.

2.6.3.1 Gender

Gender diversity on boards is measured as the percentage of women on boards of Directors (Carter et al., 2003). Gender-based differences in leadership styles and their influence on an organisation have been reported by scholars (Eagly and Johnson, 1990; Jackson et al., 1995). Female board members can provide strategic input such as diverse perspective in boards, keep the discourse more productive, and produce better results (Billimoria, 2000; Nielsen and Huse, 2010).

Promoting gender diversity on boards is not only an issue of business ethics, but is also influenced by public pressure (Dang and Nguyen, 2016). Corporations globally are dealing with the challenge of promoting gender diversity on their boards (Carter et al., 2003; Rao and Tilt, 2016) as the issue of gender diversity is of interest to the academics and politicians as well as to society at large (Kang et al., 2007). Many countries have shown impressive progress on this front and scholars recommend promotion of gender diversity for the ‘business case’ of utilising untapped talent in FTSE companies (Singh and Vinnicombe, 2004).

The attributes associated with female Directors are more democratic, more likely to develop positive relationships, more likely to use positive incentives rather than threats, and more participative, as compared to male leaders, who can be more autocratic and directive (Eagly, 2016b). Communal attributes of being affectionate, concerned with people’s welfare, helpful, kind, and sympathetic are also associated more with women than men (Nielsen and Huse, 2010). Additionally, the typical life experiences of a woman may put women in a better position than men to lead more compassionately, with values and an egalitarian ideology, focusing on personal power and achievement. Moreover, female leaders express more concern than men for disadvantaged groups (Eagly, 2016a).

2.6.3.1.a Gender diversity and board functioning, dynamics and decision-making

Fondas (2000) suggests that female Directors have an edge over male Directors in terms of their impact on strategic planning. Academic and practitioner literature generally suggests a positive relationship between gender diversity and board functioning. Gali and Zenou (2013) suggest that gender diversity on boards influences their performance. A few studies also report improved board processes as a result of gender-balanced board membership, such as rate of attendance at board meetings (Adams and Ferreira, 2009).

Female Directors possess a more diverse perspective, experiences, working styles, and expertise than their male colleagues (Daily and Dalton, 2003; Hillman et al., 2002; Huse, 2007). Female Directors have a higher level of cognitive diversity and constructive conflict (Dhir, 2014) and they represent the perspectives and concerns of a wider section of stakeholders (Konrad and Kramer, 2006; Kramer et al., 2006). Diverse gender on boards brings less destructive conflict and better strategic control (Nielsen and Huse, 2010). Gender diversity results in boards having improved quality and quantity of interactions among members (Adams and Ferreira, 2004; Terjesen et al., 2009), and enhanced international diversity (Singh et al., 2008).

Women executive Directors often have unique networks, experiences, and skills, which contribute towards effective decision-making (Nguyen et al., 2015). Gender-balanced boards make better decisions with the help of fresh, informative, and insightful views and experiences of female Directors, irrespective of industry, product, or customer base (Manning, 2016). Improved gender diversity on boards leads to better decision-making (Johnson et al., 2013). Female Directors also hold different values than male colleagues (Selby, 2000). As a result, gender-diverse boards may offer a broader range of ideas (Galis and Zenou, 2013; Milliken and Martins, 1996). With a higher ratio of female Directors, boards have higher creativity and more alternative approaches to issues (Carter et al., 2003). Gender diverse boards may also have rigorous deliberations and greater problem-solving skills (Terjesen et al., 2009; Ferreira, 2010).

The presence of female Directors on boards and their gender-based attributes impacts board dynamics (Konrad and Kramer, 2006). Gender boards have broader cognitive input, and dynamics (Terjesen et al., 2009). Board dynamics in mixed gender boards are supportive, less combative, and more collaborative, thus bringing about a change in culture (Konrad and Kramer, 2006).

However, a few studies suggest either a negative or nil/equivocal impact of increased gender diversity on boards on firms' performance (e.g. Bøhren and Strøm, 2010). Following is a review of literature indicating the impact of gender diversity on boards' role-effectiveness.

2.6.3.1.b Gender diversity and boards' role-effectiveness

Presented below is a review of literature exploring a relation between gender diversity on boards and role-effectiveness in the monitoring, service, and resource-provisioning roles of boards.

2.6.3.1.b - i Gender diversity and monitoring role-effectiveness

Research guided by Agency theory suggests that boards and board members need to be sufficiently independent of the executive in order to question their assumptions and resist their hegemony and dominance in organisations (Huse, 2005b). Board members' independence from the executive is considered essential for effectiveness in the control role (Nicholson and Kiel, 2004; Levrau and van den Berghe, 2007) and thus regulators, governance reform activists, and academics favour it (Cohen et al., 2012).

The newly appointed female Directors in the UK listed companies display higher educational qualifications (Singh et al., 2008). A similar trend also has been observed in other western countries (Burgess and Tharenou, 2002). Female Directors demonstrate the ability to question the executives more effectively (Konrad and Kramer, 2006; Kramer et al., 2006). Scholars claim that gender diversity may be synonymous with the independence of boards, more so than the induction of outside Directors, for improving CG (Terjesen et al., 2015; Bøhren and Staubo, 2016). Gender-diverse boards are more independent (Terjesen et al., 2016; Dhir, 2014; Ferreira, 2015) as female Directors seldom belong to the 'old boys' club' networks from which the CEOs often select their board members (e.g. Ferreira, 2010; Kang et al., 2007). Additionally, female Directors are mostly appointed as independent Directors as opposed to executive Directors (Adams and Ferreira, 2009; Ferreira, 2010; Staubo, 2010). Thus, female Directors are 'true arm's-length monitors' (Bøhren and Staubo, 2015: 7).

Moreover, women Directors are seen to have more independent thinking (O'Higgins, 2002; Brennan and McCafferty, 1997), which reduces groupthink on gender diverse boards (Grosvold et al., 2007; Langevoort, 2010). Once appointed, female Directors often ask discerning questions of the executive (Rao and Tilt, 2016; Kang et al., 2007; Selby, 2000), hold the CEO responsible for the performance of the organisation (Adams and Ferreira, 2009), and display better monitoring abilities (Johnson et al., 1996; Kesner and Johnson, 1990; Nguyen and Faff, 2007). These

attributes may make the gender-diverse boards more effective monitors of the executive (Fairfax, 2005; Adams and Ferreira, 2009).

2.6.3.1.b - ii Gender diversity and service role-effectiveness

Though difficult to measure, given the confidential and interpretive nature of board functioning, boards' effectiveness in service role-performance can be assessed by the level of talent of board members (Forbes and Milliken, 1999).

Despite a common belief that women may possess lesser human capital as compared to men, scholars have established that female Directors in top FTSE companies are more likely to have international experience and MBA degrees (Terjesen et al., 2009). This phenomenon has been observed globally as female Directors demonstrate higher educational qualifications (Burgess and Tharenou, 2002) and are also more likely to have advanced educational degrees (Hillman et al., 2002; Singh et al., 2008). Women Directors also possess education in diverse fields such as law, public service, and education rather than engineering (Matsa and Miller, 2012).

The gender heterogeneity of boards brings in a breadth of experience and backgrounds (Fondas and Sassalos, 2000). Gender-diverse boards with varied professional and life experiences exhibit efficient performance in their role of advising the executive (Khanna et al., 2014; Carter et al., 2010). Thus gender-diverse boards may be more effective in boards' service role-effectiveness as well. Moreover, though their CEO/COO experience may be low as compared to their male counterparts, they have a more diverse functional experience such as working in smaller companies, third sector, and public-sector boards (Terjesen et al., 2009).

Thus, empirical research on effectiveness of gender-diverse boards in their service role is equivocal.

2.6.3.1.b – iii Gender diversity and resource-provisioning role-effectiveness

Directors are expected to provide resources to the organisations and boards such as knowledge and information (Westphal and Zajac, 1997). Individuals with better social networks have a higher likelihood of entering the elite positions of board Directorship (Terjesen et al., 2009). Board capital can also provide organisations with better counsel, legitimacy, and communication channels which enhance an organisation's access to resources (Pfeffer and Salancik, 1978; Terjesen et al., 2009). Hillman et al. (2000) associate the resource-provisioning capability of Directors to diversity on boards.

Gender diversity improves boards' resource-dependency role-effectiveness, e.g. women Directors not only have access to particular networks, but also have unique experiences and are thus able to contribute to functional decision-making in an inimitable way (Nguyen et al., 2015). Female Directors across the world are known to have better and higher educational qualifications, social recognition such as aristocratic titles, access to elite education, and association with influential individuals through family ties, signifying their privileged background (Terjesen, et al., 2009). Studies also point out that women Directors have varied experiences, backgrounds (Fondas and Sassalos, 2000), access to unique networks (Nyugen et al., 2015; Kakabadse et al., 2015; Bøhren and Strøm, 2010). Additionally, women Directors have varied professional experience of a range of sectors such as marketing, public relations, legal or civic, community service, smaller firms, and the public-sector (Singh et al., 2008; Hillman et al., 2002).

Female Directors often have unique networks (Kakabadse et al., 2015; Nguyen et al., 2015; Terjesen et al., 2015) and diverse educational qualifications (Singh et al., 2008; Terjesen et al., 2009; Bøhren and Strøm, 2010). Thus, the presence of female Directors may improve boards' access to external resources (Terjesen et al., 2009). Unique networks may develop through female Directors' higher and more elite educational qualifications and a wider range of functional backgrounds (Fondas and Sassalos, 2000).

A small body of literature indicates that female Directors may suffer from a lack of access to conventional professional networks (Westphal and Zajac, 1997), not participate in board interactions, and be socially isolated in boardrooms (Huse and Solberg, 2006). Women may also suffer from inadequate human capital as compared to their male peers due to the actions of the gatekeepers, who are often men, not being equitable in their treatment of men and women in terms of providing training and skill enhancement (Hillman et al., 2002; Terjesen et al., 2009). Thus, academic literature on the impact of gender diversity on boards' resource-provisioning role is equitable.

It is also claimed that higher gender diversity may improve performance in the signalling role of boards (Terjesen et al., 2015).

2.6.3.2 Ethnicity

Ethnic diversity on boards is calculated as the number of ethnic minorities such as Asian, African American, Hispanic, and Native American Directors serving on a board (Anderson et al., 2011; Kang, 2007; Upadhyay and Zeng, 2014). As in the case of female Directors, ethnically diverse Directors also have different experiences. Also, ethnically diverse boards may have a greater range of perspectives as ethnic minority Directors come from different backgrounds to the majority on boards and have a range of personal and professional experience and a variety of educational backgrounds (Broome, 2011). Moreover, since the two largest communities of purchasers in the global economy are ethnic minorities and women (Hillman, 2015), ethnically diverse boards may help them better understand diverse stakeholders and markets (Pfeffer and Salancik, 1978; Certo, 2003; Miller and del Carmen Triana, 2009).

In board research, attention paid to racial diversity is considerably less than to gender diversity (van der Walt and Ingley, 2003; Johnson et al., 2013). A number of academic studies find a parallel between gender diversity and ethnic diversity and their impact on group dynamics and decision-making (Johnson et al., 2013). Results of empirical research on the impact of ethnic diversity on corporate boards are often similar to observed results of gender diversity on boards, though the extent of the research is limited. (Booth-Bell, 2014).

A case for higher ethnic diversity on corporate boards has often been presented in the USA (e.g. Fairfax, 2011). However, representation of ethnic minority Directors on essential board committees, which is considered a proxy for the contribution of the minority Directors, has been low (Carter et al., 2007). The rate of board refreshment in the USA has picked up recently: in Russell 3000 companies, the average rate of appointment of minority Directors was 38% in 2014 (Kamonjoh, 2015). S&P 1500 firms have the highest proportion of board seats held by minority Directors – 13% in 2014 (Kamonjoh, 2015). However, the rate of increase in minority Director appointments remains extremely low at 1.2% in the S&P 500 and S&P 1500 firms (Kamonjoh, 2015).

2.6.3.2.a Ethnic diversity on FTSE boards

Ethnic diversity, unlike gender diversity, on the FTSE 100 companies' boards remains poor and has been stagnant in UK PLCs for years (Brammer et al., 2007). Limited progress, however, is observed in industries such as banking, life insurance, media,

pharmaceuticals, energy, chemicals, mining, telecom, and food and beverages (Singh, 2007). A few scholars have presented a business case favouring ethnic diversity on boards in the UK as well (e.g. Singh, 2007). The *Higgs Review* (Higgs, 2003) and *Tyson Report* (Tyson, 2003), commenting on improving CG, recommend board recruitment be a more open process for finding talented NEDs from diverse backgrounds, including minorities. The corporate sector in the UK is now taking measures to promote ethnic diversity on British boards as well. The *Parker Review*, published on 2 November 2016, suggests a voluntary target of ‘more than one’ ethnic minority representative on all FTSE 100 boards by 2021 (Parker, 2016).

Presented below is a review of the literature on the impact of boards’ ethnic diversity on their functioning and effectiveness.

2.6.3.2.b Ethnic diversity and boards’ decision-making and role-effectiveness

In workgroup diversity research, the findings on the impact of ethnic diversity are equivocal (Ely and Thomas, 2001). A few scholars claim that racial diversity, due to visible differences that people often find difficult to accept, may increase intergroup bias and lead to negative outcomes (Pelled, 1996). However, another set of research supports racial diversity as it is likely to improve access to relevant information and creative problem-solving skills (Cox et al., 1991; Maznevski, 1994).

2.6.3.2.b – i Ethnic diversity and boards’ decision-making

Many studies recognise the role of ethnic minority Directors in enriching board processes, thus improving decision-making. Ethnically diverse boards often have better problem-solving skills; constructive dissent; richer discussion; and diversity of experiences, perspective, and sensibilities (Broome, 2011). Miller and del Carmen Triana (2009) consider ethnic minority Directors to be more innovative. Racial/ethnic diversity on boards can positively impact processes such as through receiving valuable insights (Johnson et al., 2013)

2.6.3.2.b – ii Ethnic diversity and monitoring role-effectiveness

Ethnic diversity on boards leads to board independence (Singh, 2007), which is crucial for the monitoring/control role-effectiveness of boards. Moreover, ethnic minority Directors often have higher and more diverse educational qualifications, which are believed to be a valid proxy for boards having higher analytical skills (Ararat et al., 2015), competencies (Ararat et al., 2010) and independent thinking (Singh et al., 2008). In a UK-based study, Singh (2007) claims that ethnic diversity on boards leads to board

independence. Ethnically diverse boards also have enhanced constructive conflict, which leads to better oversight and improved monitoring abilities of boards (Erhardt, et al., 2003).

However, Carter et al. (2003) found that ethnically diverse boards often have higher CEO–Chairman duality which may compromise boards’ independence (UK CG Code, 2016).

2.6.3.2.b – iii Ethnic diversity and service role-effectiveness

Many ethnic minority Directors also claim that firms benefit from their unique experiences such as that of being subjected to unfair treatment, as these experiences sensitise them to the significance of fairness in operations (Broome, 2011). However, in terms of their service role, scholars suggest that the contribution of ethnically diverse Directors may be minimal, as in boards such a role is generally played by the most experienced Director who is trusted by the CEO (Langevoort, 2011).

2.6.3.2.b – iv Ethnic diversity and the resource-provisioning role of boards

Another significant contribution of an ethnically diverse membership on corporate boards may be in resource-provisioning (talent) as they help the firm attract and retain an unexplored talent pool (Miller and del Carmen Triana, 2009) through positive signalling to various stakeholders (Broome et al., 2011). Directors appointed from ethnic minorities are often influential individuals in their communities with access to diverse networks (Hillman et al., 2002). As mentioned in the case of women Directors, ethnic minority Directors also often provide improved social capital with contacts in government, politics, international institutions, council memberships and chancellorships, financial institutions, and non-profit sectors (Singh, 2007). Board’s resource-dependency effectiveness in ethnically diverse boards is particularly beneficial in this era of globalisation and helps the boards with regulatory compliance, CSR, and reputation (Singh, 2007).

The results of academic studies on the impact of ethnic diversity on the resource-provisioning role are equivocal as a few studies did not observe any relationship between ethnic diversity on boards and board capital (e.g. Carter et al., 2010).

2.6.3.2.b – v Ethnic diversity and boards’ signalling role-effectiveness

The positive impact of diversity of ethnicity/race has often been articulated as a signalling exercise to various stakeholders such as employees, regulatory agencies,

customers, the public, and other interest groups (Broome and Krawiec, 2008; Certo, 2003; Miller and del Carmen Triana, 2009; Shin and Gulati, 2010; Bartlett, 2010; Langevoort, 2010). As per Signalling theory (Spence, 1973), firms use visible signs to gain reputation and status (Miller and del Carmen Triana, 2009). Scholars suggest that having ethnic minority on boards may emit positive signals to a range of stakeholders.

Section 2.6.3.3 reviews the literature on age diversity on boards and its impact.

2.6.3.3 Age

The age of board members determines their business experience and can be representative of their maturity in guiding the business (Hafsi and Turgut, 2013). The age of board members also shapes other related attributes and characteristics of individuals such as self-discipline, self-sacrifice, independent thinking, ability to adapt, attitude towards diversity, and loyalty (Ferrero-Ferrero et al., 2015). While the average age of board Directors alone may not be a significant attribute for boards' functioning (Johnson et al., 2013), the age of individuals does influence other personal characteristics of board members such as their traits, skills, attitudes, mental health, work values, and behaviours (Ferrero-Ferrero et al., 2015). Other relevant aspects of boards' decision-making such as Directors' behaviour and openness to new ideas are also found to be heavily influenced by their age (Hafsi and Turgut, 2013).

As compared to academic research on gender and ethnic diversity, age diversity, though a key demographic attribute of boards, has not attracted enough academic interest (Talavera et al., 2016; Ferrero-Ferrero et al., 2015). Existing literature on age diversity on boards, though limited in its size, mostly explores its impact on firm performance (e.g. Ararat et al., 2010; Kim and Lim, 2010; Mahadeo et al., 2012; Ferrero-Ferrero et al., 2015). Moreover, a few studies exploring the impact of board members' age diversity on firm performance have produced equivocal outcomes (Ali et al., 2014). Research on age diversity may require a change of data collection methodology and analysis, as capturing the influence of age requires more than statistical analysis of the data (Talavera et al., 2016).

Studies suggest that age-diverse boards are considered desirable irrespective of the industry (Mahadeo, 2012). The variation in age among Directors helps boards perform their role as it enables better division of functions (Houle, 1990). This division of responsibilities among the Directors also provides the young Directors with an

opportunity to train for a more involved and active role in future (Kang et al., 2007). While older and more experienced retired executive Directors are often appointed as board Directors (Mahadeo et al., 2012), younger members among the Directors are representative of the diverse cognitive perspective (Wiersema and Bantel, 1992). The older Directors in boards possess experiential wisdom, and financial resources, middle-age Directors have social recognition and networks, and younger Directors provide drive and avoid undue risk-aversion (Houle, 1990; Anderson et al., 2011). Older Directors also provide experiential wisdom, networks, and financial resources, ensuring stability of the deliberations; middle-aged Directors provide links with the external environment on account of various positions that they hold (Anderson et al., 2011; Kang, 2011). In a study conducted by top management teams in sixty-six US telecommunications industry firms, Olson et al. (2006) find that characteristics such as educational/functional background and age can be acceptable proxies of psychological factors such as values and thinking style. The age of a board member is also representative of his/her experience and characteristics which influence a person's values, attitudes, and social contexts (Talavera et al., 2016).

Academic research conducted on managers exploring the impact of age on their decision-making indicates a direct relationship. Leadership literature suggests that the age of managers plays a role in their appetite for risk and other strategic decisions such as their willingness to pay higher remuneration to their executives (Hambrick and Mason, 1984; Hitt and Barr, 1989; Hitt and Tyler, 1991). Such tendencies may be due to the similarity of values and experiences among the managers of similar ages (Ireland et al., 1987).

2.6.3.3.a Age diversity and risk assessment/appetite

Researchers often use risk averseness and experience as proxies of older age attributes to explore the impact of age diversity on boards and recommend that more detailed measures of assessing this human capital in future research be deployed in order to better understand its impact (Johnson et al., 2013). Nguyen et al. (2015) found that among Executive Directors (EDs), while older Directors become less inclined to take value-destroying risky decisions, younger EDs have enthusiasm, decisiveness, ambition, and higher energy and drive. Younger Directors also may show a higher risk appetite and have more energy as opposed to older Directors who have comparatively more steady personality traits and a more conservative approach (Talavera et al., 2016).

Younger Directors provide drive and energy, and avoid undue risk-aversion in decision-making (Anderson et al., 2011; Kang, 2011). Older Directors are less inclined to take value-destroying risky decisions (Nguyen et al., 2015). Scholars often favour older, more experienced Chairs for running board functions efficiently (Kakabadse et al., 2013).

2.6.3.3.b Age diversity and board functioning

The diversity of age helps boards to obtain diverse perspectives and have an improved succession planning (Ferrero-Ferrero et al., 2015). Bradley et al. (2014) suggest that diversity of age on boards, though seldom attracting enough attention among academics, is becoming critical for boards due to the importance of technology and the ability of younger generations to use, understand, and take advantage of it.

Age homogeneity on boards engenders complacency, cronyism, and a dearth of new ideas/technologies (Mahadeo et al., 2012). While boards appreciate the experience, which comes with having older and hence more experienced Directors in order to deal with the challenges of a modern corporation, younger Directors may actually be better equipped to do so (Bradley et al., 2014). Bradley et al. also quote Dr Tracy Long, the founder of Boardroom Review, who says that *'a few years ago boards felt that their knowledge gap was understanding Asia. Now it is understanding technology.'* Age diversity on boards may be a solution for improving boards' understanding of technology.

However, it is indicated that boards with a range of ages among their members may encounter the problem of distrust and poor communication due to the generational gap (Hambrick et al., 1996). Additionally, researchers believe that social and cultural values and attitudes towards elders may influence the relationship between younger and older Directors in boards, but this aspect needs to be further explored with more intrusive board studies (Mahadeo et al., 2012).

2.6.3.3c Age diversity and boards' role-effectiveness

Academic literature on the impact of age diversity on boards role-effectiveness is extremely limited. Talavera et al. (2016) explore the impact of age diversity on boards and suggest that it enhances the comprehensiveness of resources, as having a range of ages among board Directors enables boards to have better access to expertise, improved quality of decision-making, enhanced communications, and less conflict in boards.

The chapter now presents a focused review of the diversity of nationality on board effectiveness.

2.6.3.4 Nationality/culture

Board diversity of nationality, also described as passport diversity, on boards is measured by the number of foreign national board Directors (Ruigrok et al., 2007; Ararat et al., 2010; Hamzah and Zulkafli, 2014). The Spencer Stuart UK Board Index 2017 defines foreign Directors as ‘being of different nationality from the company on whose board they sit’ (Spencer Stuart, 2017: p. 11). As per the Spencer Stuart UK Board Index, in 2014, 90% of boards in large European companies had at least one Director from a country other than where the company is headquartered. Furthermore, the percentage of non-national board members is at an impressive 32% in large European countries, with the highest being in Luxembourg (87%) and the lowest in Italy (14%) (Spencer Stuart, 2016; In 2017, on the largest FTSE 150 companies’ boards, 32% Directors are foreign Directors, 76% boards have at least one foreign Directors, and 43% companies have at least one foreign Executive Director (Spencer Stuart, 2017).

However, in Fortune 500 companies, despite their international operations, they seldom have on their board Directors who are either foreign-born or have experience of working for the firm, which can be critical to fully tap the potential of an international management team (Skroupa and Manning, 2016). Studies exploring the impact of the diversity of nationality on firm value establish a positive relation between the two (Oxelheim and Randøy, 2003). In ASX 200 companies in Australia, where there is 9.4% national/cultural minority representation in the workforce, there are only 4.9% in senior executive positions (Adams and Borsellino, 2015a).

2.6.3.4.a National/cultural diversity and its impact on boards

The presence of foreign Directors on corporate boards brings in newer perspectives, as life experiences vary from country to country (Ararat et al., 2010; Ararat et al., 2015). International diversity on boards assures the foreign investors that the company is being managed professionally (Oxelheim and Randøy, 2003).

2.6.3.4.b Diversity of nationality and boards’ role-effectiveness

The diversity of nationality/culture may have a significant impact on boards’ role-effectiveness as the presence of foreign nationals makes boards more independent (Ruigrok et al., 2007; Ararat, 2010), improves the monitoring function, and is also advantageous to shareholders (Hamzah and Zulkafli, 2014).

Diversity of nationality may help with the board's advisory role, as Directors on such boards come from a larger pool of qualified candidates with broader industry experience and expertise (Randøy et al., 2006). Foreign Directors have cultural knowledge and expertise in foreign markets, extended international exposure and access to affiliated networks, which gives boards a competitive advantage in improving the resource-dependency role-effectiveness of boards (Ruigrok et al., 2007).

A few studies indicate the resource-provisioning benefits of diversity in nationality as well, as it may help establish critical networks and resources of areas into which companies are planning to expand operations (Bradley et al., 2014). However, Bradley et al. (2014) caution that 'when it comes to nationality and ethnicity, companies and their shareholders should beware of trying to "tick the box"'. If only the passport is taken as evidence of a diverse perspective, other experiences such as the country of education/profession, and other life experiences may be ignored (Bradley et al., 2014).

The chapter now presents a review of academic literature on the functional experience of Directors and the impact of functional diversity on boards.

2.6.3.5 Functional experience

Demographic attributes are not the only influence on board members' perspective, as their functional experience, such as governance roles, gives them diverse experiences as well (Finkelstein and Hambrick, 1996; Jensen and Zajac, 2004). Compared to gender and ethnic diversity, research on the diversity of functional background is extremely limited (Mahadeo et al., 2012). In the limited body of literature on this attribute of board diversity, scholars suggest that it adds value.

Boards are endeavouring to promote diverse skills through appointing Directors with experience in capital markets, risk management, and information technology and cybersecurity as these skills are becoming the preferred attributes for sustainability of companies (Adams and Borsellino, 2015a). Boards are also appointing Directors with functional expertise who then head various committees, as required by a number of CG codes and guidelines (Mahadeo et al, 2012). Thus, some of the functional diversity on boards is regulations driven.

Academic literature suggests several justifications for promoting functional diversity on boards.

2.6.3.5.a Rationale for functional diversity on boards

There are several justifications for appointing Directors with diverse professional experience on boards. Firstly, corporate elites with similar experiences, such as an educational/functional background in finance, so often take similar positions on business problems as they share perspectives (Jensen and Zajac, 2004). New boards are expected to have innovative skill-sets such as knowledge of cybersecurity and digital strategy which will introduce ‘a wide range of thinking styles on the board (Skroupa and Manning, 2016).

Secondly, Board members with a diverse functional background can help others to alter their conventional strategic choices (Hitt and Tyler, 1991; Westphal and Milton, 2000). Board members with a diverse functional background bring diverse perspectives, talents, and problem-solving skills to corporate deliberations (Anderson, 2011). Such board members may also alter the orientation of opinions and strategic action (Golden and Zajac, 2001).

Lastly, task-related or functional diversity in a decision-making group has an impact on information processing, as heterogeneity leads to disagreements and conflicting opinions, which result in more discussions and a broader set of potential solutions being presented (Jackson et al., 1995).

The diversity of functional experience is also related to the gender diversity on boards, as female Directors often possess experience in small industry boards (Singh et al., 2008). Boards following an objective nomination process may have higher gender diversity, because female Directors often have diverse skill-sets (Adams and Borsellino, 2015a).

2.6.3.5.b Diversity of functional background and boards’ role-effectiveness

The diversity of functional experience is likely to improve the monitoring ability of boards. Directors’ occupational or functional background diversity also helps the boards’ monitoring role as the diversity of perspectives may prevent them from being complacent or tunneled in their approach while evaluating managements’ proposals (Kosnik, 1990). Varied experiences, backgrounds, and skills of the Directors help the boards improve their monitoring effectiveness (Anderson et al., 2011).

Occupational diversity on boards provides them with access to different networks which Directors develop while working in other companies, thus improving

boards' resource-dependency role-effectiveness (Anderson et al., 2011; Nguyen et al., 2015). Directors coming from other industries may help the boards identify entrepreneurial opportunities in newer markets (Kim and Rasheed, 2014). Thus functional diversity is also likely to improve resource-provisioning to their companies and boards.

Expertise in diverse professional fields is essential for boards in all organisations, as it improves the advisory capabilities of the boards (Houle, 1990), thus also helping the boards in their resource-provisioning and advising roles.

2.6.3.5.c Diversity of functional background and its impact on other board effectiveness

Board members' skills and experiences – such as their knowledge of the industry, CEO experience, knowledge of the role – add to their human capital which adds value to boards' decision-making capacity (Johnson et al., 2013). These attributes determine how board members process information presented to them before taking decisions, and thus dictate the influence Directors have in boardrooms (Johnson et al., 2013). A small body of academic research explores the impact of functional diversity on value creation/firm performance. While a few express a higher value for industry experiences, others consider legal expertise to be valuable in boards as well (de Villiers et al., 2011).

Experience in the broader array of industries and sectors also helps Directors take decisions in a variety of contexts (Nguyen et al., 2015). Jungmann (2006), in the context of Germany, claims that diversity of experience on boards makes them more effective supervisory bodies. Additionally, diversity of experience contributes to higher organisational learning and improved decision-making (Ben-Amar et al, 2013; Kim and Rasheed, 2014) as boards pay more attention to entrepreneurial matters (Tuggle et al., 2010).

2.6.3.5.d Flip side of functional diversity on boards

Diversity is considered a 'double-edged sword' (Hambrick et al., 1996, p. 668; Rao et al., 2016). The presence of diverse functional experience among board members may also lead to enhanced conflict among them, and delays in decision-making and strategic change (Goodstein et al., 1994). Thus, the present body of literature on the subject provides mixed results (Johnson et al., 2013). The challenges of exploring the impact of functional diversity include the relationship between the human capital of board

members and the firm's performance being a distant outcome, and the potential impact being context dependent (Johnson et al., 2013).

A few studies also indicate that other aspects of Directors' attributes may have an impact on their perspective and hence on board effectiveness as well. One such attribute – language – is discussed in section 2.6.3.6.

2.6.3.6 Language

A few scholars have also examined the impact of a less explored aspect of board diversity: the diversity of language. In the case of different nationalities on boards, the language of thinking and speaking is different (Piekkari et al., 2015). It is claimed that when boards with multiple nationalities fail to adopt English as the working language, the discussion is impoverished and silenced (Piekkari et al., 2015). Such a situation is not healthy for optimum contribution in boards as members find it difficult to articulate their disagreements (Piekkari et al., 2015). These attributes of board diversity have extremely limited literature available for review, and while it is challenging to find sufficient studies to evaluate the impact on boards' effectiveness in this matter, it also highlights an opportunity to explore the same in future studies.

The next section (2.7) summarises the chapter.

2.7 CHAPTER SUMMARY

This critical review of the existing literature on board diversity and effectiveness does not claim to review the literature on board diversity exhaustively, as it was not possible to do so considering the time constraint, the word limit of the thesis and ever-increasing body of literature on the subject. Reviewing the literature for this research was particularly challenging and time consuming, as in order to explore the antecedents of the diversity of perspective, literature on all potential contributing attributes of board diversity of perspective needed to be reviewed.

Gender diversity on boards has a burgeoning body of literature, which continues to grow exponentially. Other attributes of diversity are also frequently being explored in many other contextual settings. When a significant amount of research was not available in similar country/governance contexts to that of the UK, literature from other countries has been reviewed. Similarly, where research for several attributes on board diversity was not available, work-group diversity research and TMT diversity research has been reviewed to seek direction.

This literature review indicates that the relationship between board diversity and effectiveness is worth being further explored. Often overlooked in existing studies, the intermediary impact of board diversity on board effectiveness needs to be understood before the influence of board diversity on firm performance can be carried out with unequivocal results.

The chapter contributes to this thesis in multiple ways. Firstly, it provides the rationale for exploring the impact of board diversity on board effectiveness. Secondly, it broadens the lens of research beyond the demographic attributes of gender and ethnicity. Thirdly, the review determines the context of the research. Fourthly, it determines the scope of the research in terms of role-effectiveness and board diversity. And lastly, it presents a conceptual model for the research.

CHAPTER THREE – METHOD AND PROCEDURES

3.1 OVERVIEW

This chapter discusses the philosophical standpoint of the researcher, the research context, the chosen method of data collection and analysis, and the rationale for the same. The chapter also presents the pilot study, results and learnings therefrom. A brief overview of the structure of this chapter is given in Table 3.1.

Table 3.1 Summary of Chapter Three – Method and Procedures

Heading	Content	Chosen method/explanation
Philosophical standpoint	Ontology	Constructivism
	Epistemology	Interpretivism
	Research approach	Inductive approach
	Rationale for adopting a qualitative exploratory research strategy	-
	Research context	Boards of FTSE companies
Data collection	Limitations of existing board diversity research	Quantitative studies, Conducted with secondary data Emphasis on gender diversity Other attributes of Directors ignored Contextual factors overlooked
	Sampling criterion	Board experience in a FTSE company
	Approaching the participants	Snowball sampling
	Data collection	Elite interviewing
	Interview protocol	Family and background Board diversity Composing effective boards Attributes of an effective board Director Follow-up questions
Data analysis	Method of analysis	Thematic analysis
	Data reduction	Coding the data
	Unit of analysis	Board Director
	Level of analysis	Board members
Unit and level of analysis	Unit of analysis Level of analysis	Board Director Board members

The sample	Thirty board Directors of FTSE companies (Table 3.3)	Male – 20, Female – 10 Age 44–76 years Nationalities – 4 Ethnicities – 10 Religious affiliations – 6
The pilot study	Three board members from listed and private companies	Two participants from listed companies One respondent from large private company
	Learnings from the pilot study	Sample from PLC boards only Fewer interjection in interviews Sample from broader demographics Gender-mix sample for main study
Writing up the findings	-	-
Assessing the trustworthiness in qualitative research	Distinguishing the parameters of evaluation in qualitative and quantitative research	-
Conclusion and contribution	Conclusions and contribution	-

Source: Compiled by the researcher

The chapter is made up of nine sections. Section 3.1 presents the overview of the chapter and introduces the structure of the chapter. Section 3.2 discusses various ontological/metaphysical and epistemological standpoints, research approaches and presents the standpoint of the researcher. This section also explains the rationale for choosing UK listed companies as the research context in this study on board diversity. Section 3.3 presents various methods of data collection, the one adopted by the researcher for this study, namely elite interviews (Kakabadse and Louchart, 2012; Kezar, 2003) and a detailed description of interview protocol. There is also a discussion of the limitations of the chosen method of data collection and how the researcher endeavoured to overcome them in this section. Section 3.4 discusses various approaches to data analysis and presents the one adopted in this research. This section also explains the process of selecting the sample, and collecting, storing, and reducing the data before analysing it. Section 3.5 gives a detailed description of the sample in the study – thirty board members, with the help of Table 3.3. Section 3.6 presents the pilot study, with details of data collection, data analysis, and the learnings from it. Section 3.7 explains how the findings are presented in the thesis. Section 3.8 describes various parameters

of evaluating the research findings and section 3.9 concludes the chapter with a brief summary and contribution of the chapter.

The next section (section 3.2) presents the philosophical standpoint of the researcher.

3.2 PHILOSOPHICAL STANDPOINT

The research paradigm, which is also referred to as the ‘theoretical perspective’, represents the philosophical and theoretical tradition that a researcher chooses to follow to understand the social context around him/her (Blaikie, 2007). This section presents the researcher’s ontological (often referred to as ‘metaphysical’) position, epistemological standpoint, and the research approach adopted in the study. The ontological position of the researcher is Constructivist, and the epistemological position is Interpretivist. The research approach adopted in this study is Inductive.

Philosophical paradigms of ontological and epistemological standpoints help in determining the research approach and methodology. Blaikie (2007) suggests that the determining question for adopting the epistemological and methodological approach is to address the ontological question, ‘Is there only one social reality?’ If the researcher believes that there is only one social reality, the ontological approach may be realist, and the epistemological position may be Positivist and the approach Deductive or top-down. If, however, the researcher believes that multiple social realities may exist and the researcher may be able to interpret the reality from his/her perspective, the ontological position can be idealist or constructivist and the epistemological stance interpretivist. As a result, the chosen research approach may be bottom-up or Inductive. In a top-down research approach, the voice and perspective/language of the participants may be considered unreliable or even irrelevant. In a bottom-up approach, the accounts of social life being studied by the researchers need to be expressed in the language of the participants and their conceptualisation/understanding of reality needs expression (Blaikie, 2007).

3.2.1 Ontology

Blaikie (2009) suggests that the ontological standpoint is about the researcher’s belief as to ‘what is there to know’. The ontological position adopted by a researcher helps in answering these questions (Blaikie, 2007, 2009; Marsh and Furlong, 2002; Snape and Spencer, 2003):

a) ‘What is the nature of the social reality?’

b) 'How the world is built – does it exist independent of our knowledge of it?'

Ritchie (2003) elaborates that the ontological perspective deals with the questions of whether social reality exists independently of human conceptions and interpretations; whether there is a common, and shared social reality or just multiple context-specific realities; and whether or not social behaviour is governed by 'laws' that can be seen as immutable or generalisable.

Blaikie (2007) argues that there are mainly two ontological assumptions namely idealist and realist. Idealist theory believes that the social reality cannot exist independent of or without a human mind interpreting it. Realist theory suggests that social and natural phenomena may exist independent of a human mind interpreting them (Blaikie, 2007) and hence social scientists create social knowledge by 'reinterpreting such everyday knowledge into technical language' (Blaikie, 2009, p. 95). However, these two extreme positions leave much scope for other ontological positions between these two, such as shallow realist, conceptual realist, cautious realist, depth realist, idealist, and subtle realist. As per Snape and Spencer (2003), there are three main ontological positions: realism, materialism, and idealism. Realism claims that the external reality exists independently of people's beliefs or understanding of it, thus distinguishing between how the world is, and the meaning and interpretation of that world held by individuals. Materialism also believes that an external world exists independently, but emphasises on its material features, such as economic relations, or physical features of that world defining reality. Idealism, on the other hand, claims that reality is only known with the intervention of the human mind, as the mind constructs the meanings of the social world around us (Ritchie, 2003). Guba and Lincoln (1994) describe ontological perspectives with the use of paradigms of Positivism and Constructivism to represent two extreme positions. Positivist perspective supports the ontological position claiming that the world exists as a reality, independent of the observer and the constructivist claim that the world exists as the observer interprets it. Two other paradigms that may exist between Positivism and constructivism are a post-Positivism and critical theory. Post-Positivism claims that reality exists independently, but is only partially apprehensible. Critical theorists suggest that virtual reality exists but is constantly shaped by social, political, cultural, economic, and ethnic values and by the gender of the observer (Guba and Lincoln, 1994). As a result, such reality crystallises over the period of time. Constructivism does not deny the existence of an

external reality but believes that its existence can only be interpreted and apprehended by interpreting it through one's experiences (Jonassen, 1991).

3.2.1.1 Researcher's standpoint

The philosophical standpoint of the researcher is Constructivism as the researcher believes that realities are understandable in multiple, intangible forms, based on social interactions and experience (Guba and Lincoln, 1994). Reality exists subject to its interpretation by the researcher. A construction of social reality as interpreted by the human mind may not necessarily be true or false but is merely less or more informed. The aim of inquiry of constructivist research is to understand and reconstruct the social knowledge, being open to a different interpretation, for a higher level of sophistication/information (Guba and Lincoln, 1994). In this research, the researcher believes that the knowledge about the impact of board diversity on boards' effectiveness can be constructed by understanding the perspective of the people living and experiencing those situations, i.e. board members.

3.2.2 Epistemology

The epistemological position in a research reflects what and how we know of the world (Marsh and Furlong, 2002; Blaikie, 2009). The epistemological standpoint of a researcher helps in answering the question, 'How can social reality be known?' (Blaikie, 2007). Snape and Lancer (2003: p.13) define epistemology as the philosophical paradigm which answers the question, 'How can we know about the reality and what is the basis of our knowledge?' Epistemology helps in answering the question about the relationship between the knower and what is to be known (Guba and Lincoln, 1994).

Main epistemological stances are Positivism and Interpretivism (Snape and Lancer, 2003). Between these two extreme positions there exist other epistemological positions such as empathetic neutrality, allowing the researcher to have assumptions but requiring them to be transparent about them (Snape and Lancer, 2003). Positivism claims that human behaviour is governed by law-like regularities and hence methods of inquiry as adopted in natural sciences are suitable and appropriate for an investigation in social science as well. Positivism propounds that the truth is independent of and unaffected by the researcher and thus it is possible to carry out the objective, value-free inquiry, thus making the approach more suitable for natural sciences (Ritchie, 2003). In terms of the existence of 'truth' in natural sciences, the dominant theory claims that the reality of natural world exists independently of the researcher. The outcomes in Positivist and post-Positivist inquiries are value free. In natural science a phenomenon

is independent of the observer, allowing a researcher to be objective in his/her approach, and make value-free judgements.

However, material conditions that lead to the law-like propositions of natural science, as trusted by the Positivists, are essential but may not be sufficient to understand people's lives, which provide more meaningful but subjective experience (Snape and Spencer, 2003). As a result, methods of inquiry as adopted in natural science may not necessarily be applicable to or suitable for an inquiry in social science (Snape and Spencer, 2003). Interpretivism holds that as human nature is not governed by law-like regulations, the social researcher has to explore and understand the social world by interpreting participants' perspectives. Interpretivism claims that the researcher and the social world influence each other, thus making the findings influenced by the values of the researcher. The epistemological position Interpretivism, suggests that the researcher understands and interprets the meaning of human behaviour rather than generalizing and predicting it (Neuman, 2000). In social science the process of the researcher and the object of research is often interactive: a researcher may not be completely value free, and the results may not be completely objective (Snape and Spencer, 2003). In the case of critical theory and constructivism, the outcomes may not be value free of the inquirer, as researcher is the orchestrator and facilitator of the inquiry (Guba and Lincoln, 1994).

3.2.2.1 Researcher's standpoint

Researchers pursuing qualitative research put emphasis on 'the human, interpretative aspects of knowledge about the social world and the significance of the investigator's own interpretations and understanding of the phenomenon being studied' (Snape and Spencer, 2003, p.7). Blaikie (2009) defines Interpretivist epistemology to be a method where meanings are derived through the interpretation of the social world, through the actions of the participants. Such a perspective is highly appropriate for business and management research where situations are unique with each set of circumstances and individuals (Lewis et al., 2007). We are continuously processing interpretations of the world around us and we interpret the actions of others we interact with, adjusting such interpretations according to our own meaning and actions (Lewis et al., 2007).

Qualitative research involves an interpretive approach to the world, trying to interpret and make sense of a phenomenon (Denzin and Lincoln, 2000). Such research is often conducted with the help of a set of interpretive, material practices such as field-notes, interviews, conversations, photographs, recordings, and memos to the self (Snape

and Lancer, 2003). In qualitative research, interpretive data analysis provides reasonable and plausible insight into a phenomenon for a deeper understanding of the same, which is only possible by understanding the interpretations of that phenomenon by the people living, experiencing, and interpreting it (Shah and Corley, 2006).

Accordingly, the epistemological standpoint of the researcher in this study is Interpretivism, and the rationale for the same will now be explained. As a result, this approach makes the context of the views and lives of participants a crucial factor in research in order to understand the meanings which people attach to actions, decisions, beliefs, and values in their social worlds (Snape and Spencer, 2003; Bryman, 1988). This research follows a Constructivist ontological approach where the meaning of reality is believed to be generated by individuals and groups (Lincoln and Guba, 2000) – board members in this study and is interpreted by the researcher.

3.2.3 Research approach

Blaikie (2009) suggests that there are mainly four research approaches, namely Deductive, Retroductive, Abductive and Inductive. The Deductive approach is mostly adopted to answer ‘why’ or to explain the observed patterns, while the Retroductive approach is best suited while seeking to observe an empirical phenomenon or mechanism. The Abductive approach helps to answer both ‘what’ and ‘why’ questions by understanding the phenomenon. The Inductive approach attempts to explain the process by constructing through social actors’ languages, meanings, and accounts (Blaikie, 2009). Inductive and Deductive methods are continually used in academic research for an iterative knowledge creation and hence are complimentary (Huy, 2012).

The research in natural science acquires knowledge by looking for patterns and association derived from observations of the world and deduced by testing the propositions/hypotheses through a logically derived process (Ritchie et al., 2003). The Deductive approach to data analysis sets out to test the consistency of prior assumptions/hypotheses or theory (Thomas, 2006, p. 238). In qualitative research, an Inductive process is adopted where the evidence is used in support of a conclusion (Ritchie, 2003). An Inductive approach to analysis refers to detailed readings of the raw data to derive concepts, themes, and model by the inquirer/researcher. Such a reading is carried out in order to enable the theory to emerge.

3.2.3.1 Approach adopted for this inquiry

In this research the researcher adopts an Inductive approach, as it is an appropriate approach for an exploratory study attempting to answer the ‘how’ question, where the

analysis is data driven and bottom-up (Saunders et al., 2009). The purpose of an Inductive method to data analysis is to condense/summarise voluminous raw data, to establish a relationship between the research objective and the findings in a transparent manner, and then develop a model or theory about structures or processes observed in the findings (Thomas, 2006). Although the interviews are conducted with pre-determined themes as derived from the literature, the patterns emerge from the data after analysis (of the interview transcripts). Wide generalisation is not claimed from the results of this research, and a theoretical model is drawn as per the analysis of the research data.

Qualitative Inductive research is carried out when little is known about the phenomenon, and the existing literature may not be sufficient to build testable hypotheses. A qualitative study is also helpful in investigating a mechanism which is new and requires exploration of a relation between multiple complex constructs. In such a study, collecting quantitative data are extremely challenging, and the research is carried out by exploring process-related matters such as people's thinking, feelings, actions, and behaviour (Huy, 2012).

3.2.4 Rationale for adopting a qualitative, exploratory research strategy

This research aims to build a theory with the help of a qualitative interpretive study. Existing academic research on diversity on corporate boards is often conducted with a quantitative research methodology using surveys, field investigations, experiments, and historiometric and quantitative techniques (Mumford, 2011). In quantitative studies, the contextual factors and behavioural aspects of board functioning are often ignored (Van Ees et al., 2009) and other significant aspects of boards' functioning remain unobserved; the existing research uses easily observable proxies both for board diversity and performance. A number of scholars recommend adopting qualitative studies for pursuing board/governance research, and board diversity-related research in particular (Huse, 2005b; Rao and Tilt, 2016). Hence this research is a qualitative study exploring the impact of board diversity on board effectiveness.

An Idealist (Constructivist)/Interpretivist perspective believes that multiple social realities can exist around a phenomenon as different people may interpret the phenomenon differently. Such a perspective allows the researcher to discover new variables and relationships, and reveal and understand complex processes. As a result, qualitative inquiry illustrates the influence of the social context and develops an insight not possible through other methods of analysis (Shah and Corley, 2006). Thus, for

assessing the impact of board composition, qualitative inquiry and more intrusive measures are more reliable ways to explore boardroom behaviour and decision-making (Hillman, 2015). To understand and explain relationships, the researcher needs to collect data from proximity with the subjects researched and have anecdotes to support them (Mintzberg, 1979).

Qualitative inquiry explores cognitive processes such as decision-making, thus requiring facilitative/guided questioning, which needs to be understood and defined before a statistical inquiry can be run (Ritchie, 2003). The objective of assessing the impact of board diversity, as explored in this research, can be achieved only by interacting with board members and incorporating their perspective in the study (Terjesen et al., 2009). Qualitative investigation on board diversity research helps in developing a deeper understanding of the relationship between various stakeholders' and boards' decision-making process (McNulty et al., 2013; Rao and Tilt, 2016). Thus, this research attempts to address the limitation by conducting a qualitative study.

Hence, keeping with the tradition of a few existing academic inquiries in the boardroom (e.g. McNulty et al., 2013; Kakabadse et al., 2015), the research approach in this paper is also Inductive and exploratory. Interviews are the most widely used qualitative research methodology in research investigating people's perspective and context (Ritchie et al., 2003). This doctoral study's research is conducted via one-to-one, face-to-face elite-interviews with thirty board Chairs, EDs, NEDs and CEOs of UK PLCs, which is the methodology adopted in established board studies (e.g. Roberts, 2002).

3.2.5 Research context

The context for a study is the situational setting in which the phenomenon being observed occurs (Cappelli, 1991; Joshi and Roh, 2011). The context of this study is FTSE companies' boards. The Code (FRC, 2016) recommends that boards nominate NEDs from a vast talent pool – including but not limited to gender and ethnicity – and promote diversity on boards. Thus the rationale used for promoting gender diversity on boards of top listed companies in the UK is clearly the 'business case' (see section 2.3.1).

The context of research conducted in board and governance studies is a critical aspect, though it has often been ignored in an effort to find an input–output relationship between board composition and firm performance (Gabrielsson and Huse, 2004). Hence, the contexts and actors concerned need to be given due significance before

considering an appropriate corporate governance design (Huse, 2005b). Moreover, corporate governance is inextricably linked with the institutional, legal, and cultural influences prevailing in a country/region (Gabrielsson and Huse, 2004). As a result, the multinational nature of governance systems needs to be understood before conclusions can be drawn claiming global applicability (Gabrielsson and Huse, 2004; Huse, 2005a). In contextual research, the relevant factors can be the geographical context, industry-specific context, ownership of companies, firm size, or other factors such as CEO tenure and background (Huse, 2005b). In this study, the researcher explores the responses of board members of FTSE companies on research question(s) and the rationale for choosing the context in this study is explained in section 3.2.5.1.

3.2.5.1 Rationale for selecting the research context for this study

The fundamental principles of British corporate governance seem to be being rewritten in the UK (Pratley, 2016). The corporate sector in the UK has shown keen interest in improving gender diversity on corporate boards since 2011, when the government, through Lord Davies, took the initiative to encourage voluntary targets among FTSE 100 companies (CIPD, 2015). Listed companies in the UK responded favourably, and the target was met amid the political volatility of parliamentary elections and the Brexit vote (DBIS, 2015; Higginbottom, 2015). FTSE 100 boards have now achieved the recommended target of 25% gender diversity on boards and FTSE 350 companies are expected to raise gender diversity on their boards to 33% by 2020 (DBIS, 2015). The *Hampton-Alexander Review* recommends promoting gender diversity in senior executive teams in FTSE 350 companies to 33% by 2020 (Hampton and Alexander, 2017). Moreover, in 2010, the 30% Club, with Helena Morrissey CBE as its CEO, gave a call to make FTSE 100 boards 30% gender diverse by 2015 (Morrissey, 2012). Additionally, the recently published *Parker review* has brought the focus of board diversity efforts to ethnic minorities as well, requesting FTSE 100 companies to have at least one ethnically diverse board member on their boards by 2021 (Parker, 2016).

The UK listed companies seem to be on the verge of fundamentally changing the look and the thinking of their boards in an unprecedented manner. With the *Parker Review* (Parker, 2016) encouraging listed companies to improve ethnic diversity on boards and the *Hampton-Alexander Review* (Hampton and Alexander, 2017) recommending improving diversity in TMTs, FTSE boards are undergoing a significant change. Boardrooms seem to be forced to let some ‘fresh air’ in for their survival in the UK (Pratley, 2016). The current British Prime Minister, Theresa May, calls for a wider

representation on British boards, asking for consumers' and employees' representation on boards. Thus, the UK corporate world is an appropriate context for research on board diversity of perspective and thinking.

Some studies suggest that improved gender diversity on boards of FTSE 100 companies has resulted in more independence, a greater likelihood of higher and diverse qualifications, and diverse functional background among women (Ferreira, 2010; Singh et al., 2008). Thus, listed companies' boards in the UK provide a suitable context for conducting board diversity research and its impact on board effectiveness.

The next section (3.3) explains the process of data collection for this research.

3.3 DATA COLLECTION

Key components in qualitative research are an overarching research perspective, research design, and data collection methods (such as observation, in-depth interviewing, group discussion, narrative, and an analysis of documentary evidence). The primary data collection methods in qualitative research are observation, in-depth individual interviews, focus group discussions, biographical methods (such as life histories and narratives), and methods that require close interaction between the researcher and the people being studied (making the researcher the primary instrument) (Snape and Spencer, 2003).

3.3.1 Rationale for choosing qualitative method of data collection

There are three method-related limitations reported in existing research on board diversity. Firstly, much of the research in the 1980s and 1990s in the field of corporate governance is US based and is driven by scholars' desire to publish with the help of comparatively easily accessible archival data and established methods of validity testing and analysis (Huse, 2005b). The research is often conducted through quantitative methodologies such as surveys (e.g. Adams and Funk, 2012). The Deductive approach to research emphasises aspects of board composition such as insider/outsider ratio, duality, and board size, but ignores the behavioural aspect of boards, which also may have a profound bearing on boards' performance (Huse, 2005b). However, researchers are sceptical about the ability of quantitative methods of data collection to capture all of the relevant dimensions of board processes, essential to conducting governance research (Leblanc and Schwartz, 2007; Pettigrew, 1992; Johnson et al., 1996).

Secondly, studies are often conducted with the help of publicly available secondary sources relating to financial performance or market share such as annual

reports (e.g. Carter et al., 2003, 2007; Knyazeva et al., 2009; Upadhyay and Zeng, 2014). In a review of 127 existing published papers in international journals, Gabrielsson and Huse (2004) find only five studies adopting interviews as the chosen method of data collection. Scholars encourage researchers of the field to deploy more qualitative techniques for innovative research (McNulty et al., 2013; Zattoni et al., 2013; Terjesen et al., 2009; Seierstad, 2016). Random sampling adopted in quantitative research may run the risk of overlooking those critical actors, and hence the present study uses purposive and non-probability samples (Tansey, 2007). The inconclusiveness of the results of research on the impact of board diversity (e.g. Terjesen et al., 2009; Rao and Tilt, 2016) has also been attributed to inappropriate methodologies. A few researchers have adopted the qualitative methodology of interviews in order to avoid equivocal and inconclusive results (Broome and Krawiec, 2008; Broome et al., 2011).

Thirdly, research on board diversity is often carried out from a distance and without any direct contact with boards/Directors (Pettigrew, 1992; Roberts, 2002). This method of data collection is often adopted because board Directors rarely wish to associate themselves with individuals or projects without the recommendation of someone they trust (Broome et al., 2011). Such reluctance may be due to the confidential nature of their work, earning them the sobriquet of the ‘black box’ (Hambrick, 2007; Leblanc and Schwartz, 2007; Zona and Zattoni, 2007). Mintzberg (1979) recommends going out into real organisations and getting close to the data and individuals involved, observing and recording what they do and say.

Qualitative research usually does not incorporate the model of hypotheses testing during the research and the researcher forms ideas with the help of the collected data (Ritchie et al., 2003). Instead, as Huse (2005b) suggests, qualitative research entails obtaining a wealth of information by listening to the experiences and opinions of board members who shed light on board interactions and other behavioural aspects of the processes involved in decision-making. This approach has been adopted by a few scholars such as Huse (1998), Roberts et al (2005), Demb and Neubauer (1992), Lorsch and McIver (1989) and Kakabadse et al. (2015). As a result, this study follows a qualitative approach by collecting data through elite interviews with board members.

Section 3.3.2 describes the sampling in the research, how participants are approached, and explains the process of data collection, i.e. elite interviewing and snowballing. It also discusses the interview protocol for this investigation.

3.3.2 Sampling criteria

In qualitative research, although the data are very rich in information, detailed and extensive, the sample is comparatively small and is often purposively selected on the basis of salient criteria (Snape and Spencer, 2003). The sample is not expected to be statistically representative but is a nonprobability sample, which is selected deliberately, where the determining factor in choosing the participants is their characteristics, as required for the research (Ritchie et al., 2003). Probability sampling, which may be a more widely used and rigorous technique of sampling for statistical studies, is largely inappropriate for qualitative research (Ritchie et al., 2003). In a qualitative study, samples are determined in the initial stages of preparing the research design. The samples are small in size in qualitative studies, but, if analysed properly, they show the signs of saturation early on, because the frequency of occurrence of the phenomenon is not a concern (Ritchie et al., 2003).

In this research sample is selected purposively and then collected with snowball sampling method of non-probability sampling. In purposive sampling, the purpose of the study and ‘the researcher’s knowledge of the population, guide the process’ (Tansey, 2007, p. 17) of selecting the first set of interviewees for elite interviewing. In this research the first set of interviewees is selected from the network of the researcher. Additionally, networking opportunities provided by Henley Business School are also used to contact potential participants for this research. The participants thus chosen are requested to help the research in approaching other individuals who fulfil the criterion (purposiveness) and who might be willing to participate in this research (snowballed sample). Table 3.2 below presents further details of how various participants were initially contacted and if it led to further snowballing.

The criteria for selecting the interviewees is predefined and most appropriate for the research (Tansey, 2007) as participants are selected on the basis of having board experience in at least one board of a listed company in the UK (FTSE company board). Care is taken in sample selection to ensure that the participants are able to discuss a broad range of factors associated with the process under research (Ritchie et al., 2003). Hence, only board members Chairs, NEDs, CEO, EDs are approached and other board officials such as company secretaries are not included in the sample. A sampling of the participants is carried out until any new data ceases to appear in interviews or the data has been saturated (Douglas, 2003).

Table 3.2 Participants in the research – networks and snowballing

Participant number	Network from which they were approached	If participants led to other participant(s); Snowballed participants
Participant 1	Researcher's network	No
Participant 2	Researcher's network	No
Participant 3	Researcher's network	No
Participant 4	Researcher's network	No
Participant 5	Researcher's network	No
Participant 6	Researcher's network	No
Participant 7	School's networking opportunity	No
Participant 8	School's networking opportunity	No
Participant 9	School's networking opportunity	No
Participant 10	School's networking opportunity	No
Participant 11	School's networking opportunity	No
Participant 12	School's networking opportunity	No
Participant 13	Researcher's network	Yes; Participants 23, 25 & 26
Participant 14	Researcher's network	No
Participant 15	School's networking opportunity	No
Participant 16	School's networking opportunity	Yes; Participants 17, 18 & 22
Participant 17	Snowballed from participant 16	Yes; Participant 20
Participant 18	Snowballed from participant 16	No
Participant 19	Researcher's network	No
Participant 20	Snowballed from participant 17	No
Participant 21	School's networking opportunity	No
Participant 22	Snowballed from participant 16	No
Participant 23	Snowballed from participant 13	No
Participant 24	School's networking opportunity	No
Participant 25	Snowballed from Participant 13	No
Participant 26	Snowballed from Participant 13	Yes; Participant 27, 29 & 30
Participant 27	Snowballed from Participant 26	No
Participant 28	Researcher's network	No
Participant 29	Snowballed from Participant 26	No
Participant 30	Snowballed from Participant 30	No

Source: Compiled by the researcher

3.3.3 Approaching the participants

Elite interviewing of thirty board Directors of listed companies in the UK has been a formidable challenge due to the well-recorded reluctance of board Directors to interact with researchers (Hambrick, 2007; Leblanc and Schwartz, 2007; Zona and Zattoni, 2007). As a result, the researcher approached the prospective participants during many networking opportunities provided by the business school. Professional networks of supervisors and personal contacts of the researcher also helped in getting responses and, after snowballing for other participants, the researcher had a large data set (for a qualitative study) of thirty-three whom the researcher approached through emails. Two participants declined being interviewed due to busy schedules and one participant did not appear for the interview on the scheduled date and venue (his office).

Some of the networking opportunities used by the researcher to approach participants are as follows:

- City Women's Network Master Class, 27 April 2015
- Henley Business School, 'Every day's a school day – Building a successful business from scratch' 20 September 2015
- Henley Business School, Keynote lecture, Leadership and Diversity RBS London, 16 May 2016
- Henley Women in Leadership Forum Breakfast Event, 15 June 2016
- Henley Women in Leadership Forum Event, 'Be brave – Confidence and identity', 8 November 2016
- IWF UK Event, 'Culture and the age of boardroom accountability', 8 February 2017
- IoD City and others: 'Be bold for a change', 7 March 2017
- FT Non-Executive Directors' club event: 'Culture in the boardroom', 28 March 2017
- IoD City of London, 6 April 2017
- Salon at Carole Stone's residence, Covent Garden London, 7 June 2017
- The future of Governance – ICSA event at the House of Lords, London, 15 February 2017

However, the speaker(s) on these occasions were not always interviewed and the occasions were utilised for findings suitable participants from the attendees. After interacting with the attendees who agreed to be interviewed for this research, participants are contacted via email giving a brief description of the purpose of the interview and broad areas of research. A draft email as sent to the participants whom the researcher met at an event is found in Appendix 1.

A few participants asked for the researcher's resumé and/or questions likely to be posed in the interviews. The resumé of the researcher was emailed to them, along with a paragraph-long summary of the research. The researcher refrained from sharing interview questions as the questions in interviews flew from the conversation, depending on the area of experience and wealth of knowledge of the participant. More details about the research were not shared in order to prevent participants' opinions being influenced in any way. The participants were informed that the researcher intends to ask a few questions about their background, their board experience, and their perspective on board diversity and effectiveness. This is done to ensure participation is voluntary and that the participants are not unprepared for the interview (Ritchie et al., 2003). Before interviews were conducted, due permission was taken from the University Ethics committee.

All participants consented to their interviews being recorded. Participants are assured complete anonymity (hiding the identity of the participants) and confidentiality (avoiding attribution of responses to identifiable individuals) of their responses. Before the interviews were terminated, the researcher asked for permission to approach the interviewees via email, should the need arise to seek further clarifications on their response. Most of the interviewees were asked if they could help the researcher in finding/approaching other potential participants (who fulfil the criteria). When data was saturated, the researcher continued to carry out pre-scheduled interviews, but did not ask for a recommendation to approach any more potential participants.

3.3.4 Snowball/chain sampling

An appropriate method of approaching elites for interviews with a reputational criterion is to select an initial set of interviewees and then to snowball after that (Tansey, 2007). Snowball sampling is carried out by first selecting a group of people from a finite population, and then individuals in this sample are asked to recommend names of those who share the attributes for which the individual has been selected, and the process is continued (Goodman, 1961; Atkinson and Flint, 2001). The snowballing method is adopted where engaging interviewees is a challenge because a higher level of trust is required to initiate a dialogue with them (Atkinson and Flint, 2001). The name of this sampling method is somewhat misleading, as 'snowballing' gives the impression of a lack of control. However, in practice the method of selecting, managing, and progressing the sample is actively controlled and carried out by the researcher.

The rationale for adopting the snowball method for data collection is discussed in section 3.3.4.1.

3.3.4.1 Snowball sampling and research on boards

Corporate boards have been difficult to study for researchers (Pfeffer, 1985), primarily due to board members' reluctance to allow access to researchers (Leblanc and Schwartz, 2007; McNulty and Pettigrew, 1999). It is suggested that the reluctance is due to a fear of litigation from the shareholders, of straining relationships with the investors and shareholders, and of losing confidentiality of financial and/commercial information (Payne et al., 2009; Levrau and Berghe, 2007). However, a few studies on boards adopt the snowball method of sampling such as Broome and Krawiec (2008) who define such techniques as 'a sample design in which participants are asked to suggest other potential study subjects according to some inclusion criteria defined by the researcher (p. 7).

Snowball method of data collection is appropriate for this study as corporate elites - board members of FTSE companies – would have been a reluctant set of individuals to approach for interviews in an academic study without the recommendation of someone they trust. Tansey (2007) recommends that for elite interviewing adopting a combination of more than one approach to selecting the sample (e.g. snowballing, convenience, purposive) may help to select an optimally appropriate sample. In this research as well, the chosen sample is purposive and collected using the snowball method. The researcher ensures that all participants fulfill the criterion or the purposiveness, as set for the first set of a sample of the elite interviews. A subsequent set of interviewees is then approached by snowballing/chain-sampling (Tansey, 2007) as the full set of a sample of board members of listed companies are not always keen on sharing their views for research.

Participants in the first set who agreed to recommend more participants wrote to various individuals in their network who fulfilled the criterion (as communicated by the researcher) first. On getting an affirmative response regarding their willingness to be interviewed from their acquaintances, participants wrote to them again, copying their emails to the researcher. The researcher then approached those individuals (the subsequent set of participants) herself and scheduled the interviews. One participant with robust networks of female Directors in the International Women's Forum offered to publish the request for the research in the forum's periodical brochure. The same was

released on 13th September 2016 in newsletter number 16/16, and a copy of the same is placed as the Appendix 4. However, no response was received through that published request.

3.3.4.2 Potential limitations of snowball sampling – Addressing the limitations

Data collected by the snowballing method may suffer from the limitation of all participants giving similar responses and skewing the results (Broome and Krawiec, 2008). However, it is expected that obtaining a large sample from distinct sources such as researchers' network and through business school's networking opportunities (kindly see table 3.2) may obviate a potential bias. The researcher has interviewed a reasonably large sample of thirty participants belonging to a diverse set of ethnicities, nationalities, religious backgrounds, socioeconomic and functional backgrounds, and industries, and a robust gender ratio of 20:10 in order to ensure obtaining distinct perspectives.

Moreover, as can be observed in Chapter Four from the analysis of the data and quotes from the participants, participants spoke candidly about their backgrounds, families, and work. The views of the participants differed on many issues e.g. defining diversity on boards (see sections 4.3 and 4.4), and the role of socioeconomic diversity on perspective/board effectiveness (see section 4.5.2.1 and 4.5.2.2). Thus, varied views shared by the participants obviate the potential risk of participants slanting their responses.

The chapter now explains the strategy of data collection – elite interview – as adopted in this research.

3.3.5 Elite interviewing

Elite interviewing, though severely underrepresented in academic literature, is an important method of collecting data in social sciences (Kezar, 2003). Elites are busy individuals, with little time to spare, possess enormous power and may have a different perspective. Hence, it is relevant to obtain their views in order to better understand their social world (Kezar, 2003). Board Directors may not appreciate associating themselves with individuals and projects if those individuals and projects are not recommended by someone they trust (Broome et al., 2011). Conducting board-related research through interviews has been a challenge due to the constraints experienced in accessing corporate decision-makers (Zahra and Pearce, 1989). Interviewing board members can be categorised as elite interviewing (Pettigrew, 1992). Thus, the approach adopted in

this research is elite interviewing, which is in accordance with the accepted norms of the process-tracing method of data collection in order to generate and access critical data for theory development (Tansey, 2007).

Interviewing elites requires researching the participants extensively before the interaction, thus making them conformable in sharing their inputs which may not be public knowledge (Kazer, 2003). One effective strategy for collecting knowledge through elite interviewing may be to ask a limited number of open-ended questions (often eight to ten) (Berry, 2002). Such a strategy asks for an even deeper involvement of the researcher in determining which questions to pose and what additional questions to ask as the interview progresses (Berry, 2011).

3.3.5.1 Rationale for elite interviews

Tansey (2007) explains four justifications for conducting elite interviews for seeking information from leaders. Firstly, not all interactions among corporate elites in boardrooms that take place preceding the decision-making are recorded. Reasons for not keeping a record may vary from failure to recognise the significance of what was said, to the sensitivity of the matter under discussion. Thus, accessing the proceedings in a boardroom can be challenging and hence interviewing those elites provides an opportunity to understand the processes. Secondly, attitude, thinking, and values cannot be documented and can only be accessed by interacting with the elites. Thus, elite interviewing can provide the researcher with a wealth of information if the interviewees have been the main actors, their memory is strong, and they are willing to share their knowledge for the research. Thirdly, elite interviews may be adopted to establish what a larger set of people think who have themselves not been interviewed, in order to reconstruct a set of events. Fourthly, the most critical use of elite interviewing is to be able to reconstruct the testimony of the elite to create a broader picture of a complex phenomenon with the help of direct and focused questioning.

Elite interviewing is a non-probability sampling approach of obtaining information on processes and events from the actors who are most involved in them (Tansey, 2007). The purpose of this strategy of data collection is not to draw a representative sample and claim generalisation of the results, but obtain new information on actors' thinking, attitudes, beliefs, and values, from significant actors who have participated in those events, and advance the research process further

(Tansey, 2007). Interviewing elites allows the researcher an opportunity to probe these actors with open-ended questions at length about their thoughts on the main issues, thus enriching the data immensely (Tansey, 2007). In this method, a subjective perception of the interviewee based on retrospection is elicited from the participants in the study (Kezar, 2003).

3.3.5.2 Distinguishing elite interviewing from other interviewing approaches

Elite interviewing is distinguished from other approaches of interviewing in several ways. Firstly, in elite interviews, data is collected from the individuals who have been associated with the phenomenon that the researcher is trying to understand. Hence, as a result of elite interview, the researcher obtains participants' perceptions and definitions of that phenomenon (Dexter, 1970; Kezar, 2003). Secondly, the power equation between the interviewee and the researcher is also different in elite interviewing than it is in other approaches to interview, such as ethnographic interviews. In elite interviewing, the power lies with the interviewee, while in ethnography it may be with the interviewer who may be in the process of empowering the interviewees by giving them a voice. In elite interviews, any efforts of the interviewer to demonstrate academic freedom and challenge the elites may be counter-productive and result in jeopardising further access to the interviewee (Krazer, 2003). Hence, Berry (2002) advises academic researchers adopting elite interviewing not to show scepticism and not to challenge their interviewees. Thirdly, in elite interviews data are collected with more open-ended questions than in semi-structured interviews, thus allowing the interviewees reflexivity and ability to share their perspective (Krazer, 2003). Open-ended questioning, though considerably challenging, is considered to be the best way of approaching elite interviews as it helps the interviewer to be led by the interviewee about what is significant in the research rather than being influenced by researchers' preconceived ideas (Berry, 2011).

Contrary to the statistical methods of data collection and analysis, elite interviewing is seldom elaborately taught in business schools (Berry, 2011). The following section explains how data was collected in this research through elite interviewing.

3.3.5.3 Elite interviews in this research

The researcher in this study collects the data by interviewing corporate elites for 60–90 minutes, at their workplaces – often in boardrooms, sometimes in participants’ offices. The interviews are tape-recorded. Interviews were centred on six themes, namely their background (family, religion, education, values); their definition of board diversity; the role of board diversity on boards’ effectiveness; causes of homogeneity on boards; composing effective boards; and the attributes of an effective Chair.

The researcher spent a considerable amount of time researching the participants before interviewing them, which sometimes surprised the participants. Due to the constraint of time available for interviews, the researcher had to plan beforehand as to which themes to explore with each individual respondent. The participants spoke at length (on topic(s) of their choice/experience), shared deeply held details of their backgrounds, including separations of their parents; estrangement from their partner; the challenges of parenting teenaged children; gender-based and religion-based discrimination in the workplace; the ignominy of bad press; and off-colour, sexist remarks in boardrooms.

Such sharing of intimate information is in accordance with assertions of scholars claiming that elites value the opportunity to be able to share their views with an understanding but unrelated interviewer (Dexter, 1970). Dexter (1970) reports that a researcher noticed that elites seem to have enjoyed the process of being interviewed and often mentioned that they felt comfortable discussing such deeply held knowledge. One respondent in this research, talking of her experience of the interview, exclaimed, ‘It felt like therapy!’ Often participants are initially a little surprised that the interview is going to be about their lives and perspective, and not solely about their professional accomplishments. Dexter (1970) claims that such a sense of gratification or elation may also be due to the sense of loneliness that comes with authority and power (Kezar, 2003).

3.3.5.4 Limitations of elite interviewing

There are a few documented limitations of elite interview as a strategy to collect data. Firstly, the account of the interviewees may be difficult to rely on if they deliberately slant their stated views, underplay or overstate their role, and/or may lose or gain political capital out of their statements (Tansey, 2007). Secondly, any lapse of memory

can also vitiate the impression that the researcher receives from those interviews (Tansey, 2007). Thirdly, elites may adhere to and describe the institutional perspective and refrain from sharing their personal perspective (Kezar, 2003). Lastly, elite interviews may influence the researcher towards one perspective and shape our understanding accordingly (Berry, 2011). There is no obligation on the interviewee to be objective as the process of elite interviewing is about getting to understand elite perspectives (Berry, 2011). Researchers suggest that one way of dealing with this limitation is to know the language and vocabulary of the elites and to ask questions on the basis of information acquired from other sources (Ostrander, 1993). The researcher obtained detailed information about the participants through internet research before interviewing them and carefully ascertained the priority of themes to be explored with each of the respondents.

Despite the limitations of this method of collecting data, a number of board studies have successfully been carried out by conducting interviews with board members and senior executives (Mace, 1971; Pettigrew, 1992; Wan and Ong, 2005; Finkelstein and Mooney, 2003; Kakabadse and Kakabadse, 2007; Kakabadse et al., 2006; Kakabadse et al., 2015). In this research, board members of FTSE companies are interviewed which is a formidable, though not an insurmountable, challenge.

3.3.5.5 Addressing the limitations of elite interviewing in this research

To overcome the limitations of elite interviewing scholars recommend the test of addressing the questions – who is talking, whom they are talking to, under what circumstances and for what purpose – and evaluate the responses of elite interviewees (George and Bennett, 2005; Tansey, 2007). The responses of the participants in the study fulfil the criteria of this test. The participants speak with an understanding but unrelated researcher to whom they do not have to push the stand of their company. They have the experience of the situations about which they are being interviewed. They have agreed freely, to share their perspective with the researcher and are aware that their identity will be kept confidential. Thus their purpose of sharing their views with the researcher is to help her in her doctoral study.

The challenges associated with elite interviewing, such as participants' accounts being exaggerated or respondents being circumspect and thus vitiating the knowledge, are addressed by researching their contexts and asking questions about the counter

perspective (Berry, 2011). In this research, the elites are asked about their personal perspective on the research topics and questions asked pertaining to their background and knowledge, and not of the organisations that they have worked with. The interviewees are made aware that they would be anonymised and are asked subsequent questions, requesting them to provide instances in support of their statements. Participants often express views contrary to an established and seemingly popular perception which indicates that the data collected is not vitiated by potential limitations of elite interviewing. An additional precaution for ensuring the veracity and accuracy of the information is taken by ensuring that the accounts given by the participants are the first-hand accounts of interviewees themselves and not a mere hearsay description of someone else's experience and knowledge. Only information relating to the processes is obtained from the participants, to which they have had access (Davies, 2001).

3.3.6 Interview protocol

Although qualitative research does not require pre-structured questions, interviewing may need detailed planning of the shape and structure of the interviews (Arthur and Nazroo, 2003). Thus, an interview guide is prepared to ensure complete coverage of all themes for each guided interview and to minimise bias on the part of the researcher. Unlike cultural interviews where questioning is broad, the agenda of elite interviewing is widely set by the interviewee (Arthur and Nazroo, 2003); in this research, the interviewer tries to explore as many categories of the protocol as possible with each respondent. However, the researcher remains open to any new or unanticipated category of issues raised by the participants. Additional categories are also added to the subsequent interviews depending on the relevance of these categories.

After seeking permission to record the interviews, the interviewer proceeds with the interview protocol in the following manner.

3.3.6.1 The family and background

The first set of questions are about the interviewees' (participants confirmed their date of births which the researcher had noted from the information available on the internet) ethnicity, religious affiliations, family – parents/siblings/spouse/partner/children, education and career, parents' occupation, family's socioeconomic background, religion, values, and the interviewees' early lives. These are followed by questions on

the impact of various influences such as values/religion of the family, any role models, nationality, and challenges.

3.3.6.2 Board diversity

The interviewees are next asked about how they perceive board diversity. Efforts are taken by the researcher not to define the attribute of diversity while posing the question. Hence the question is asked without mentioning either gender, ethnicity, or background. Depending on the response of the interviewee, the questions continue if their chosen diversity attribute has any bearing on board interactions, function, and decision-making. If the interviewee is a known minority community such as female, ethnically diverse, or a foreign national, questions are also asked about the role of their diversity attribute on boards and in decision-making. If the interviewees have had an extensive board experience, they are also asked questions about whether they have observed diverse boards to be any different from homogeneous ones, features of effective boards, the role of the Chair/NEDs, and board diversity in composing effective boards.

A number of participants start their answers by defining boards with reference to the gender of board members. Such a response is expected as the participants are all board members of listed companies in the UK and PLCs are being encouraged by various stakeholders to promote gender diversity on their boards. Many female and a few male participants spoke passionately about the need to promote gender diversity as a business case. A few participants, both male and female, expressed their dissatisfaction with the limited impact the efforts being taken by the regulatory agencies in the UK have had. The involvement, awareness, and passion expressed by the participants while speaking about gender diversity are unparalleled, as compared to their views on other attributes of diversity.

3.3.6.3 Board diversity and effectiveness

The researcher mostly refrained from using the words ‘functioning’, ‘process’, and ‘effectiveness’ while posing the questions and kept the questioning conversational. The researcher probed deeper when interviewees indicated that any particular aspect of diversity (such as gender, nationality) may have a bearing on boards’ effectiveness. Participants often mention the impact of board diversity as better boardroom behaviour (with women on boards), empathetic decisions (gender and ethnic diversity), questioning the assumptions of the executive (skill/functional diversity), and familiarity

with local culture and processes in territories (nationality/culture diversity). The researcher later categorised the responses through an elaborate coding process as shown in the analysed transcript enclosed at Appendix 2.

3.3.6.4 Causes of homogeneity on boards

The participants are asked what they believe is the reason for inadequate diversity on boards (all participants acknowledged that FTSE boards are not diverse enough). Further questions led to participants sharing their views and experiences on discrimination, lack of will both on the part of boards and aspirants, and a smaller talent pool.

3.3.6.5 Composing effective boards

Guiding the participants towards the impact of board diversity on boards effectiveness, the next set of questions are asked in two sections: first, how to improve boards' effectiveness and second, what, if any, influence does diversity have on board functioning, decision-making or effectiveness.

In response to the first set of questions on composing effective boards, participants emphasise the significance of the presence of Directors with varied experiences, the role of board Chairs, an objective nomination process, variation in members' functional skills, an international presence on boards, a culture of questioning the assumptions of the executive, and a diverse perspective. A number of participants mention gender diversity on boards to be instrumental in promoting new thinking and a different viewpoint.

In the second segment of questioning on the role of board diversity in effective boards, the researcher asks the participant about the specific impact, if any, of diversity and other attributes that participants mentioned, followed by more generic questions on specific diversity characteristics that they did not mention. These questions on diversity attributes are guided by literature as well as the responses of the previous participants.

3.3.6.6 Attributes of an effective board Director and Chair

Participants in the study have very long and successful board careers and many of them have experience of chairing boards. Participants repeatedly underline the role of the Chair in improving board effectiveness and also promoting diversity. Since the level of analysis is an individual board member, the participants are also asked questions on the attributes of effective board Chairs and Directors.

3.3.6.7 Follow-up questions

The participants are asked questions about issues which, though not part of the main research protocol, were raised by the participants in the course of interviews such as discrimination in boards, the quotas, and the impact of personal experiences on perspective building such as parenthood, marriage. This is done to explore if these experiences have a bearing on their contributions in boards.

3.3.7 Adhering to the norms of ethics in data collection

In Positivism and post-Positivism, ethics are integral to the inquiry, and are more focused in the external mechanism. However, in the case of critical theory and Constructivism, ethics are more intrinsic, as the values of the inquirer also influence the inquiry (Guba and Lincoln, 1994). The researcher in this study takes the stance of an outsider, taking up the role of a learner, thus maintaining a professional distance from the subject(s) being researched. However, the researcher also considers herself to be an integral part of the process of the inquiry as she is inextricably involved in interpretation and analysis of the data. Judgements are constantly made by the researcher about which themes and sub-themes to pursue with individual participants, (Spencer et al., 2003).

The researcher adheres to the acceptable norms of ethnics in this research, ensuring that validity of the research is upheld, and the research is conducted according to the rigour and ethical standards of a qualitative inquiry. The researcher complies with the norms of the University of Reading in this regard and obtains permission from the Ethics Committee of Marketing and Reputation department at Henley Business School. Table 3.2 presents how the researcher adheres to the established norms of a valid qualitative inquiry.

Table 3.3 Adhering to the norms of ethics in this research

Norms of ethics	Adhering to the norms of ethnics in this research
Informed consent by the participants	The research is conducted by interviewing adult participants, aged 44 or above, holding positions of authority and completely in control of providing access to the researcher, and/or sharing/withholding their views. The participants in the study explicitly gave their informed consent to be interviewed, and to have the conversation recorded, having made themselves familiar with the study topic of the researcher, which was communicated to them through emails.

Confidentiality	Confidentiality of the data collected through elite interviews and the anonymity of the participants are ensured by the researcher. All references to their names, company names, or any other detail which could compromise their anonymity have been excluded from the records.
Ethical use of collected data	The participants are assured that data collected is only used for academic research purposes. No information obtained in the process of data collection is used for any financial gain.
Comfort zone of participants	The researcher often had to ask questions pertaining to the private lives of the participants, relating to their parents, religious affiliations, values, marriage, gender-/race-based discrimination etc. However, participants were reminded that they can refuse to answer any questions posed if they so wish.
Data access and storage	The data collected in this research is transcribed by the researcher, to ensure complete confidentiality and safety of the data. The data is kept secure on a personal computer and a copy is also kept secure on a USB device, to safeguard against accidental loss of data.
Conflict of interest	The research is conducted by the researcher who received a bursary from Henley Business School as per the norms of the school. The research is not sponsored by any other commercial organisation. There is no conflict of interest between the researcher and the participants.

Source: Compiled by the researcher

Now the chapter discusses the strategies adopted for the analysis of collected data and presents the one chosen in this research and the rationale thereof.

3.4 DATA ANALYSIS

Qualitative research often carries complex data analysis when importance is given to the details and the context of the data. An Inductive approach is adopted where theories emerge from the data, as against a Deductive approach in which previously identified categories and ideas are imposed on it (Snape and Spencer, 2003). Qualitative research often focuses on understanding the rich description given in the data and then identifies emergent concepts and theories from the same (Snape and Lancer, 2003). Data analysis methods used in qualitative research are mainly done with the help of ethnographic accounts, life histories, narrative analysis, content/thematic analysis, conversation analysis, discourse analysis, analytic induction, and grounded theory (Spencer et al., 2003). In this study the data are analysed thematically as explained in section 3.4.3. Before analysis, data is reduced and coded as explained in the subsequent sections.

3.4.1 Data reduction

In an Inductive approach to data analysis, although the analysis and the findings are guided by the research question and the objective of the evaluation, the theory emerges

from the raw data and the findings are not influenced by any set expectations of the inquirer/researcher (Thomas, 2006). Qualitative data are often voluminous, consisting of hundreds of pages of transcripts, field-notes, and hence reducing the data is one of the key tasks before data can be meaningfully analysed (Spencer et al., 2003).

In this research as well, the recorded interviews are first transcribed by the researcher and the interviewees are anonymised and given pseudonyms (Erakovic and Goel, 2008). Transcripts are formatted with margins and spacing similarly in all transcripts and then read repeatedly to interpret the raw data and observe emerging themes and sub-themes (Thomas, 2006). The transcript data are disaggregated into conceptual units of a similar nature and are assigned labels (Saunders et al., 2009). The relationship is explored between the categories that emerge from the open coding, as the categories are arranged hierarchically (Saunders et al., 2009). Once a primary category and other subcategories emerge from the above-described process, the relationship between the two sets is explored to develop the theory. As per the emerging patterns, a model is created (see Chapter Five, section 5.3).

The detailed process of coding the data is explained in section 3.4.2 next.

3.4.2 Coding the data

Coding the data – a researcher’s way of fragmenting the data through various stages of its evolution into themes – helps in finding patterns in the responses of the interviewees in order to create categories, distinguish them, and find a relation between them (Douglas, 2011). The aim of coding the data is to ‘arrive at systematically derived core categories that become the focal concepts’ contributing towards the development of theory from the core categories observed (Douglas, 2011).

There are three types of qualitative data coding: open, axial, and selective (Douglas, 2011). In open coding, data are analysed and codes are used to aggregate the data into core codes or concepts – names given to actions, functions, relationships contexts, influences, and outcomes. In this coding, the data are repeatedly read, word by word and line by line, and then conceptual codes are assigned. Comparison of similar categories displaying their similarities and contrasts results in the formation of categories with the help of interpretation of the data by the researcher. Axial coding follows the exercise of open coding the data. It involves regrouping the data which has been open coded to find the relationship between open-code categories (Douglas, 2011).

Selective coding is the central phenomenon that emerges from axial coding. Scholars also call such codes ‘focal core’ codes (Douglas, 2011). All axial codes need to be related to the selective code. Selective codes lead the way to emerging theory.

In this research inductive coding of the data is done by repeatedly reading the transcripts closely until the researcher becomes familiar with the content and can understand the themes covered in the texts (Thomas, 2006). Once the text containing meaningful units is identified, the same is demarcated and labeled for easy identification of the category to which the code/text belongs. Multitudes of such labels are created from the transcribed data. These labels help in categorising the data into significant themes and issues. Such categorisation also assists in determining which data to collect in future (Saunders et al., 2009). Additional texts are added to those categories as and when they are found to belong to one of them. Transcripts are not printed and are analysed on the researcher’s personal computer as this style is more convenient to the researcher.

Terms to be used for assigning labels are *in vivo* or as employed by the participants during elite interviews (Strauss and Corbin, 1998) where the words of the interviewee are used to represent/label a category of the data. Coding is also influenced and guided by the literature, previous interviews, and assumptions of the researcher who constantly determines what is more important in emerging patterns (Thomas, 2006). Coding is also done by the words of the researcher which in turn is inspired by the literature reviewed (Douglas, 2011). A few other common-sense terms are also included as influenced by the reviewed literature, and other concepts devised by the researcher to be able to ‘capture the essence of the talk and interactions’ (Spencer et al., 2003: 203). No software is used to speed up the process of coding, except MS Word, for this analysis. As is often the case in the qualitative analysis of the data, a large segment of raw data is left without codes due to its lack of relevance to the evaluation objective. Data are saturated by continuing to collect more input on the category, until the researcher is convinced that further collection would not improve the results (Blaikie, 2009).

The next section, 3.4.3, explains the process of analysis of data in this research.

3.4.3 Analysis of the data - Thematic analysis

In research Inductive analysis is carried out in order to generate ideas (hypotheses generating), and Deductive analysis begins with ideas and uses the data to confirm or negate the ideas (hypotheses testing) (Thorne, 2000). In this research the term 'inductive' is used to denote the objective of the study i.e. theory building as opposed to theory testing. Data analysis in this research is an iterative and reflexive process as data collection and analysis processes are often carried out concurrently to ensure that developing themes are incorporated in the original data as well (Fereday and Muir-Cochrane, 2006). Such an iterative process of 'three-step forward and two-step back' is adopted to reap the benefits of the collected data and its analysis and integrate the learning in further data collection/analysis (Malterud, 2012: p. 798). The iterative process of selecting a few themes from existing literature to be pursued in data collection and then letting the data build generate ideas/themes is adopted to engage in the process of constant meaning-making (Shrivastava and Hopwood, 2009).

In this study the data are coded thematically, and the analysis of the data is conducted according to the themes emerging from the data. Inductive data analysis is adopted where major concepts are allowed to emerge from the text of the interviews. In thematic analysis (Braun and Clarke, 2006; Saunders et al., 2009) categories are developed and matched to units of data. Data are being coded and analysed to identify themes, and reveal patterns and relationships. Some of the data analysis is carried out during the phase of data collection (January 2016 to December 2016), when fresh data was still being collected. In existing research on board diversity, Broome et al. (2011) use Discourse Analysis having collected the data through interviews, while a few studies use Conversation Analysis (e.g. Kakabadse et al., 2015). Krawiec et al. (2013) coded the transcripts thematically but analysed the data through Discourse Analysis.

To analyse the data thematically, texts are read repeatedly, new raw data is added, and efforts are made to look for new categories, contradictions, or new insights and, accordingly, quotations are selected to go with categories. Continuous refinement of the data is carried out by looking for subcategories and a relationship between categories. Data are analysed in a non-cross-sectional and in-situ manner, thus looking at all the transcripts individually/separately, as each may require 'a different conceptualisation' of categories (Spencer et al., 2003, p. 203). This approach is adopted instead of cross-section analysis to ensure that the distinctiveness of various sections of

the data is captured. The strategy also helps in understanding complex narratives and processes to find an overall structure, arranging the data around themes which may not be available in each section of the data (transcript) (Spencer et al., 2003).

This study adopts a qualitative and interpretive data analysis method as it provides a plausible insight into a phenomenon to enable a deeper understanding of it. Such an understanding is only possible through understanding the interpretations of that phenomenon by the people living it and experiencing it, which helps the researcher to gain an insight seldom accessible through other methods of analysis (Shah and Corley, 2006).

3.4.4 Unit of analysis

Scholars recommend exploring boardroom studies from the perspective of individual board members to better unravel the complexities of their characteristics, contextual factors, and behaviour in the boardroom (e.g. Johnson et al., 2013). Johnson et al. (2013) further elaborate that different board members may have expertise and experience in different areas such as networks, acquisitions, investing internationally, and firing a CEO and hence interactions with individuals are the chosen mode of analysis in this study. Hence, the unit of analysis in this research is a board member.

3.4.5 Level of analysis

The level of analysis in this research is Board Director.

The chapter now describes the process of sample selection for this research. This research is carried out by elite interviewing thirty board members of FTSE companies. The sample is purposive and is collected through snowball sampling (see section 3.3.4).

3.5 THE SAMPLE

The sample consists of thirty members of FTSE companies with twenty male and ten female participants. The sample of the data is presented in Table 3.3.

Table 3.4 Attributes of participants in the study

Respondent. no.	Gender	Decorative titles	Nationality	Ethnicity	Religion	School education	Practicing religion	Socioeconomic background	University education	Marital status	Have children	Have daughters
Resp. 1	M	-	UK Citizen	Welsh	Christian*	State Education	Occasionally	Middle class	BE, MBA	Married	Yes	Yes
Resp. 2	M	–	UK Citizen	Indian	Hindu	State education	Yes	Challenging	BA, MBA	Married	Yes	Yes
Resp. 3	M	–	UK Citizen	Indian	Hindu	State education	Yes	Middle class	CA	Married	Yes	No
Resp. 4	M	OBE	UK Citizen	Indian	Hindu	State education	Yes	Challenging	BA	Married	Yes	Yes
Resp. 5	M	–	UK Citizen	Indian	Sikh	State education	Occasionally	Poor	None	Married	Yes	Yes
Resp. 6	M	–	UK Citizen	Indian	Sikh	Private education	Yes	Comfortable	BE	Married	Yes	Yes
Resp. 7	F	–	UK Citizen	English	Christian*	Private education	Yes	Comfortable	BSc	Married	Yes	Yes
Resp. 8	M	–	UK Citizen	English	Catholic	State education	Occasionally	Middle class	BE, MBA	Married	Yes	Yes
Resp. 9	F	Dame	UK Citizen	English	Christian*	Private boarding	Occasionally	Comfortable	BA, CA	Divorced	No	No
Resp. 10	F	–	UK Citizen	Italian/ English	Catholic	State education	Occasionally	Middle class	BA, MBA	Married	Yes	Yes
Resp. 11	F	–	German	German	Catholic	State education	Occasionally	Middle class	BA, MBA	Single	No	No
Resp. 12	M	–	Australian	Scottish/ Irish	Catholic	State education	Occasionally	Comfortable	CA	Married	Yes	Yes
Resp. 13	M	OBE	UK Citizen	Nigerian	Christian*	Private boarding	Yes	Comfortable	BE, MBA, DSc.	Married	Yes	Yes
Resp. 14	F	–	UK Citizen	English	Christian*	State education	Occasionally	Middle class	BA, MBA	Single	No	No
Resp. 15	F	CBE	UK Citizen	English	Christian*	Private boarding	Occasionally	Challenging	BA, MBA, DBA	Divorced	Yes	Yes
Resp. 16	M	–	US Citizen	Scottish/Irish	Christian*	Private education	Yes	Comfortable	BA, MA, PhD	Married	Yes	No
Resp. 17	M	–	UK Citizen	English	Christian*	State education	Yes	Middle class	BA	Married	Yes	No

Resp. 18	M	–	UK Citizen	English	Christian*	State education	Occasionally	Middle class	BA	Married	Yes	Yes
Resp. 19	M	–	UK Citizen	English	Christian*	State education	Occasionally	Comfortable	BA	Married	Yes	No
Resp. 20	F	OBE	UK Citizen	Malaysian/Chinese	Buddhist	Private education	Yes	Comfortable	CA	Married	Yes	Yes
Resp. 21	F	–	UK Citizen	English	Christian*	State education	Occasionally	Middle class	BA, MBA	Married	Yes	Yes
Resp. 22	M	–	UK Citizen	English	Christian*	Private boarding	Yes	Comfortable	BA, MBA	Married	Yes	Yes
Resp. 23	M	–	UK Citizen	English	Christian*	State education	Occasionally	Middle class	BE	Married	Yes	No
Resp. 24	F	–	UK Citizen	English	Christian*	State education	Occasionally	Middle class	None	Single	No	No
Resp. 25	M	–	UK Citizen	Scottish	Christian*	State education	Yes	Comfortable	BE	Married	Yes	Yes
Resp. 26	M	–	UK Citizen	Scottish	Christian*	Private education	Yes	Middle class	BE	Married	Yes	Yes
Resp. 29	M	KBE	UK Citizen	Austrian/English	Jewish	Grammar school	Occasionally	Unknown	BSc.	Married	Yes	Yes
Resp. 27	M	CBE	UK Citizen	Scottish	Christian*		Yes	Comfortable	BSc	Married	Yes	Yes
Resp. 28	F		UK Citizen	English	Christian*/Jewish	State education	Yes	Middle class	BA, CA, Dip (Law)	Married	Yes	No
Resp. 30	M	–	UK Citizen	Scottish	Christian*	State education	Yes	Comfortable	BE, MBA	Married	Yes	Yes

* Christian includes all sects of Christianity other than Catholics, such as CoE, Methodist, Baptists, Salvation Army

Source: Compiled by the researcher

The participants have held various board positions such as the Chair, CEO, and Senior Independent Directors. There are also a few Executive Directors having representation in boards. The age group of participants range from forty-four to seventy-six years. Most of the participants are British, white males, though a considerable number of men are of other ethnic origins. All female participants except two are of British, white ethnicity – one is German, and another is of Chinese-Malaysian ethnicity. Most participants describe their religious affiliations as Church of England, though many follow other religions as well. A few participants consider themselves religious and a few claim to have renounced any associations with any established faith. All male participants are married and have children. Of the female participants, five are not currently married and three do not have children, one female participant has a step-daughter. Some participants describe their socioeconomic background in their formative years as ‘challenging’; others describe it as ‘middle class/middle income’. Several participants acknowledge belonging to ‘economically comfortable’ socioeconomic backgrounds. Two participants have no university education while nine participants have gone to private schools/private boarding schools.

The chapter now presents the pilot study conducted in this research with elite interviews of three board members. A pilot study is conducted to test the research design.

3.6 THE PILOT STUDY

The pilot study aims to identify any ambiguities, further clarify the interview questions, and detect a possible need to add or omit topics from the interview protocol (Noor, 2008). The exercise has helped the researcher to refine the research both in terms of content being collected and the procedure of collection and analysis (Kohlbacher, 2006). A pilot study is conducted to verify suitability of themes, questions to be explored, and duration of interviews in the research.

This pilot study is carried out with the help of three interviews to test the scope of the study and the initial framework of the data collection such as whether participants’ views are being captured accurately and clearly (Ritchie et al., 2003). Each of the three participants is interviewed for 60 minutes at their business establishments in January 2016. The pilot study works in this research as a familiarisation process with

regard to interviewing, transcription, coding, and analysis processes before the bulky data of the main study is dealt with (Lewis, 2003).

3.6.1 The pilot study sample

The attributes of three participants in the pilot study are as follows.

Table 3.5 Attributes of respondents in pilot study

Resp. no.	Gender/ Age	Religion	Ethnicity	Nationality	Married/Ha s children	Board role	Education qualification	Company ownership
Resp. 1	Male/47	CoE	Welsh	UK Citizen	Married/ Has a daughter	CEO	BE (Civil Engineering) , MBA	MNC PLC
Resp. 2	Male/69	Sikh	Indian	UK Citizen	Married/ Has two daughters	Chair/ CEO	BA, PhD (Honorary)	Private company
Resp. 3	Male/55	Hindu	Indian	UK Citizen	Married/ Has a son	Chair/ CEO	CA	PLC

Source: Compiled by the researcher

As seen in Table 3.4, all respondents are male and British citizens. However, all three respondents have diverse educational and functional experience and different religious affiliations. There is wide age distribution among the respondents.

As interviews are the data-gathering instrument in the study, interview protocol (section 3.3.6) and its questions are carefully designed to cover all relevant areas of the research with major questions devised in the form of a statement and a series of follow-up questions for further probing (Noor, 2008). The same interview protocol is adopted as that mentioned in section 3.3.4 above. Interviews are transcribed by the researcher. Analysis of the data is conducted according to methods discussed above in section 3.4. Presented below are a few learnings from the pilot study.

Pilot study interviews also availed the researcher with an opportunity to probe deeper on emerging constructs. The research approach adopted in this study is Inductive, and the data has been analysed thematically. Only one participant in the pilot study is excluded from the main study data because of the ownership structure of the firm he leads (privately held company). The pilot study has helped the researcher to better understand the research objective and the purpose of each section of the research protocol (Lewis, 2003; Kohlbacher, 2006).

Section 3.6.2 presents some of learnings from the pilot study which helped further data collection analysis in this study.

3.6.2 Learnings from the pilot study

- The researcher should make fewer interjections and should be quiet while the participants are speaking. Frequent interjections by the researcher made transcribing the responses more challenging.
- Factors such as religion, values, economic background of the parental family, and many other experiences influence board members' thinking styles and contribution in boards.
- Gender diversity, though much talked about, may not always be participants' preferred diversity attribute for boards.
- The response of the Board members of PLCs may be different from the replies of privately held companies. Hence participants may be chosen from as homogeneous a sample set as possible in terms of firm ownership.
- The perspective of women needs to be incorporated in the main study. The presence of any female participant was missing from the sample set in the pilot study, and gender was often discussed by the participants commenting on the relevance of having more females on boards.
- The researcher needed to only listen when participants were speaking, and not take notes, as a few times the respondent stopped speaking if they found the researcher jotting down notes.
- Electronic equipment such as a laptop or iPad was best avoided in the interviews. The researcher needed only information about the participants and the interview protocol to successfully conduct interviews.
- Close coordination with the participants' personal assistants may be required before interviews are set up.
- Not all themes in the interview protocol may be addressed in each interview hence priority of themes needs to be determined beforehand for each interview.

The chapter now explains the process of writing up the findings.

3.7 WRITING UP THE FINDINGS

While writing up the findings, top-level categories are presented as the main themes, and other hierarchic categories are mentioned as sub-themes. Each category is defined clearly and substantiated with the help of supporting quotes from the raw data to illustrate the meaning of the definition or categorisation (Thomas, 2006). Codes are set into three hierarchical categories.

Transcripts are coded in the order of observed patterns, themes, and concepts emerging from the data, such as the contribution being made by the level of diversity of the participants or their peers in boardrooms, help in a critical situation, a new perspective, different questions, better questioning styles, behaviour in boardrooms, empathy, and sensitivity to the outcome. All participants supported promoting diversity on boards, though they described board diversity with reference to Directors' experiences. While it was not planned while framing the research question(s), after a few initial interviews with female Directors and male participants from ethnic minorities, other issues such as discrimination, bias, stereotyping, and multi-layered challenges were also observed and subsequent interviewees were probed on these matters as well. This line of questioning gives rise to a new category of codes.

An analysed transcript of an interview is placed at Appendix 2 and a detailed analysis of the data and findings is presented in Chapter Four.

The chapter now describes a few tools to determine the trustworthiness of qualitative research. Trustworthiness of this research is discussed in greater details in Chapter 5 (please see section 5.7).

3.8 ASSESSING THE TRUSTWORTHINESS IN QUALITATIVE RESEARCH

Qualitative research often faces a challenge in terms of establishing validity, and it is sometimes suggested by quantitative researchers that qualitative research may lack rigour and objectivity as it does not involve scientific processes (Whittemore et al., 2001). However, qualitative, interpretive research is based on a different set of ontological and epistemological assumptions than quantitative research. Hence, the traditional notions of validity and reliability which apply on quantitative research, do not apply to it (Lincoln and Guba, 1985). The rigour of qualitative research is judged on the basis of credibility, transferability, dependability, and confirmability (Guba and Lincoln, 1994; Shah and Corley, 2006). The test of reliability relates to the results of a

study claiming to be stable and the test of validity refers to the results claiming to be truthful (Whittemore et al., 2001). For constructivist inquiry, the criterion of a high-quality research is dependability/credibility/trustworthiness, transferability, and authenticity. Tansey (2007) opines that each researcher, depending on the research context, may have to determine which evaluation tools are more relevant in a specific research setting.

Reflexivity as a primary measure of ensuring credibility, and trustworthiness is relevant for research irrespective of the methodology, and it is considered an integral part of a qualitative research (Drake, 2010; Berger, 2015). With increasing emphasis on reflexivity, the focus is now on researcher subjectivity. Reflexivity on the part of the researcher addresses questions such as who I am, who I have been, who I think I am, how I think I impact data collection and analysis, and whose story it is – researchers' or the researched (Pillow, 2003). Reflexivity on the part of the researcher helps in establishing that the experiences of the participants are understood and shared by the researcher (Berger, 2015). The issue of reflexivity brings the focus on self knowledge, sensitivity, and the role of the self in creating knowledge and also monitors the impact of potential biases of a researcher on the research. Reflexivity on the part of the researcher may span the entire process cycle of the research such as the selection of the participants, deciding the questions to be asked, and interpretation of the data (Berger, 2015). In this study the researcher has resorted to reflection and the exercise has influenced various processes and helped in validating the findings of the research. The role of reflexivity in this research is explained in greater detail in Chapter Five (section 5.7.8).

Qualitative research is contextual and subjective, and emphasises the depth of knowledge over the breadth, and hence tries to explore the underlying experiences in a process (Whittemore et al., 2001). Sandelowski (1993, p. 1) defines the essence of qualitative research as 'evocative, true to life, and meaningful portraits, stories, and landscapes of human experience' which is threatened by an overemphasis on quantitative methods to establish scientific tests of validity (Whittemore et al., 2001). Transferability is ensured by another academic/participant conducting a consistency check, comparing the findings and interpretations from the exercise. A more detailed evaluation of the validity of the findings of the research is presented in Chapter Five

(see section 5.7). The trustworthiness of this research through various measures including reflexivity is addressed in adequate details in Chapter Five (see section 5.4).

The chapter is now concluded with contributions of the chapter in section 3.9.

3.9 CHAPTER SUMMARY

The chapter explains the methodology adopted to conduct this doctoral research, the rationale for it, researchers' philosophical standpoint, and the pilot study. The chapter addresses all procedural aspects of the research and contributes towards developing a better understanding it. The methodology chapter also explains the process of theme formation developed after analysing the data.

CHAPTER FOUR – DATA ANALYSIS AND DISCUSSION

4.1 OVERVIEW

The aim of this chapter is to present the analysis of the data collected in the study and discuss the findings. There are seven sections. Section 4.1 presents an overview of the structure of the chapter. Section 4.2 discusses the role of boards in corporate governance and introduces board diversity, as a means of improving board effectiveness. Section 4.3 argues that the conventional meaning of the term ‘board diversity’ needs to be broadened beyond the demographic attributes of board Directors and that the most relevant diversity attribute on boards may be the diversity of perspective, which is derived through the diverse experiences of board Directors. Section 4.4 presents the findings of the research which suggest that the most relevant attribute of diversity on boards is the diversity of perspective, which is obtained through varied experiences of Directors on boards. The section further discusses these experiences as the antecedents of diverse perspective. This section elucidates, with the help of quotations from the participants, how each attribute (or experience) of board members impacts their thinking styles. Section 4.5 discusses the impact of these experiences on board effectiveness. Section 4.6 then presents a few serendipitous findings which the research has not set out to explore but which are revealed during the research. This section presents the measures to be taken for composing effective boards. To conclude, a summary of the chapter and its contribution is presented in section 4.7. Presented below is the structure of the chapter in Table 4.1

Table 4.1 Structure of the Chapter Four – Data Analysis and Discussion

Heading	Content	
Overview	Table 4.1	
Expanding remit of boards in listed companies in the UK and role-effectiveness	• Ever-increasing roles of boards • Roles that boards of listed companies play in the UK • Board diversity and board role-effectiveness • Broadening the scope of board diversity	
Diversity of perspective – Outcome of diverse experiences	Experiences	Attributes/Impact on perspective
	Gender (female Directors)	• Affable probing style • Independence • Courage • Empathy • Commitment to diversity
	Socioeconomic background	• Tenacity

	Religious beliefs and practices	• Shaping value sets • Providing strength • Impact on corporate culture • Long lasting impact
	Nationality	• Distinct thinking style • Distinct approach
	Age	• Distinct aspirations • Distinct skill-set and knowledge
	Ethnicity	• Broadening the perspective • Ethnicity with life experiences
	Functional experience	• Equipping with skills • Providing discipline • Improving the ability to manage people • Providing Intellectual capital
	Relationships/family affiliations	• Grandparents/parents – Competence • Parents – Work ethics • Marriage – Tolerance and sacrifice • Parenthood – Sensitivity • Parenthood – Leadership abilities
Impact of the diversity of perspective on board effectiveness	Experience	Impact on board effectiveness
	Gender	• Monitoring > <i>Challenge the executive</i> > <i>Prevent value loss</i> • Decision-making > <i>Empathetic decisions</i> > <i>focused interactions</i> > <i>Unique inputs</i> • Signalling
	Socioeconomic background	• Charity? • Tenacity?
	Religious beliefs and practices	• Choosing boards/organisations
	Nationality	• Richer local knowledge • Moderated risk appetite • Tackling groupthink • Extant knowledge not supported in the study
	Age	• Diverse perspective • Engineering age diverse boards
	Ethnicity	• Signalling to stakeholders
	Functional background	• Improved skills/knowledge • Managing external dependencies • Challenging executive assumptions • Functional diversity and service role-effectiveness?

	Family affiliations	• Relevant knowledge • Sensitivity to diversity
Serendipitous findings – Composing effective boards	• Objective nomination process > <i>Moderating the influence of CEO/Chair</i> > <i>Evaluation of skill requirement on boards</i> • Role of the Chair > <i>Changing the culture</i> > <i>Promoting diversity on boards</i> > <i>Conflict resolution</i> • Board diversity > <i>Improved decision-making</i> > <i>Higher role-effectiveness</i>	

Source: Compiled by the researcher

4.2 BOARDS AND CORPORATE GOVERNANCE

This section presents the evidence of an ever-increasing remit of boards in listed companies in the UK. The section is divided into four sub-sections – changing the role of boards, the roles that boards now play in listed companies and the impact of diverse attributes of Directors’ on performance of those roles on their actions and boards’ actions, and broadening the scope of board diversity. The section argues that to fulfil ever-increasing responsibilities boards need to be diverse. The chapter reveals that a study of the impact of characteristics (experiences) of board members is relevant and substantiates the argument with participants’ quotes from the study.

4.2.1 Ever-increasing roles of boards

The findings of the study indicate that the remit of boards in listed companies of the UK is ever-increasing. Boards currently spend a significant amount of time ensuring that the company adheres to prevailing regulatory provisions. Additionally, boards of listed companies are held more accountable for their acts of omissions and commissions in corporate governance, as compared to their predecessors a few decades ago. One participant articulates the sentiment as follows:

‘Boardroom have changed dramatically in the last 20 years. Absolutely. That wasn’t the situation, A lot of governance has been brought in. They are much more balanced. They are held to account more. (Resp. 26)

Unlike boards of a few decades ago, when boards were primarily ceremonial, approving executive proposals without much independent scrutiny, boards currently can no longer omit to perform their role in strategic planning and governance. Boards now are under

pressure from various stakeholders to maintain higher transparency, improved communication, and more preparedness to face the challenges of corporate governance in today's world. As one participant, a board Chair of a FTSE 10 company, explains:

'Most boards these days won't just sit and listen to the Chief Executive as they did 25 years ago. They perform their task in an era where communication is more important and when transparency is required. Accountability is now necessary. They have modernised, in a way, and to the extent, that the society has demands of them.' (Resp. 9)

Historically, enough academic attention is not paid to boards' role in organisations (KipkirongTarus and Aime, 2014). Additionally, unlike in the 1970s and 1980s when boards were merely a titular body from whom the management occasionally sought direction and leadership, boards are now more independent and involved in decision-making, more accountable, and under closer scrutiny (Burch, 2010; Golden and Zajac, 2001). Thus, the findings of the study support existing knowledge on the role of boards in listed companies.

Following is an account of various roles played by boards in modern listed companies in the UK.

4.2.2 Roles of boards – Challenge, support and a lot more

Findings of the study indicate that challenging and supporting the executive, and strategic planning are the most common roles that boards play in listed companies in the UK. While their remit of boards is increasing, they are still expected to challenge and support the executive. Another participant responds as follows:

'Effectiveness of the board in challenging and supporting [the executive] is crucial to a successful company and therefore to the success of the board.' (Resp. 26)

Another participant emphasises how a board's role of challenging the executive is still critical in organisations and hence boards need to have knowledge of multiple aspects of governance. The cost of not having the knowledge can be high for boards and organisations.

'Boards are effective if they challenge and provide oversight. That's what they are there for. Challenge and oversight. You can sit around the

table and tell the chief executive that “you have done a great job”. And indeed, that may be the case. But then if something goes wrong and if [the] board doesn’t understand the operations, the controls or the risks, the context; if they ask no questions at all, that could be a very bad news. So, they now probe, ask questions, and debate, and that is deemed to be good.’ (Resp. 9).

In order to be effective, boards primarily need to be both challenging and supporting of the executive. Additionally, boards are also expected to broadly understand the operations of the company, satisfy themselves that companies are complying with relevant regulations, and establish regular communications with shareholders. Long-term strategic planning is one of the critical role requirements of current boards. A participant with a long board experience sums up a board’s role as follows:

‘The board is responsible for the oversight of the operations. So, it should fully understand the way the business is operated, and satisfy itself that the operations are efficient, effective, and complying with the legal frameworks. In a public company, boards are also responsible for communication with shareholders, to make sure that they are advised and informed.’ (Resp. 23)

Extant literature also acknowledges that the mandate of boards is increasing, mainly due to governance-related norms (DeMott, 2010). The role of boards in examining and ratifying strategic decisions, employing and removing senior executives, and guiding the company towards progress with a long-term plan is acknowledged in extant literature as well (Golden and Zajac, 2001; Terjesen et al., 2016). The Code (FRC, 2016) expects boards to provide entrepreneurial leadership; set strategy, values, and standards for the company; ensure availability of resources; review management performance; and fulfil obligations towards their shareholders. The findings of the study indicate that while the emphasis on the traditional roles of mentoring, monitoring, and giving strategic direction has not diluted, currently boards are also expected to perform an assortment of other roles.

The participants in the study suggests that, considering the enhanced role of boards in listed companies of present times, boards should be composed of members with diverse attributes for higher effectiveness. The same is discussed the next section.

4.2.3 Diverse attributes of Directors and boards' actions

The findings of the study suggest that an effective way of improving boards' role-effectiveness is by composing diverse boards. Diverse boards may have more robust and focused board interactions and more sensitive decision-making skills. Diverse boards are also better equipped to address the needs of CG in present-day companies than homogenous boards. A range of attributes of Directors such as their gender, background, age, nationality, and family affiliations, religious beliefs, practices, and values influence their perspective and actions. As one participant claims:

'Having a diverse board in whichever form, gender or whatever is absolutely necessary for improving the running of the board. That's why women or ethnic minority Directors can help the situation significantly.'

(Resp. 26)

Diverse boards with the help of diverse experiences and the resultant perspectives of board Directors, have access to relevant knowledge and thus can anticipate global dynamics and respond to them appropriately and timely. The relevance of diverse boards is even more critical in today's corporate world, which is marred by uncertainty and is changing at a fast pace. A participant, with an extensive experience of chairing boards of listed companies in the UK, shares that he was taken aback by three successive events in the recent past, which the corporate sector now has to deal with: Brexit, the election of Donald Trump in the USA, and widespread support for Scottish independence. He signifies the role of diverse attributes of diverse boards and conceded that he was caught unawares because he didn't have diverse inputs from diverse individuals in his board:

'I have been surprised because the input I was taking to make decisions, and hence my opinion, were insufficiently diverse. If they had been sufficiently diverse, and if I had been sensitive to that diversity, it wouldn't have come as a surprise to me. And that is just one example in our current world which is increasingly uncertain.' (Resp. 30)

The views of the participants in the study echo the premise of Strategic Leadership theory (Finkelstein et al., 2009), and suggest that the personal attributes, values, experiences, and background of corporate leaders impact the strategic decision-making process (Finkelstein and Hambrick, 1990). There is a large body of academic literature

on board diversity (Konrad and Kramer, 2006; Terjesen et al., 2009), much of which is focused on promoting, and then evaluating the impact of gender diversity on boards. Other attributes of Directors and any potential impact of those attributes are comparatively less explored. Moreover, existing literature is focused on evaluating the impact of diversity attributes of the top management team (TMT) on decision makers' actions and on decision-making (e.g. Hambrick and Mason, 1984; Wiersema and Bantel, 1992; Kipkirong Tarus and Aime, 2014). These studies argue that a variety of characteristics/attributes – such as their gender, age, educational and functional background, and values – of decision makers improve organisational outcomes (e.g. Finkelstein and Hambrick, 1990).

This doctoral study aims to explore how board diversity is defined and perceived by board members and how board diversity influences board effectiveness. Any potential impact of board diversity on organisational outcomes is out of the scope of this research. The chapter now addresses the second theme of the findings – broadening the definition/meaning of board diversity.

4.2.4 Broadening the scope of 'board diversity'

The findings of the study suggest that board members seldom define board diversity with reference to any one aspect of Directors' attributes. While current regulatory and practitioner's focus on promoting gender diversity is generally appreciated and supported by the participants, they also argue that boards need a range of characteristics in order to get a different perspective.

One participant expresses her frustration with the limiting definition of diversity, popular among the regulatory agencies, companies, and academics, and says, '*why is everybody fixated on gender?*' (Resp. 11). Another participant admits that board diversity for her is broader than mere gender diversity. She claims, '*diversity in every sense of the word – age, gender, ethnicity – is hugely important.*' (Resp. 29)

Participants argue that for supporting the business case of board diversity, boards need to think of innovative ways of broadening their worldview.

'It's important to have women on board as much as it is important to have men on boards. As much as it is important to have people of different backgrounds, ages, religion, sexual preference, whatever. In

business, what's really good is to have true diversity in the broadest sense. ' (Resp. 10)

Some participants in the study mention a few other characteristics to help articulate their definition of board diversity such as the sexual orientation of board members. The role and impact of these attributes in improving boards' effectiveness is not always explained by the participants but the quote below again demonstrates that participants are convinced that the existing approach of defining board diversity is inadequate.

'So, diversity for me is diversity in their outlook, in their business, in their internationalism, and their cultures. And of course, gender diversity. And I think nowadays not just male-female diversity, but sexual diversity.' (Resp. 18)

Extant literature acknowledges that defining board diversity in a unidimensional manner is impractical as diversity is a complex construct, it is intricately related with the context of settings, and not all attributes influence group processes and organisation performance in the same way (Nielsen and Nielsen, 2013). A few academic studies recommend defining diversity broadly, incorporating ethnicity, nationality, gender, function, ability, language, religion, culture, intellectual ability, lifestyle, and tenure (e.g. Bassett-Jones, 2005). Recent academic studies (e.g. Adams and Borsellino, 2015a&b) acknowledge that modern boards need to seek a plurality of diversity attributes in board Directors – such as different national origins, socioeconomic groups, educational backgrounds, ages, and gender – and perceive diversity as a holistic construct. Thus, the study supports a small section of existing literature, which is mostly written in the current decade, and suggests exploring other characteristics of board diversity.

The findings of the study suggest that the most significant diversity attribute is diversity itself, although the term needs to be defined in its broadest form. Such diversity on boards is welcomed as it brings in diverse perspectives. The chapter now discusses the views of the participants on how boards may benefit from a broad range of diversity – the diversity of perspective.

4.3 DIVERSITY OF PERSPECTIVE

The participants in the study often interchangeably use phrases such as ‘diversity of perspective’, ‘diversity of thought’, ‘diversity of thinking styles’, ‘diversity of worldview’. The phrase ‘the diversity of perspective’ is chosen to represent these constructs for two reasons. Firstly, the participants mention these phrases to signify the importance of cognitive diversity over demographic diversity, and the phrase ‘the diversity of perspective’ reflects this intention. Secondly, this is a study about board diversity from the governance perspective, belonging in the domain of management issues and not a psychological analysis of Directors’ cognition. The participants in the study are not subjected to any psychological tests. Hence phrases such as ‘the diversity of thought’/‘the diversity of thinking styles’ are avoided. A representative quote from the participants in the study is given here:

‘The right board should have the diversity of thought. If that means gender diversity or ethnic diversity or just cultural diversity, which might come from having an American or German or French – so be it. They think differently, they behave differently.’ (Resp. 12)

The participants in the study believe that the diversity of perspective and thought originate from diverse experiences. Experience can be observable (e.g. ethnicity, gender); measurable (e.g. educational qualification and age); determinable (e.g. nationality, their status as a parent [or otherwise]); or more abstract (e.g. cultural and socioeconomic background) which influence their thinking styles and actions. The findings of the study suggest that board need to be diverse in order to break groupthink. A different thinking style can be obtained on boards by appointing Directors with a range of experience. A few participants use the phrase ‘a diverse perspective’ to underlie the significance of the diversity of perspective as compared to mere numerical diversity, based on gender or any one attribute.

I think it should be bringing together a group of people with diverse backgrounds and experiences to get the best outcome to avoid groupthink. Gender is just one aspect of it, but board should also be looking at ethnic and social background diversity. And people will have a different perspective depending on where they come from that.’ (Resp. 7)

Several academic writings suggest expanding the scope of board diversity and focusing on thinking styles/diversity of thought on boards (e.g. Milliken and Martins, 1996; Kakabadse, 2015; Fanto et al., 2011; Kim and Rasheed, 2014; Hazen, 2010; Hillman, 2015; Bowen, 1994; Broome et al., 2011).

Recent practitioner literature increasingly recommends that boards obtain diverse perspectives (Grant Thornton, 2015; David Bogoslaw, 2016). FRC's guidance (2011) recommends considering the diversity of personal attributes of board members to ensure that boards are not solely composed of like-minded people. Elizabeth M. Murphy Secretary, Security, and Exchange Commission (USA) suggests that the diversity of perspective is a 'critical attribute of a well-functioning board and an essential measure of good governance' and boards with 'a wide range of viewpoints, backgrounds, skills, experience, and expertise internally increases the likelihood of making the right decisions' (Fairfax, 2011, pp 864–5).

In section 4.4 it is argued that the diversity of perspective can be obtained on boards by appointing Directors with diverse experiences.

4.4 DIVERSE PERSPECTIVE – OUTCOME OF DIVERSE EXPERIENCES

The findings of the study indicate that a diverse thinking style or a diverse perspective on boards can be obtained by appointing Directors' with diverse experiences. The experiences that influence board members' perspective can be of a personal or professional nature, such as their nationality, roles performed in boards, exposure to other countries, and governance structures. Signifying the importance of diversity on boards, participants suggest that Chairs endeavour to compose boards with Directors who have a wealth of varied experiences. One respondent claims:

'You are more than likely to have a variety of opinions if you have people who have had diverse experiences. (Resp. 16)

Another participant underlines the point that a range of experience may have a bearing on Directors' perspective, which they demonstrate in boards. He gives example of the board he Chairs suggesting that his board is diverse:

'The American guy [on my board], has been in American politics, has been a CEO of many companies, been in private equity, and is [also] an entrepreneur. X [name of a board member] is French but also has a

background in Finance, and has also spent last twenty years in the UK. The value that board members bring is not because they have an American or a French passport only. It is because of their experiences.'
(Resp. 26)

The participants in the study underscore the point that personal as well professional experiences may have a bearing on Directors' perspective. Participants list out various experiences which may impact Directors' perspectives as follows:

'It's about people of different skill-sets, genders, ethnic background, and experiences coming together which could be better in terms of giving out different perspectives on an issue.' (Resp. 23)

Existing empirical academic knowledge on board diversity is overwhelmingly focused on gender diversity and a very limited section of the literature addresses other demographic attributes of board Directors such as their ethnicity, age, functional background of Directors and their impact. Hence, there is a clear knowledge gap with regard to empirical studies exploring board Directors' perception of board diversity and its components. Thus, this doctoral study takes the research further and explores how board Directors perceive board diversity and how it influences board effectiveness. This approach is supported by the Strategic Leadership perspective (Finkelstein et al., 2009) which indicates a relationship between decision makers' values, background, and experiences.

Following is an account of various experiences which participants in the study suggest influence perspective-building of board members.

4.4.1 Gender

Participants in the study suggest that the gender of individuals is a unique experience and influences the perspective of board members. Gender diversity adds a distinct perspective to board interactions and decision-making. Participants acknowledge that not all board Directors belonging to the same gender think alike. However, their orientation/thinking styles are different, and the distinctiveness of thinking styles of women is inextricably linked to the difference in experience that they have because of their gender.

Participants suggest that female board members are more thoughtful about the effect of board decisions on their stakeholders, such as their employees and customers, and are

more risk-averse than male Directors. Participants concede that these attributes are demonstrated by female Directors in boards by virtue of their gender-associated experiences. Participants claim that the attributes they often observe in female Directors, more than in male Directors, are empathy and sensitivity. Again, both male and female participants acknowledge these attributes in female Directors. One male respondent articulates:

'I think women bring a different thinking style on board which is probably more considered and less rash. That's their inbuilt software.'

(Resp. 12)

The chapter now presents the evidence, with supporting quotes from the participants in the study, of how the gender of Directors influences their perspective.

4.4.1.1 Gender and the impact on perspective

Gender as an element of diversity on boards evokes the strongest responses from the participants. The participants believe that gender is the most intrinsic influence on Directors' perspective and is a fundamentally different experience. Participants agree that men and women think differently and hence the presence of both genders on boards gives boards a broader perspective. Both male and female participants suggest that thinking styles are influenced by the gender of board members, and hence views of male and female Directors are different. One participant articulates her argument on the distinctiveness of thinking styles of male and female board members:

'Males and females come from a slightly different place – thank heaven! So, their perspectives may start from a slightly different place.' (Resp.

28)

Participants acknowledge that not all female board Directors agree on all issues before boards or even think alike; however, their orientation/thinking styles are distinct due to their different experiences as women, which make their contributions valuable. One participant explains, with her own example, that her distinct perspective is due to her gender-related experiences:

'Obviously genders do have different approaches. Men and women do think differently. But it is impossible to inextricably take that away from their experiences. We have different experiences as women and as girls, and therefore we do think differently.' (Resp. 15)

Both male and female participants suggest that thinking styles are influenced by the gender of board members and hence views of male and female Directors are different. Another male Chair of a FTSE 100 company who has been striving for more than two decades to promote gender balance in corporate leadership, shares his experience of facing the disapproval of many women when he addressed a gathering and announced that women are different from men. However, he argues, the thinking styles of men and women differ significantly, and that is where the benefit of gender diversity lies.

'Let's get over the fact that women are different from men and vice versa. In many, many ways. We need to accept that. And that's why diversity is really important.' (Resp. 26)

Existing literature suggests that gender-diverse boards have a broader range of ideas (Galia and Zenou, 2013; Milliken and Martins, 1996). Galia and Zenou (2013) suggest that gender diversity influences the board's performance, as female Directors possess more diverse perspectives, experiences, working styles, and expertise than their male colleagues (Daily and Dalton, 2003; Hillman et al., 2002; Huse, 2007). Thus, this research supports the extant literature and presents the views of a number of board members who suggest that female Directors often bring in a diverse perspective on boards. The study also reveals that the diversity of perspective of female Directors is due to their significantly different cumulative experiences than those of male Directors.

Participants suggest that there are a few common characteristics which women reflect in their actions in boardrooms. The same are discussed next.

4.4.1.2 Attributes of female Directors

The most discussed attribute of board diversity by the participants in this study is gender. Participants report a few distinct characteristics of female Directors. While participants often consciously avoid spelling out attributes that female board members have lest they stereotype female Directors, they do describe a few characteristics that they would ascribe to their female peers, such as more independence, courage, proclivity to ask profound questions and the ability to probe with an affable questioning style. Female Directors also demonstrate deeper sensitivity about the potential impact of board decisions and for issues such as responsible resourcing, corporate social responsibility, and diversity promotion in organisations. Female Directors also show more empathy and thoughtfulness towards their colleagues in different hierarchies.

4.4.1.2.a Affable probing style

The participants in the study claim that female Directors are more probing in their approach and ask more profound questions which the executive find challenging to answer. A male participant in the study elaborates about the courage and probing ability demonstrated by his female colleagues in board and claims that their questions are more difficult to answer.

'Indeed, their questions [from female Directors on his board] are most difficult to answer. Because they are so well constructed. They are very insightful. So, their opinions are very valued and well respected.' (Resp.

1)

A female Chair of a FTSE 100 company, gives an example of the successful probing style of female board members on the board that she chairs. Apart from being more probing, she discloses, female Directors have a more collegial style of asking questions rather than accusatory and harsh. Such an approach to questioning makes the executive more forthcoming with their answers.

'The two [female Directors] I have on my board are definitely more probing. But they ask questions in a way which is not going to annoy anybody. That's important because, though boards have to challenge, you have to challenge in a way that the executive management wants to respond' (Resp. 9)

Thus, the style of questioning of female board members is seen to be more conciliatory and non-confrontationist, which encourages healthy deliberation between the board and the executive without making the executive feel defensive or evasive in their answers. These findings of the research are a significant contribution as they highlight the collegial and collaborative approach of female board members which encourages the executive to engage in a constructive dialogue with boards.

4.4.1.2.b Independent

The findings of the study suggest that female Directors often display an independence of approach and courage in asking questions of the executive. A female respondent in the study substantiates her claim of female board Directors being better at probing, by relating this ability with their being more independent in their thinking.

'I think we do [think more independently]. From what I have seen I think we do have a more independent way of thinking and probing. More women I have seen do have those skills.' (Resp. 14)

Another participant in the study corroborates and explains how female Directors display their independence in boards, by highlighting their ability to challenge the executives:

'Yes, I think inevitably they [female Directors] are more independent. I think they are the people who are prepared to say what they think. Hopefully in a constructive way. But say what they think. And to challenge the Chief Executive and test the Chief Executive.' (Resp. 15)

Existing literature emphasises that female Directors are mostly appointed as independent Directors as opposed to executive Directors (Adams and Ferreira, 2009; Ferreira, 2010; Staubo, 2010). Thus, female Directors are considered to be 'true arm-length monitors' in modern boards (Bøhren and Staubo, 2015: p.7). Once appointed, female Directors often ask discerning questions from the executive (Rao and Tilt, 2016; Kang et al., 2007; Selby, 2000) and display better monitoring abilities (Johnson et al., 1996; Nguyen and Faff, 2007). The findings of the study support and add to the existing knowledge and suggest that independence of female Directors may be intricately linked with their courage to speak their mind and seek answers to their questions in boardrooms.

4.4.1.2.c Courageous

One characteristic that is often attributed to female Directors, as observed by several participants in the study, and is related to their probing abilities is courage. Women are seen to be courageous enough to ask questions and seek answers from the CEO, irrespective of CEO's power and influence. One female participant spoke elaborately about her journey from crying in boardrooms for being blatantly discriminated (in her first board assignment) to now have the courage to now provide moral support and mentorship to other female Directors:

'Some of the women I have worked with are much more courageous! They say what they think. They are strong. I will say that courage is the most outstandingly different feature to many of the effective women that I have worked with than many of the effective men I have worked with.' (Resp. 15)

Another respondent, a male Director, echoes the sentiments and claims that female Directors demonstrate a higher level of courage and ability to speak their mind uninhibitedly while questioning the executive on their assumptions.

'Women are braver. They will question. They will speak up and speak their minds in a way that men won't.' (Resp. 18)

The findings about attributes of female Directors such as their collegial probing style while also being courageous are unique contributions of the study and may be explained by Strategic Leadership theory (Finkelstein et al., 2009). Despite the challenging experiences of their lives as women, a few who reach board level with their courage and indomitable spirit display those attributes in boardrooms and in their actions. Thus the actions and decisions of female Directors may be the result of their experiences as indicated by the Strategic Leadership perspective.

4.4.1.2.d More empathetic

The study findings also indicate that apart from an enhanced and different probing style, female board members also demonstrate a heightened sense of empathy and sensitivity towards the softer issues of governance. Female Directors are more empathetic towards a range of stakeholders and demonstrate a higher level of sensitivity in their actions. Participants mention a few characteristics which are often juxtaposed to male attributes observed in boardrooms which make decision-making more empathetic.

'Men on the board, tend to be quite black-and-white about things, lack a little bit of emotion. They [female board colleagues] bring in more emotion.' (Resp. 23)

Female Directors also have more empathy towards the plight of their employees and some even express their disgust about the indiscriminate downsizing of their employee base and discrimination against employees who may need special care, such as pregnant women. A female respondent elaborates this point by revealing her own sensitivity on the issue, which she claims is a characteristic of most female Directors.

'I don't feel good if people are not being treated well. I have always resented it. I am sure it is because I am a woman. It is built in me.' (Resp. 29)

Many female participants in the study have introduced flexible working hours or off-site work (working from home) for working parents in their companies. Many also try to modify flawed eligibility conditions, for various positions in their organisation which prevent women from applying for those jobs, and thus being recruited for them. Such interventions by female Directors strengthen the diversity cause further.

Some existing literature on gender diversity on boards also suggests that communal attributes of being affectionate, concerned with people's welfare, helpful, kind, and sympathetic are also associated more with women than men (Nielsen and Huse, 2010). Hence, the findings of the study support the existing literature on female leadership and present the evidence of specific attributes affiliated with female Directors.

4.4.1.2.e Commitment to diversity

The contribution of female Directors in promoting gender diversity in organisations is recognised by both male and female participants. Female Directors are taking measures to promote gender diversity on boards and other hierarchies in organisations. A few female participants have been endeavouring for decades to enrich the talent pool with higher recruitment of female management trainees in their organisations, and in some cases their efforts are publicly recognised. Male participants acknowledge that their female colleagues in boards are sensitive about promoting gender diversity and often raise issues relating to female employees in different hierarchies. A male participant explains:

'Women are continuing to ensure that the gender case is not forgotten. It's helpful that they do. We all recognise that it's important because there is a risk that we all drift back to the old methods. Women who have championed the cause and demonstrated the value, continue to do so.'

(Resp. 28)

Male and female participants in the study acknowledge female Directors take a softer approach to decision-making, and have a higher awareness of companies' corporate social responsibility, and other ethical issues such as responsible resourcing. Participants in the study also acknowledge that female board members strive harder to promote diversity in all hierarchies and encourage boards to bring about policy/practice change to accommodate new mothers or women with other responsibilities.

'We have a female member on our board who is very keen to promote the importance of encouraging women back to work.' (Resp. 23)

Hence the findings suggest that female Directors demonstrate distinct behavioural attributes which seem to be the result of their experiences. Existing literature on organisational leadership also suggests that female leaders are more democratic, collaborative, collegial, open to innovative ideas, and have better listening abilities than their male counterparts (Eagly, 2016a; Eagly and Johnson, 1990; Jackson et al., 1995). Female leaders prefer positive incentives rather than threats, while male leaders often are more autocratic and directive and demonstrate deeper concern for disadvantaged groups than male leaders (Eagly, 2016a). Life experiences of women may enable them to lead more compassionately, with stronger values, and a more egalitarian ideology than men, who may typically focus more on personal power and achievements. Female leaders also define success differently and do not have a single-minded fixation for the financial bottom-line (Eagly, 2016b). Female leaders resort to fewer lay-offs during the times of economic downturn (also observed in Norwegian companies after the Gender Balance Legislation (GBL) was passed (Matsa and Miller, 2012). Female Directors have a less combative and more collaborative working style, thus bringing about a change in board culture (Konrad and Kramer, 2006).

This doctoral research, while supporting much of existing literature on attributes of female Directors, also is one of the first empirical studies to describe attributes of female Directors as observed by male and female Directors in boards. Historically, the attributes of female Directors are seldom discussed in existing literature, and the emphasis has more been on the impact of gender diversity on boards on firm outcomes (e.g. Singh, 2007; Carter et al., 2010; Ferreira, 2010; Kang et al., 2007). Only a few academic studies, such as Burgess and Tharenou (2002), address the role of attributes of female Directors. Burgess and Tharenou (2002) refer to a few practitioner's and academic studies and suggest that female Directors may bring a diverse opinion on boards, thus influencing decision-making, and improving boardroom behaviour. Additionally, female Directors may also reduce CEO dominance, influence strategic planning, inculcate a culture of inclusion, and improve company's image among its stakeholders (Burgess and Tharenou, 2002). In the recent past, a few academic studies attempt at exploring the attributes of female Directors and their impact on firm performance indicators (Nekhili and Gatfaoui, 2013; De Anca and Gabaldon, 2014;

Nekhili et al., 2017; Gull et al., 2017). Nekhili and Gatfaoui (2013) conduct their study with the context of French boards – under mandatory quotas for female Directors since 2016 – and suggest that the attributes such as female Directors’ skills, networks, and professional qualifications facilitate their board appointments. Gull et al. (2017) and Nekhili et al. (2013) and indicate that business expertise and audit committee memberships of female Directors results in effective monitoring of earnings management. De Anca and Gabaldon (2014) mainly address the distortion of female Directors’ image in stereotyping them. However, an exploration of outstanding attributes of female Directors and how they influence board effectiveness seems to be missing from existing academic literature. Hence this study makes an original contribution to existing knowledge by presenting the unique attributes that female Directors demonstrate in boards, and their impact on board effectiveness.

However, the participants in the study also suggest that the actions and decisions of board Directors are outcomes of cumulative experiences. Hence, apart from gender other experiences may have an added impact on Directors’ perspective.

4.4.1.3 Other attributes may also have a cumulative impact

Apart from their gender-related experiences, board members are also influenced by multiple layers of diverse experiences. Participants in the study explain that nationality and functional experience (which are addressed separately in sections 4.3.2 and 4.3.3) also impact women’s (as they impact men’s) thinking styles. Additional experiences enrich their perspective and enhance their ability to contribute to boards.

‘A lady on our board – a French – is from the financial industry. So, she brings in a completely different background to it. Another lady is an engineer. The third one is very astute, very perceptive, and socially and professionally balanced in her view. And challenging, but in a very positive way. So, we have got quite a diversity in terms of thought and thought processes.’ (Resp. 26)

Existing literature indicates that diversity attributes such as gender can be indicative of the implicit diversity of perspective (Milliken and Martins, 1996; Torchia et al., 2015), but many other factors also impact the perspectives of board Directors – such as language, religion, family upbringing – as these life experiences vary from country to country (Ararat et al., 2015). The findings of the study also suggest that a variety of

experiences which board members have influence their thinking styles, as discussed below.

Hence other experiences which impact board Director's perspective are discussed in subsequent sections. The chapter now discusses the impact of functional experience on Directors' perspective.

4.4.2 Socioeconomic background

The findings of the study suggest that a Director's socioeconomic background, experienced at an impressionable age, has a lasting impression on their perspective and shapes their contribution in boards. The most common impact of challenging socioeconomic backgrounds on Directors' perspective is an enhanced tenacity in their attitude and approach.

4.4.2.1 Tenacity

The experience of growing up in challenging socioeconomic circumstances can develop lateral thinking, enabling members to be more tenacious. These experiences can make them more innovative in dealing with adversities and resolving deadlocks. One participant who came from a challenging socioeconomic background claims that he has developed a flair for hard-work and the ability to think differently, and does not get demoralised by the challenges of corporate leadership.

'Those challenges make you, one, strong, and you don't get fazed by the problems that you see in business or any other parts of the world. Second, it makes you more innovative because you try and find new solutions to it.' (Resp. 2)

Another participant who hails from a challenging background in a developing country (Nigeria) agrees and claims that those challenges faced in his impressionable years give him strength.

'The background is important. My heritage of living in a very large community, large family, is important. You have to co-habit. To me, that gives me my inner strength. What that teaches you is very simple. You never take anything for granted. People see problems. I don't see the problems; I see challenges. If you see challenges, you will find a way to go around them, rather than see them as unresolvable.' (Resp. 13)

Another respondent suggests that the constraining socioeconomic environment she experienced when growing up in a small town in the north of England may have inspired her to break free and explore more. She further attributes her success in corporate world, which is overwhelmingly populated by men from the south of England, and are from prosperous families in the UK, to her constraining socioeconomic background.

‘Our upbringing, opportunities, and views on life are influenced by our environment, geography, and family that we were raised in. I was a young woman, from the North. I was ambitious to travel, to see the world, to learn about other cultures and people, to live away from home, to go to university. Was I very ambitious because I wanted to go beyond my environment, and travel, see the world, learn about other cultures and people? I possibly was.’ (Resp. 29)

Existing academic literature suggests that the role of socioeconomic backgrounds on board Directors’ actions and board effectiveness should be further explored, as these experiences vary from country to country (Mahadeo et al., 2012; Adams and Borsellino, 2015a). Volckmann (2012) considers socioeconomic background to be one of the important aspects of defining ‘diversity’ in organisations. Thus, this research addresses a significant gap in existing knowledge and hence makes another original contribution by presenting the evidence of a specific attribute of Directors, developed by the experience of their challenging socioeconomic background.

4.4.3 Religious beliefs and practices

Values are often derived from the religious practices and beliefs of the family, though are not limited to religion only. This section discusses values derived from the experience of being exposed to religious practices and the beliefs of family members. The participants acknowledge the impact of such values on their thinking styles and perspectives. The value-set and religious beliefs/practices of Directors’ families leave a lasting impression on their perspective. One participant claims:

‘So, the value-set is bound to influence if they have a religious background. Moreover, one does not have to be actively religious to have that impact.’ (Resp. 21)

Christian values and their influence on participants’ perspectives are referred to repeatedly during the study. Another participant shares:

'We have five values that we work towards, that influence our behaviour in the organisation. Treating the people like the way you would like to be treated yourself, with respect, honesty, trustworthiness, and openness. One of the values is caring. A lot of that comes back to those Christian values that I was brought up on.' (Resp. 25)

Following are a few influences of religious practices and beliefs which Directors have been exposed to, in their formative years, on their perspective, as indicated by the findings of the study.

4.4.3.1 Shaping value-sets

The findings of the study indicate that the religious practices the board Directors are exposed to in their formative years, continue to influence their perspective and actions. A number of participants who do not consider themselves religious, and a few who claimed to have renounced any religious affiliations in their adult life, still acknowledge the impact of religious tenets, which their families practiced, on their attitude and actions. One respondent who describes herself as a lapsed Catholic still acknowledges a deep impact of the religion and its practices, to which she was exposed in her younger years, on her thinking and perspective.

'I was taught by nuns and monks. And I think the values that you get from that stay with you. So, when you are brought up in strict Catholic or Buddhist values, even if you are not practicing, those values stay with you.' (Resp. 10)

Another respondent suggests that adherence to religion has inculcated a sense of god-fearing humility.

'Yeah, religion definitely does have an impact, in the way that you look at life. My [religious] upbringing does teach me to be fair and tolerant. I have picked these up from the Sikh religion. I measure everything. Am I being fair? Is that person fair? There is lack of ego. Our feet are firmly on the ground, because - this is where the religious side of me comes out - God can take everything away in a flash.' (Resp. 5)

Ararat et al. (2015) mention that many characteristics such as religious beliefs and practices have an impact on board members' perspectives. Other than a brief mention of the need to explore the impact of religion on Directors' perspective and actions,

religion and values are seldom discussed in academic literature on boards. These findings of the research are original and significant as this research is one of the first empirical academic studies to, present evidence of the impact of religious practices and beliefs on Directors' perspective. The findings are more meaningful as these influences are acknowledged by board members.

4.4.3.2 Strength and composure

Participants list out the impact of their religion and religion-based values in their lives and often suggest it makes them grounded, simple, empathetic, tolerant, and calm. Some participants also outline the significance of religion in shaping their perspective and worldview. A number of participants acknowledge that their religious beliefs continue to guide their actions and decisions.

'Religion for me is a great stabiliser and a great leveller. It's something which hopefully makes one stop and think about one's behaviour. I gather it is the simplicity of faith, having an inner calm to a degree as well.' (Resp. 22)

These findings are also an original contribution of the study to the existing knowledge, as little, if any, academic work has been carried out on the impact of values/religion on board Directors' perspectives.

4.4.3.3 Impact on corporate culture

The participants claim that the religious beliefs and practices as followed by an overwhelming majority in a country influence the corporate culture in those regions. The findings suggest that attributes such as religion and culture may have a collective impact on thinking styles of board Directors. One of the participants explains the contrast between a long-term outlook of Japanese corporations and associate that to the prevailing religious beliefs and practices in that geographical region.

'In certain cultures, people place a very high value on the heritage of what they have. Their [Japanese] approach to business is always long term. They are not thinking about next 20 years, [but] the next 100 years. There is a lot of thoughtfulness, mindfulness about their decisions not only worrying about how it will impact them or the next generation but the generation next to that. Preservation of something that is more

important for their cultural heritage is often tied around religion.'
(Resp. 29)

Another participant gives examples of well-known listed companies in India which are family businesses and run by Zoroastrian businessmen, where the religion of board members influences corporate culture.

'There are corporate cultures and traditions in which certain companies grew and having people from that tradition helped them not only to conform to the tradition but to continue that corporate culture. In some cases, those values are [from] more than a hundred years ago. When people come to the board who still have that tradition, it helps them to conform to who they are and to the values they commit to.' (Resp. 16)

A few academic studies (e.g. Basset-Jones, 2005) also argue that cultural/national philosophies influence the corporate practices, such as the Kaizen philosophy of Japan which promotes the engagement of a wide range of stakeholders. However, such studies are very few. The findings of this study are therefore significant as they present the experiences and views of board members on the impact of religious/cultural aspects of Directors' characteristics on their perspective.

4.4.3.4 A life-long impact

Participants often relate their value-set with the faith practiced by their families. 'Good Christian values' are often quoted as values which Directors inherit from their families. Participants seem to acquire their values from their parents, grandparents, and even their school. A respondent who comes from a Catholic family but does not consider himself religious says the following about the impact of religion on his values:

'The Christian values are actually good social values that I adopt, and I follow very dearly. I was brought up with those values. So, I am not a religion fan per se. But I certainly follow Christian practices.' (Resp. 12)

The participants in the study have a range of religious affiliations, none of them is an atheist, such as Church of England, Catholics (lapsed Catholic), Hindu, Sikh, and Jewish. Not all participants claim that the religious beliefs/practices have an impact on their worldview, but several participants do. One participant acknowledges the impact of his family's religion and associated beliefs on his values and actions thus:

'Even though I describe myself as a 'Lapse Catholic' now, when I look at my formative years, my former religion was very much a part of that. There is a sense of fairness that I try to bring to the workplace, which is probably, or certainly comes from upbringing. And quite possibly, there is a religious aspect to that. There is an honesty of approach.' (Resp. 8)

There is extremely limited academic literature on the impact of values on the actions of board members as another aspect that can affect board decisions (e.g. Johnson et al., 2013; Adams et al., 2011). A few scholars mention that several experiences influence Directors' thinking styles or views such as language, religion, and family upbringing, as these life experiences vary from country to country (Ararat et al., 2015). Marcus et al. (2015) suggest that personal values such as creativity, loyalty, hard work, and a sense of responsibility are vital to corporate actions and decisions, and are desirable on boards. Hence, the findings of this research make a significant and original contribution to existing knowledge.

4.4.4 Nationality/International exposure

The findings of the research indicate that the experience of living in different countries and having the experience of/exposure to diverse cultures has lasting impression which Directors bring to their boards and which also influences their ability to contribute in boards.

Following are two influences of the experience of a diverse nationality as mentioned by the participants in the study.

4.4.4.1 A different thinking style

The impact of nationality and culture on the perspectives of board members are analysed together in this section, as the participants often mention 'nationality' and 'culture' interchangeably to highlight the role of these experiences on their perspective. Diverse nationality on British boards is claimed to inculcate a different thinking style than that of British board Directors.

'People who come from different countries have different approaches. And cultures. Even all European cultures do not think and approach things in the same way. Different geographies do make an enormous difference and can be very helpful. It is a different dynamic working with

a European board for example where there is a French and an Italian and Brits. And Americans.’ (Resp. 15)

The participants in the study claim that having a mix of nationalities makes boards think differently. Different geographical and national settings of members’ formative years enable them to think differently, even if their gender and ethnicities are not very different from each other. An Australian respondent of Scottish-Irish extraction, currently on boards of British companies, claims that his contribution in boardrooms is enhanced by his nationality and suggests that nationality may even have a deeper impact than ethnicity of Directors.

‘As an Australian sitting on a [British] board, I think I am diverse. I lend different style, different level of thinking. If you put an American on board, it is different again, an Englishman, a Frenchman, and a German. They can all be men, and they can all be more or less white, but it’s just a different geography that will set a different set of thought patterns around the table.’ (Resp. 12)

The diversity of nationality on boards (also described as ‘passport diversity’), is measured as the number of Directors of different nationalities (Rodrigues, 2014; Ruigrok et al., 2007; Ararat et al., 2010; Hamzah and Zulkafli, 2014). Scholars suggest that the diverse experience of foreign Directors on corporate boards brings in newer perspectives as life experiences vary from country to country (Ararat et al., 2010; Ararat et al., 2015). Thus, the findings of the study support existing literature and add to it by explaining with Directors’ evidence how the experience influences their perspective.

4.4.4.2 A different approach

The findings of the study suggest that nationality of Directors determines their approach/attitude in addressing various issues in boards. Some cultures inculcate and glorify a more forthright attitude while others appreciate contemplation. One participant in the study with board experience in listed companies of the USA, Japan, and the UK shares her views:

‘Americans have a very can-do attitude. “Go for it,” “try it” and “push your way forward for it”. Whereas my British upbringing wouldn’t let me say that. I am definitely more reserved. I will be thinking about – are

we good enough? Have we worked hard enough? I feel nationality still sits somewhere deep down.’ (Resp. 29)

A long-term experience of living in different countries and their prevailing cultures also impact Directors’ thinking style and perspective substantially. The experience of growing up in a different country and working in diverse cultures influences board members’ views. One respondent argues that having observed more vibrant gender diversity in leadership in other cultures makes him more welcoming of women in boards in the UK as well.

‘I am actually an international person. It’s that multi-culture background, seeing how women operate in other cultures very successfully and do things that even men can’t do sometimes. That has led me to shape my psyche and my attitude to women over the years.’
(Resp. 18)

The participants also mention their challenging circumstances, with regard to infrastructure and competition for resources due to large populations in developing countries, are a training ground for a successful corporate career. Many participants share their accounts. One participant shares his experience and relates it to his enhanced abilities in boardrooms:

‘In any developing country, you have to struggle on a day to day basis, for small, little things. And that makes you very innovative. First of all, you just don’t see, a roadblock. You find a way to go around it. You think outside the box; you develop lateral thinking. Secondly, you don’t get easily demoralised or fazed by problems. Because you are used to seeing problems.’ (Resp. 2)

The findings of the study regarding the nationality of Directors influencing their perspective and actions, are also supported by the Upper Echelon perspective (Hambrick and Mason, 1984). The Upper Echelon perspective suggests that the country of origin of individuals also impacts their field of vision, perception, and interpretation of work situations (Nielsen and Nielsen, 2012). The impact of nationality on TMT’s perspectives has been explored and commented on by scholars, and it is suggested that both formal and informal institutions in a country play a role in influencing the thinking styles of TMTs (Nielsen and Nielsen, 2012).

Existing literature on diversity in organisations claims that culturally similar people often share worldviews, similar values, and socio-cultural heritage (Alderfer and Smith, 1982; Cox, 1998). Cultural identity includes a common language, communication style, shared meanings, and power positions, though the degree of identification may vary (Ely and Thomas, 2001; Cox, 1998).

Thus, the findings of the study support existing literature on the impact of nationality on board members perspective. However, the findings add to the literature by presenting the evidence of two specific attributes in Directors developed as a result of diverse nationality and a varied international experience. Section 4.4 discusses the impact of these experiences of board Directors which form their perspective on board effectiveness.

The chapter now presents the findings regarding the impact of age of Directors on their perspective.

4.4.5 Age

The findings of the study suggest that although the impact of age on Directors' perspectives is acknowledged, age diversity on boards is not considered critical for improving board effectiveness. The role of age of an individual and hence a Director is widely acknowledged and participants suggest that boards may bring about diverse thinking on boards by appointing Directors of different age on boards.

'We need to talk about age because the wider question is the one of having people who think differently.' (Resp. 22)

Another participant explains that age diversity on boards may be relevant because of the pace of change of technology, which can be difficult to keep up with, but may be improved by appointing Directors of different age groups.

'The whole business of age diversity is becoming increasingly important where the world moves at such a pace that even if you were cutting edge ten years ago you are well away from that today.' (Resp. 28)

Following are the findings of the research which indicate specific influences of age on Directors' perspectives.

4.4.5.1 Age – Different aspirations and skills

There is ample support for boards requiring access to the aspiration of younger generation and to tap their superior knowledge in IT and cyber security-related issues. Participants acknowledge that the age of board members may add a relevant and distinct perspective to board interactions. Participants even suggest that board members with young children, rather than older offspring, have a different perspective on critical issues discussed and decided in boardrooms. The impact of parenthood is discussed in section 4.3.1.3, but the following quote signifies the value of perspective of a different generation in boardrooms.

‘You should make sure that the people around the board are different in age. And those that have young children rather than grown-up children will themselves be closer to the changing world of technology because their children will be part of it.’ (Resp. 28)

Participants also emphasise that Directors’ of different ages may have different concerns and aspirations from workplace and their professions. One participant in the study articulates the influence of age in forming perspectives and the relevance of age diversity on boards as follows:

‘It is very important to keep contact with the young people because there is no doubt that there is a generational difference. Young people are not approaching the world of work in the same way as we did. Their expectations about the work-life balance that a business will give you are quite different.’ (Resp. 21)

Strategic Leadership perspective suggests that age is a significant factor influencing leaders’ views because similarly aged individuals are exposed to similar experiences (Hambrick and Mason, 1984; Hitt and Barr, 1989; Hitt and Tyler, 1991). Many scholars consider age along with the educational and functional background of top managers to be a valid proxy for cognitive factors such as values and thinking styles (Olson et al., 2006). Research on diversity of age in boards is limited, though a small body of existing academic knowledge suggests that age diversity is desirable on boards irrespective of the industry (Houle, 1990; Mahadeo et al., 2012). Existing literature also supports the view that though boards traditionally comprise older and experienced individuals and this is a global phenomenon, relevant skill-set and talent are not confined to elderly

individuals, (Adams and Borsellino, 2015b). The age of a board member is also representative of his/her experience and characteristics which influence a person's values, attitudes, and social contexts (Talavera et al., 2016).

Thus, the findings of the study support existing literature and contribute to existing knowledge by describing how younger Directors may have diverse aspirations and concerns relating to their professions.

The chapter now discusses the role of ethnicity of board Directors in forming and changing perspectives.

4.4.6 Ethnicity

Ethnicity is often referred to differently by the participants in the study, at times referring to nationality (Italian, British), region (Scottish, Irish, Dutch, English), religion (Jewish), or race. The ethnicities shown in the sample at (see Table 3.3 in Chapter Three) reflects the categorisation of ethnicity, as done by the participants themselves. While participants routinely include ethnicity when defining board diversity, they seldom explain either the impact of ethnicity on Directors' perspective, or its contribution in board effectiveness, by itself. It is pointed out by the participants that for ethnically diverse Directors to be able to make a unique contribution, the effect of their ethnicity needs to be augmented with other life experiences.

Following are the findings indicating the specific influence of ethnicity of Directors on their perspectives.

4.4.6.1 Broadening the perspective

The role of ethnicity of board members in forming their perspective, though often acknowledged, is commented on by the participants with caution. In the study, a few participants suggest that the ethnicity of boards members influences their perspective. Participants give examples from their experiences, arguing that the ethnicity impacts the thinking styles of Directors.

'My mother is English. But my father is of Italian descent. Growing up as a child I had quite an interesting cultural mix through my grandparents. Now I am somebody who genuinely can see beyond the cultural differences and forge friendships.' (Resp. 10)

Another participant, who has not chaired a board with ethnic minority Directors on it so far, claims that he is confident that if he had minority Directors on his board, they would have brought in a more diverse perspective than the ones from the majority community.

'I am in no doubt that if there was a black African colleague on a board that I chair, the person would immediately bring a different perspective. Because, at the end of the day, it is the summation of what you have been exposed to.' (Resp. 30)

Scholars claim that ethnically diverse boards have more diverse perspectives as ethnic minority Directors have a diversity of personal/professional experience and educational background (Broome et al., 2011). Moreover, since the two largest communities of purchasers in the global economy are ethnic minorities and women (Hillman, 2015), ethnically diverse boards also represent the perspective of different stakeholders (Miller and del Carmen Triana, 2009). Thus, the findings of the study support the knowledge in existing literature and suggest that ethnicity brings a diverse perspective to boards. However, the findings also suggest that exposure to a range of ethnicities inculcates a broader perspective in Directors, enabling them to forge alliances conveniently. Thus, the impact of a diverse ethnic background on broadening the perspective of Directors and making them more inclusive is an original and significant finding of this research.

4.4.6.2 Ethnicity with life experience

The findings of the study suggest that a difference in ethnic origin alone may not ensure that a board member brings in a different perspective and hence may not contribute differently to a board's functioning, decision-making, or effectiveness. For Directors from an ethnic minority, to have a diverse perspective and to make unique contributions in boards, it may be helpful if they have had diverse life experiences of living in geographical territories and experiencing different cultures.

Participants argue that the impact of ethnicity on board members' perspective is more nuanced than that stated in existing literature – both popular literature and regulatory literature. Other factors such as their educational institutions and their socioeconomic backgrounds also play a role. One participant describes the role of external factors, in addition to Directors' ethnicity on their perspective, which may have a bearing on Directors' perspective thus:

'They [members of ethnic minorities] will bring their own experiences, no question. But it depends on how much of a minority they have felt. If they simply are a slightly different colour but have been through the same schooling and university system, then their life experience would be pretty much the same as everybody else. If, however, they have been in different parts of the world, not been part of this society, been educated in a different place, they will come with very different perspectives.' (Resp. 28).

There is not significant support for this view from participants in the study. However, these suggestions may deserve a mention here as the views contradict extant knowledge and highlight the significance of varied experiences in forming Directors' perspectives.

These findings also indicate that the gender of Directors may have a more fundamentally unique experience than their ethnicity and thus may have a more profound impact on their perspective than the colour of skin or ethnicity. This again is an original finding of this study, which has not been explored in existing academic research. A number of academic studies find a parallel between gender diversity and ethnic diversity and their impact on group dynamics and decision-making (e.g. Johnson et al., 2013). Existing empirical research suggests that the impact of ethnic diversity and gender diversity on corporate boards is similar, though the extent of research is limited to a very few studies (e.g. Booth-Bell, 2015). Thus, the findings of the study contradict existing knowledge and thus contribute to knowledge, and hence may warrant further exploration.

The chapter now discusses the findings on the impact of functional experience of board Directors on their perspective.

4.4.7 Functional experience

Functional experience of board members appears to have a deep impact on their thinking style and ability to contribute in boards and thus board effectiveness (impact of diverse functional experience on board effectiveness is discussed in section 4.5.7). Functional experience of roles performed and the industry in which board members were engaged professionally, influence board members' perspective and actions.

Professional experience of board Directors enables them to develop skill-set which determines their contribution in boards. Functional experiences may also

inculcate other attributes such as discipline, ability to manage workforce/teams, and distinct approach and attitude in addressing various issues in boards. Following is a discussion on the specific influence that the functional experience of Directors may have on their perspective – improved skill-set, higher discipline and people management abilities, and richer intellectual capital.

4.4.7.1 Skill-set

Board members with diverse functional experience such as industry and roles, seem to have a diverse thinking style and ability to contribute in boards. Thus boards with members having diverse industry experience will have diverse perspectives. The participants suggest that while composing the boards, care needs to be taken to ensure critical skill-sets are represented as diverse experience in roles and industries impacts board members thinking style.

“You can't make decisions based on gender or ethnicity or whatever that be. What you can, and you must do, is to make your decisions on the basis of their skills.” (Resp. 5)

Several participants interpret board diversity mainly with regard to the range of functional experiences of Directors which may help boards in dealing with contingencies:

‘Diversity means people with diverse skill-sets. You can have an accountant, a lawyer, in the healthcare sector, people who understand the business. So, when you have a problem, they help you.’ (Resp. 3)

The US Bureau of Labor Statistics (2007) defines ‘occupation’ as a collective description of jobs performed. Scholars associate occupation levels with the gender and ethnicity of individuals (Joshi and Roh, 2001). Studies suggest that demographic attributes are not the only influence on board members’ perspective, and their functional background gives them diverse experiences as well (Finkelstein and Hambrick, 1996; Jensen and Zajac, 2004). Leadership literature suggests that in decision-making on a strategic matter, both the length of tenure and type of work are relevant experiences which impact individuals’ thinking styles (Hitt and Tyler, 1991). Thus, the findings of the study seem to support existing knowledge.

4.4.7.2 *Discipline and people management*

A number of participants in the study who have had military experience before joining corporate leadership underline the significance of these attributes. Participants claim that boards may benefit from the expertise of Directors with Armed forces background in these areas. Participants indicate that boards can benefit from appointing former employees from armed forces which is likely to improve board processes/effectiveness. Thus, the findings of the study indicate that certain professional experiences – such as working in the armed forces – may influence the perspectives of individuals and provide them special skill-sets.

One respondent claims that a broader meaning of board diversity, which also incorporates service in armed forces, will encapsulate a wide range of attributes that may be required in boardrooms for improving boards' effectiveness.

'The diversity in the round – women, ethnic minorities, "veterans" – as Americans call them. Both people from the forces and more mature people.' (Resp. 14)

A number of participants who have had long careers in the armed forces before they joined the corporate world claim that boards can benefit by nominating members from armed forces. These participants claim that the discipline, strategic thinking, decision-making, the experience of real challenges (as opposed to theoretical ones, as taught in academic courses) gained during their tenure in the armed forces may improve the quality of contributions in boards. One respondent further explains:

'The background in the armed forces does provide certain beneficial qualities to a board such as leadership, determination, their military discipline and the educational background and possibly moral compass in some ways. Because the rules of war do govern your behaviour in conflict.' (Resp. 18)

The participants in the study who have had the experience of serving in armed forces suggest that such experiences inculcate abilities which are often missing from the educational curriculum and corporate experience but can be useful in the corporate world. These skills are a more disciplined approach, and people management. Participants claim that a prolonged period in the military improves their leadership style as they have the first-hand experience of leading people in adverse circumstances.

‘People often ask me, “where did you have your management training?” My instant answer to that is “lying in ditches on the weekends, playing soldiers. Getting people to do things they didn’t think they could do, and feeling good about it afterwards.”’ (Resp. 17)

Another participant with the experience of leadership role in armed forces suggests that his experiences make him more independent and resilient:

‘It [experience in armed forces] gives you the self-discipline! and the ability to lead people to do what they don’t want to do. It does shape how you deal with people. Also, I have a pretty hard shell because of the things that I have experienced in life.’ (Resp. 18)

The impact of functional background on board Directors’ perspectives has not attracted the attention of academic scholars so far but may warrant further probing. The patterns observed in this study indicate that functional experience of the armed forces may provide a distinct perspective and skill-set which may be of relevance for boards.

Hence while the findings of the study present empirical evidence in support of the guiding theory, they also broaden the term ‘experiences’ to include functional background. Apart from diverse functional experience among board Directors for improving board effectiveness, education also seems to have a deep imprint on board members’ perspective, more so in their formative years, as discussed next.

4.4.7.3 Intellectual capital

Apart from an enhanced skill-set, a varied professional experience also improves Directors’ intellectual capital. The participants claim that a higher education/vocational training enables board members to have intellectual capital which enhances and broadens board members’ thinking style and enriches board interactions as well.

‘I believe in the intellectual capital. Whatever is your learning, it is going to play some role. It may be just building up proficiency or your competency or your common sense. It colours your thinking.’ (Resp. 16)

Functional experience in a range of professional fields adds to cognitive prowess of Directors which improve their intellectual capabilities. Discipline and a range of managerial skills are often mentioned as advantages of diverse functional experiences.

'Banks, in those days, gave you training for several months on personal development, etiquette training, management training, [which was] second to none. These things were extremely useful from a corporate point of view and taught me a lot.' (Resp. 17)

Compared to the literature on gender diversity on boards, research on the diversity of functional background is extremely limited (Mahadeo, 2012). In a study conducted by top management teams in 66 US telecommunications firms, Olson et al. (2006) find that characteristics such as functional background can be acceptable proxies/indicators of psychological factors such as values and thinking style. In boards, members with varied functional/occupational experiences may bring a different perspective (Pfeffer, 1983). Functional experience of top managers may shape their thinking style and thus their strategic decisions (Hitt and Tyler, 1989; Jensen and Zajac, 2004).

The findings of the study on functional experience of Directors and its impact on board members' perspective can be explained with the UE and SLT perspectives. Upper Echelon theory (Hambrick and Mason, 1984) suggests that functional experiences influence perspective and cognitive styles, and certain professions are claimed to be more relevant to decision-making in boards such as law and business (Forbes and Milliken, 1999; Golden et al., 2000). Such a perspective is also supported by Strategic Leadership theory as the theory claims that the experiences, values, and background of corporate leaders (board Directors and top executives) influence their actions and decisions.

Leadership literature mentions that educational qualification enables leaders' knowledge base (Hitt and Tyler, 1991) and their ability in decision-making (Hitt and Barr, 1989). A limited body of academic literature on boards also suggests that Directors with a range of educational qualification and abilities bring a diverse perspective on boards and perceive issues presented before boards differently (Tarus and Aime, 2014). However, in this doctoral study no evidence of education having a mentionable impact on Directors' perspective is found. The absence of evidence of the impact of educational expertise may indicate that while the same may have relevance for leadership positions, such an experience may not have a bearing in board effectiveness.

The chapter now discusses the findings indicating an impact of relationships and family affiliations on Directors' perspectives.

4.4.8 Relationships/Family affiliations

Perspectives of board members seem to be deeply influenced by their parents, grandparents, children and other close relatives. Many participants claim that they hold their relatives, often mother/father, in high regard and subconsciously emulate them. Apart from parents, other family affiliations also have a bearing on Directors' perspective such as parenthood. A number of experiences which influence Directors' perspective are experienced by them in their impressionable years. However, parenthood is an adult experience which seems to influence their perspective significantly, often inculcating empathy, maturity and heightened sensitivity towards certain issues. Different influences resulting from different relationships are discussed next.

4.4.8.1 Parents – Competence

A number of participants acknowledge that the value-set of family members influence their views, practices, and actions. While sharing personal stories, participants claim that they bring those attributes to their boardrooms as well and are influenced by them in their decision-making.

'My dad was a huge influence on my character. My mother was a huge influence. Did he or she influence me in terms of how I operate in the boardroom? Absolutely! I am extremely competitive. I have got that from my mother.' (Resp. 26)

Another participant shares that her father inculcates competence and a respect for hard work which has been her life-long motto.

'He [father] always gave us the attitude of we used to sort of always think we could achieve whatever we wanted. So that if you worked hard, and put your mind to it you could achieve anything. So, I grew up thinking I could achieve anything.' (Resp. 7)

A number of participants acknowledged multiple and lasting influences of their parents on their perspective, which still shape their actions in boards.

4.4.8.2 Parents and grandparents – Work ethics and values

The findings of the study suggest that parents often have a fundamental role in shaping work ethics of board Directors. It is suggested that these ethics are generational and may vary for current generation of parents or future board Directors. A participant

claims that his father inculcated a strong work ethic and respect for the law which he still abides by and which have helped him in ensuring that he joins and runs ethical and conscientious businesses.

'[I have got] a strong work ethic, from my father in particular. A strong work ethic and abiding to law was quite influential on me. These values are in me because of my upbringing and are compatible with what most people would consider to be righteous business.' (Resp. 30)

Another participant lists a few other values which his parents instilled in him, which he still carries and shape his actions.

'One of the things I particularly learnt from my father, actually both parents, in the work context, was to be to down to earth. He couldn't abide any form of arrogance or behaviour which was over the top in anyway. Everything had to be much understated.' (Resp. 22)

Participants who have had a prolonged interaction with their grandparents in their impressionable years claim they were a deep influence. One participant, who was raised by his grandmother because his parents lived abroad, claims to have learnt his religious tenets, benevolence, and philanthropy from his grandmother, which he continues to adhere to.

'The biggest influence [on your value-system] is your family. And in my formative age, the biggest person to have that influence on me was my grandmother. The philosophy that my grandmother gave me is "whatever you do, be very very good at it. And whatever you do you leave a positive imprint on the environment." That's what I still do' (Resp. 13)

Board members disclose that often they were influenced by personal values, as demonstrated by their parents, other relatives or influential persons (role-models) in their lives.

'My value set came very strongly from both my parents. And those were high integrity, honesty, fairness. It was a moral code rather than a religious code.' (Resp. 23)

Existing literature suggests that the impact of various attributes and experiences which may have a bearing on board members' perspective – such as the influence of family and upbringings – ought to be explored further (Ararat et al., 2015). In this study, participants reflect on this aspect of experiences and acknowledge its impact on their thinking styles and perceptions. Thus, the findings of this research are original and significant.

4.4.8.3 Marriage – More tolerant and sacrificing

Marriage is another adult life experience which was indicated by a few participants to have a bearing on their perspective which shapes their action in boards. However, participants who encountered a more diverse world after marrying seem to be more aware of the impact of marriage on their thinking. One respondent, a white British Christian from the north of England, who is married to a Jewish professional from New York, considers her marriage and her husband to be strong influences on her perspective.

'Clearly marriage has changed me because in many ways I have adapted for the marriage, there are compromises. My husband is Jewish. You have to learn to be tolerant because it's not just the religion, there is the cultural aspect of all religious. So, I now understand the values of different religions and respect people's values and beliefs and traditions and practices. I am a more tolerant person now.' (Resp. 29)

Another participant, a male Director, gives a simile of marriage to working in a team and claims that success in both endeavours requires being willing to sacrifice.

'The experience of marriage is a bit like working in a team where to succeed you have to be prepared to give more than you take. And if everybody is prepared to give more than they take you get a stronger sense of team spirit.' (Resp. 23)

Another participant in the study who has experience of being on boards of multinational companies and has been relocating across continents accepting board/leadership positions also claims that his marriage prevents him from aggressively pursuing professional accomplishments with single-minded zeal.

'Having a family and being married create a whole set of different commitments. I can't just run around the world and as I would possibly like to. In any case it certainly keeps me well grounded.' (Resp. 12)

A number of participants suggest that marriage has made their perspective more mature and claim that it helps them be less self-centered in approach. The researcher does not find any literature on the influence of relationships on Directors' perspectives. These findings are an original contribution of the study to existing knowledge.

4.4.8.4 Parenthood – Sensitivity

The findings of the study indicate a strong influence of the experience of being a parent (parenthood) on board Directors in terms of an enhanced sense of responsibility and sensitivity. Participants acknowledge a strong impact of parenthood in forming/changing their thinking styles which they demonstrate at workplace as well.

'There is no doubt that having children makes a difference in the way that you see the world. That does change your orientation. I think it's quite an interesting parameter to [evaluate] you as a person and how you approach your business life.' (Resp. 21)

Participants with children share their own experiences as parents and often acknowledge a role of parenthood in forming their perspectives as board members. However, the participants who do not have children were not asked about a possible impact of parenthood on Directors' perspectives. Participants in the study often claim that their experience of parenthood is more impactful on their perspective than their marriage. The impact of the experience of parenthood is claimed to be mainly an enhanced sensitivity and inclusion.

Probably my kids affect [my perspective and behaviour] more than my wife. Because they are learning more about diversity and inclusion. Things that would have been said in the playground when I was at school about foreign children - quite nasty. My children would be appalled if anybody was to say anything. I learn from that. There are things that I might have said in the past, I wouldn't say those things now because my kids would tell me not to. (Resp. 25)

Several participants, males and parents to young daughters, claimed that the experience has made them more sensitive towards the challenges faced by women in the workplace,

such as sexist behaviour and discrimination. Apart from the realisation of an untapped talent pool, being a parent to a daughter also sensitises them to an unequal and sexist world that women face at the workplace. Such experience enhances the sensitivity to diversity issues in board members.

I have some insight into it, thanks to what my daughters have been exposed to. I have been listening to some of the stuff they encounter. It's not nice.' (Resp. 30)

However, female participants in the study do not echo the response when asked the same question. Their response on the influence of the experience of parenthood on their perspective is more gender-neutral.

The impact of the experience of being a parent to daughters on Directors' perspectives and board effectiveness is discussed in section 4.4.8.2.

4.4.8.5. Parenthood – Leadership

The findings of the study suggest that parenthood often makes Directors more responsible and mature team leader. One female respondent articulates:

'I think there is the maturity in being a parent. Once you become a parent, you become maybe a little bit more mature, responsible. So, certainly, when you are managing a team, this is like being mums.' (Resp. 10)

Another participant given an example of raising a child being aware of his/her abilities, providing constant support even when they fail, and claims that the experience is similar to leading teams successfully.

'When your 2-year-old walks for the first time and falls over what do you do? You go 'well done, well done'. You don't say 'stupid stand up.' So same is with encouraging people and giving support to them. Makes you open minded about people's abilities as well.' (Resp. 25)

Another participant agrees and suggests that parenting his children has enabled him to moderate his expectations from his colleagues and be aware of their abilities and guide them accordingly.

'And they [children] don't always meet your expectations. They go off in a different direction. But eventually if you coach them in the right direction they will get there. You feel proud seeing them be successful.'

(Resp. 18)

Yet another respondent suggest that his perspective is more long-term as a result of being a parent.

'Does it make me more demanding? Probably. Does it make me think more about the long term? Yes, it does.' (Resp. 26)

Existing literature on the impact of parenthood on board members' actions/decisions is extremely limited. However, Terjesen, Sealy, and Singh (2009) refer to a practitioner's publication and suggest that actions of male corporate leaders in support of board diversity are keenly observed by their female family members i.e. wife, daughter, and granddaughters. Thus, these findings are also significant as the impact of parenthood on Directors; perspective has not been discussed in academic research before.

This chapter next discusses the impact of values and religion on their perspective.

4.4.9 Diversity of perspective and Strategic Leadership theory perspectives

Participants in the study acknowledge that the decisions taken by board members are not always on the basis of detailed analysis and prolonged deliberations among board members. Often the decisions are taken on the basis of 'gut-feeling'. Gut-feeling is explained as a reaction formed on the basis of all the experiences that board members have. One board Chairperson of a FTSE 100 company explains:

'Judgements are based on all the inputs that you have had going right back to your roots. They are influenced by your education and things that you have been exposed to and chosen to be exposed to. Some people call it gut-feel. But the gut feeling is not a random thing.' (Resp. 30)

This respondent further elaborates that various life experiences which board members are exposed to – such as their socioeconomic background, and their functional experience – all have a bearing on their perspective. These experiences may help boards form their collective point of view.

'In business, some people are highly analytical. They like to calculate the answer to things. They would say "well I need more analysis on this. Go and get me more numbers". And there is a trap in there. Numbers don't take you to the answer. You can't always calculate the answers to a big, important decision.' (Resp. 30)

Existing literature also suggests that experiences determine how board members process volumes of information presented to them before making decisions, and thus dictate the influence Directors have in boardrooms (Johnson et al., 2013). The Upper Echelon perspective suggests that the attributes and characteristics of corporate leaders which impact organisational outcomes are behavioural rather than based on rational analysis arrived at with the help of exhaustive information (Finkelstein and Hambrick, 1990). Top executives often face unforeseen and uncertain situations which they need to construe/interpret situations (Cyert and March 1963); and their prior experiences impact their decision-making process (Eisenhardt and Bourgeois, 1988). Top managers' varied experiences give them cognitive complexity which regulates their processing of information presented to them and guides them in choosing alternatives (Hambrick and Finkelstein 1987). This claim is further endorsed by the Strategic Leadership perspective which argues that the processing of information is also a result of their perceptions and thinking styles (Cannella and Monroe, 1997). Similarly, Strategic Leadership perspective suggests that corporate leaders' characteristics – such as background, values, and experiences – impact organisational outcomes (Boal and Hooijberg, 2001; Finkelstein et al., 2009). The findings of the research support Strategic Leadership theory and add to it by presenting the evidence of a number of experiences which influence board members' thinking styles, actions, and decisions.

The chapter now discusses the impact of various perspective-forming experiences on board effectiveness. Board effectiveness refers to boards' role-effectiveness and their ability to make appropriate decisions. Not all experiences have an impact on board effectiveness and a few influence experiences inculcate attributes in board Directors which though are brought to workspace may not influence board effectiveness or decision-making.

4.5 IMPACT OF THE DIVERSITY OF PERSPECTIVE ON BOARDS

This section discusses the impact of various experiences, which form or change Directors' perspectives, on board effectiveness. Several experiences, which are discussed in the previous section (4.3), impact board effectiveness and decision-making through their influence on Directors' perspectives. Not all experiences which are discussed in this chapter so far, have an impact on board effectiveness (i.e. role-effectiveness, decision-making, interactions). The model discussed in Chapter Five, Figure 5.1, presents the experiences and their impact on board Directors' perspective and board effectiveness.

Participants in the study suggest that various experiences such as gender, ethnicity, age, and backgrounds all have a bearing on board members' perspective. Diverse experiences of board members may also have a cumulative effect on their actions. One participant elaborates with the example of his board where Directors have had a range of diverse experiences and suggests that such boards help collective thinking on boards as a group.

'We have an entrepreneur on our board from America, an experienced PLC lady from financial services, another lady who is a chief executive of a large oil and gas company and an ex-CEO of a major UK company. Different thinking can help enormously, coming at issues from different angles.' (Resp. 26)

Another participant explains how Directors' various experiences give them a different view and that is enabling for boards.

'[Diversity is] people from different backgrounds with different kind of skill-sets with different perhaps ethnicity, with different cultural backgrounds, coming together. Different educational background, different expertise, they come together for a common purpose. The more diverse they are the stronger the team would be.' (Resp. 2)

Existing knowledge in academic literature as well as practitioners' publications suggests that board heterogeneity of age, educational and functional background, and experience among the Directors may bring in diverse perspectives on boards (Anderson et al., 2011; Kim and Rasheed, 2014; Krawiec et al., 2013; Milliken and Martins, 1996; Grant Thornton, 2015). Some existing academic studies suggest that diverse boards may

have varied views among board Directors which may lead to more discussions, offering alternative strategies, and better decision-making (Fanto et al., 2011; Van Knippenberg et al., 2004; Rao and Tilt, 2016). The diversity of thought may also bring in a broader set of external resources and enhance internal capabilities, leading to a better strategy formulation (Kakabadse, 2015).

However, few studies have refuted the notion that all diversity characteristics have a similar impact on board performance. Studies indicate that the characteristics of board members influence specific board tasks, although they may not always have an impact on general board effectiveness (Nielsen, and Huse, 2010). The findings of this research also suggest that the impact of different experiences of Directors does not have a uniform effect on board effectiveness, as different antecedents of perspective bring about different results.

The Upper Echelon perspective suggests that heterogeneous top teams may have improved knowledge base, cognitive abilities and problem-defining/solving skills (Hambrick et al., 1996). Upper Echelon theory also suggests that the relationship between executives' characteristics and their impact are intrinsically linked (Hambrick and Mason; 1984; Hitt and Tyler, 1989). Thus, the impact of diverse types of leaders' experiences needs to be understood (Finkelstein et al. 2009: 69; Buyl et al., 2011). Strategic Leadership theory (Finkelstein et al., 2009) also suggest that a range of diverse attributes such as experience and background may influence leaders' decisions and may impact collective outcomes. Diversity researchers now recommend exploration of the impact of a range of diversity attributes rather than a single demographic attribute of gender or ethnicity, particularly concerning boards (Jackson et al., 1995; Ruigrok et al., 2007). Scholars recommend that the research on board diversity needs to incorporate various attributes of perspectives, ideas, and experiences (Beecher-Monas, 2007).

This research follows up on that recommendation and explores the impact of a range of diversity attributes (the antecedents of the diversity of perspective – experiences). Additionally, the findings also spell out less explored experiences which have a bearing on board performance through Directors' actions/decisions.

Now the chapter discusses the impact of various characteristics which help in forming board members' perspectives.

4.5.1 Gender diversity on boards and its impact

Gender diversity on boards is the most commonly discussed diversity attribute by the participants. There are five founding members of 30% Club among the participants and a few other participants in the study have been publicly advocating higher gender diversity on boards in various fora. A few participants have been associated with drafting of the Parker Review (Parker, 2016) which addresses the issue of ethnic diversity on boards of FTSE 350 companies. However, participants do not limit their definition of board diversity to gender only. It was often quoted as the first step to improve board processes and effectiveness, to be followed by diversity in its broadest form, in order to obtain diverse perspectives on boards.

Participants claim that gender diversity on boards improves board effectiveness and they have observed its empirical evidence in gender diverse boards. The benefits of a gender diverse board range from effective signalling and leadership to an improved relationship with stakeholders. One participant articulates some of the advantages of having female Directors on boards.

‘We are convinced that we will make better business decisions and we will be a better business if we have more diverse group of people. We have seen the benefits of role models. We have had some very effective women, and we have had some fantastic results. They have been great team leaders. They have got fantastic client relationships.’ (Resp. 7)

In a survey-based empirical study of 201 Norwegian companies, Nielsen and Huse (2010) claim that the ratio of gender diversity on boards is positively related with strategic control of the board and results in higher board effectiveness. Fondas (2000) considers women Directors to have the edge over male Directors in terms of impact on strategic planning.

Following is a discussion on the specific benefit on board effectiveness of increased gender diversity on boards in terms of boardroom interaction, behaviour, decision-making, , and board effectiveness in various roles.

4.5.1.1 Challenging the executive assumptions – Improved monitoring

Participants reveal that female Directors on boards have a more affable questioning style which elicits answers and information from the executive rather than making the executive defensive or defiant (see section 4.3.1.2.a). Additionally, female Directors

also have a higher level of independence, more courage in standing up to the executive, and seek answers to their questions on strategic planning and other executive proposals (see sections 4.3.1.2.b and 4.3.1.2.c). These attributes enable female Directors to challenge executive assumptions and thus may improve boards' monitoring effectiveness. A female participant explains that her presence on an all-white male board changed the interactions and changed the status quo in the boardroom, bringing more challenge and less conformity.

'I have seen from my experience of being a single woman in a white male environment is that it brings in a different conversation, different vocabulary and just different of ways of thinking. And traditional views such as how you manage people [are] challenged in that environment.'
(Resp. 29).

Extant literature also suggests that established board members – mostly men – who are comfortably settled in boardrooms, who are familiar with and similar to other board members, often find themselves psychologically and financially committed to maintaining the status quo and reluctant to embrace change (Bassett-Jones, 2005). Female Directors seldom belong to the 'old boys club' networks from which the CEOs often select their board members (e.g. Ferreira, 2010; Kang et al., 2007). Thus, female Directors are 'true arm's-length monitors' (Bøhren and Staubo, 2015: 7). Thus, the findings of the research support existing literature about gender-diverse boards being more independent and more probing.

However, the findings of the study suggest that not only female Directors challenge the status quo, in terms of breaking groupthink, they also change the type of questions asked in boardrooms. A number of participants acknowledge that questions posed by female board members (mostly NEDs) are evolved, originate from deeper thinking, and result in reflection on the part of the executives. Such probing style of female Directors ensures that boards avoid flawed decisions which might have cost the organisation a great deal. As one participant elaborates:

'Women ask more pragmatic, more humane questions. The soft part that we men just don't do! They reflect on issues and ask questions which men, with their guns blazing, don't ask. Their questions allow you to pause and reflect before you would take a decision which is too narrow-

minded, shallow, lacks depth and thinking. Otherwise, you are gonna spend a lot of money to reverse that process.’ (Resp. 13)

Female Directors also have a collegial relationship with CEOs. As a result, the executives do not feel threatened by their questions; although questions often are less conventional, and more challenging and demanding, the gender-balanced board often retrieves more information, improving their role-effectiveness. One female Chairperson of a listed company points out the attributes of her two female board colleagues and explains the advantage of their approach.

‘You want to ask the question in a way that solicits a really good, transparent, informative response. And they [female Directors] are very good at that.’ (Resp. 9)

The above acknowledgement is significant as it is given by a female Chairperson who probably identifies with and appreciates the virtue of a collaborative and collegial probing style more than male participants in the study. Thus, without specific mention of the monitoring role, but with reference to all that it stands for, participants suggest that gender-diverse boards are more effective monitors of the executive.

Another participant in the study claims that she has observed female Directors, in general, come prepared for board meetings, having read their board packs, ready with relevant questions to ask and suggestions to make. She explains that reading board packs is something which many male Directors omit to do. The preparedness of female Directors in boardrooms enables them to ask more unconventional questions and probe deeper.

‘I am the only woman. [When I attend board meetings], I have done a lot of work in advance. I have read all the papers, I have thought about it. I have made some notes of comments I want to make. I have the impression that they [other Directors] were pleasantly surprised that I have read everything because it's a big board pack.’ (Resp. 7)

Such observations about female Directors’ preparedness in the boardroom have been mentioned in existing literature as well. Scholars claim that female Directors are often better prepared with the board packs and take their roles seriously (Huse and Solberg, 2006).

The extant literature claims that female Directors often ask discerning questions from the executive (Rao and Tilt, 2016; Kang et al., 2007; Selby, 2000), and display better monitoring abilities (Johnson et al., 1996; Nguyen and Faff, 2007). Existing literature also acknowledges that female board members are more independent in their thinking and approach, and suggests many explanations for such independence. Educational qualification also equips Directors with an independent thinking style (Singh et al., 2008), which is crucial for a board's effectiveness (Forbes and Milliken, 1999; Finkelstein and Mooney, 2003; Van den Berghe and Baelden, 2005; Kakabadse et al., 2006). These attributes may make gender-diverse boards more effective monitors of the executive (Fairfax, 2005; Adams and Ferreira, 2009). A number of academic studies claim that higher gender diversity on boards leads to enhanced board independence from the executive and, as a result, gender-diverse boards are more effective monitors (Terjesen et al., 2015; Terjesen et al., 2016; Dhir, 2014; Ferreira, 2015).

The findings of the study, while ratifying existing knowledge, further add to it by describing that female Directors improve boards' monitoring abilities by asking more thoughtful and deeper questions of the executive and probe with a collaborative approach.

4.5.1.2 Gender diversity and preventing potential value destruction

The probing style of female Directors and its impact on the monitoring effectiveness of boards is further substantiated by participants' comments on the ability of female Directors to prevent potential value destruction. Participants point out with the example of the banking crisis and claim that if boards of affected banks had been gender diverse, the banks would not have suffered the fate that they did. The economic crisis was the result of lax monitoring abilities of boards due to a lack of independence of boards as boards merely acted as rubber stamps on the executive's proposals (Muller-Kahle and Lewellyn, 2011). This lack of probity led to groupthink, which in turn resulted in enormous value destruction.

A few participants in this doctoral research point out that if boards in impacted companies had been more gender diverse, female Directors, with their propensity to question and their courage to persevere to get suitable answers, might have prevented that outcome.

'I will refer to the banking crisis; I strongly believe this banking crisis would not have been half as serious if there had been more women involved. If there had been more women, they would have calmed it down a little bit. It might even be a different outcome.' (Resp. 18)

Another respondent echoes these sentiments and supports the claim with his explanation of how gender-balanced boards are better protectors of shareholders' wealth.

'Destruction of shareholder value that we have seen in the last decade across some of the biggest companies, and sectors, in the world has been appalling. Where were the boards in the lead-up to the banking crisis, and the commodity crisis? Boards have failed to deliver, at the cost of society. But if women were 50% of boards, it wouldn't have happened.' (Resp. 12)

The extant literature also suggests that female Directors improve board effectiveness by their probing styles and the content of their questions. Studies argue that female Directors are more probing in their questioning of the executives (Konrad and Kramer, 2006; Kramer et al., 2006). Popular literature quotes many female corporate leaders, including Christine Lagarde (2010) who famously said, *'if Lehman Brothers had been "Lehman Sisters," today's economic crisis clearly would look quite different.'* and argues that a higher presence of female Directors on boards of US companies would have prevented the sizeable value destruction that the previous decade witnessed (Worstall, 2014).

The findings of the study support popular literature on the speculation that companies in the western world in the last decade were less likely to fail if boards comprise more females. These are original and significant academic contributions of this research, as they represent the views of a number of male board members of UK listed companies who recognise the role of gender diversity in ensuring that boards make appropriate decisions.

4.5.1.3 Gender diversity and effective signalling

Apart from improving boards' monitoring effectiveness, the presence of female Directors also helps to keep the discussions in boardrooms more focused and cordial, and ensures that decisions are taken with sensitivity, regarding their impact on

stakeholders. One participant shares from her experience of being a female board Director on many boards and a partner in another firm and claims that her presence on boards has had a positive impact on women in lower hierarchies.

'When I joined [company name], a few of the women said to me or sent me a note to say "that's brilliant that we have got a woman Non-Exec. First ever!" Yes, they definitely thought, "Oh great. That will perhaps feed down into the whole company as well". ' (Resp. 7)

Participants claim that higher gender diversity in different hierarchies of leadership, including boards, helps to communicate to their customer/client base positive signals about the company valuing merit and providing an equal playing field for anyone to succeed. It shows the organisation to be a progressive and sensitive one. One of the participants shares that his clients raised questions about boards not having enough gender diversity.

'We are very male-dominated. It's a criticism that has been levelled on us by our customers. And a lot of our customers now are females. ' (Resp. 5)

Another respondent who, a few years earlier, sat on an all-male board that now has noticeable gender diversity, explains the signalling effect of a gender diverse board, with the example of the changed composition of his board. He claims that for future management trainees, a gender diverse board is more inspiring. Pointing out the distinction between the composition of boards a few years earlier when it was all male, to now when there are three female Directors, he suggests that now the company may attract a wider pool of employees.

'If we did a board presentation to a group of college students with our current board, we would be giving a very different message about diversity than we would have done a few years ago. The subconscious calculation that (female) students are making is "can I see myself being successful and enjoying working here?" ' (Resp. 8).

Extant literature also suggests that higher gender diversity may improve the signalling performance of boards (Terjesen et al., 2015). In many western economies, gender diversity is the most significant and salient aspect of board compositions (Ali et

al., 2014). As a result, the subject of promoting gender diversity on boards is not only an issue of ethics in business but is also being influenced by public pressure (Dang and Nguyen, 2016). Thus, the finding of the study supports the existing literature.

Academic research establishes that the presence of female Directors on boards increases transparency in board nominations, higher board accountability, more Director orientation programmes, better communication between boards and its stakeholders, and higher employee and customer satisfaction (Terjesen et al., 2009). However, in this study, evidence in support of these advantages of board diversity is not found. The findings of the study do, however, indicate that a range of stakeholders may perceive organisations with gender-diverse boards more positively.

4.5.1.4 Gender diversity and unique networks?

The findings of the study do not indicate that higher gender diversity on boards result in boards having unique networks. Participants in the study argue that providing access to an external environment (networks/resources) is a responsibility of and acted on by all of the board members.

That [networks] isn't necessarily a diversity issue. Any person that comes up with the networks, are making sure that the network is available and is used in a considerable way. That's not necessarily a diversity issue. It's an issue for all members. (Resp. 1)

Another respondent, with experience of boards in the UK and the USA, argues that unlike in the USA, UK boards do not assign the same significance to the networks of board members when boards are composed.

'I don't think UK boards prioritise networks. They do a lot in the States. The US boards are entirely different. People are brought in because of who they know. In the UK that is not the priority at all. It's about the work of the board, strategy, risk and control, and management. It is not about who you know in the outside world.' (Resp. 15)

Just one female participant in the study claimed that she was nominated, not only for her distinguished attributes, but also for her networks, from which boards have continuously benefitted. However, she emphasises that her networks from which her boards benefitted were not exclusively women's networks. She explains that during her

career she has nurtured networks in different industries and sectors, which she still brings to boards she joins.

'Yes, boards do take advantage of my relationships. Every board I am on, values the networks I bring. But they aren't the women's network predominantly'. (Resp. 14)

Apart from a single affirmative response in this regard, no other response, affirmative or contradicting the position, is attributed by participants on the effectiveness of gender-diverse boards in their role of providing resources/networks with external environment. The existing literature, however, suggests that higher gender diversity on boards may enable them to be more effective in resource-provisioning and service roles.

Existing academic literature also suggests that some boards these days follow a screening system for the appointment of members which may only select people who are not likely to rock the boat, who have similar perspectives to the white males they would be joining on the board (Fanto et al., 2011). In this study, the researcher does not find support for the notions that gender-diverse boards are more resourceful or that female Directors have wider networks. Similarly no evidence was observed to indicate that female Directors are appointed for their unique networks before their appointments.

4.5.1.5 Gender diversity and improved boardroom interactions and behaviour

The findings of the study indicate that gender-diverse boards may have better interaction which may in turn lead to better decisions. Participants in the study claim that the presence of female Directors results in the use of more restrained language by male Directors and appropriate behaviour in boardrooms. Such an influence results in the discussions being focused and interactions being cordial.

'I have sat on boards where you have the first lady member. And people had to consciously curb their language, and behave differently because it is unusual to them [to have female Directors around]'. (Resp. 17)

Another respondent agrees and explains that the presence of female Directors ensures the use of more restrained language.

'Women on boards break up the old boys' club, old boys' network, sometimes even bad behaviour, in boardrooms. They [male Directors]

have more etiquette. They develop an ability to have a different kind of conversation that they wouldn't have had otherwise. ' (Resp. 16)

Existing literature also suggests that female Directors show a more focused attitude in boardrooms (Terjesen et al., 2009). Existing literature indicates that female Directors on boards often lighten up the conversation (Huse, and Solberg, 2006). Gender diversity results in boards having improved boardroom behaviour (Fondas and Sassalos, 2000), and improved quality and quantity of interactions among members (Adams and Ferreira, 2004; Terjesen et al., 2009). As also reported in existing literature (Rosener, 1990; Singh et al., 2001), the participants in this study claim that the presence of female Directors' results in male members using less rude language. Existing literature suggests that female Directors can provide new strategic input such as diverse perspectives, which results in more productive deliberation and better results (Billimoria, 2000; Nielsen and Huse, 2010). The findings of the research support these indications from the existing literature.

A few studies report improved board processes in gender-diverse boards, as compared to gender-homogenous boards, such as a higher rate of attendance at board meetings (Adams and Ferreira, 2009). No ratification of such a claim is found in this study. Scholars also suggest that gender-diverse boards have less cognitive conflict and better strategic control (Nielsen and Huse, 2010). This aspect of the impact of gender diversity on boards is also not confirmed by the participants in the study.

Thus, some of the observations of existing literature are ratified in this research, but many are not.

4.5.1.6 Different perspectives – Improved decision-making

Participants in the study share many anecdotes and personal experiences and claim that, with the presence of female Directors, boards' decision-making improves as boards have different perspective on issues before them.

'It [gender diversity on boards] enriches the conversation. It brings up the things you didn't think about. In a very synergistic way, it starts new thoughts within yourself. It creates an environment which does not allow group-think to take place, simply put' (Resp. 1)

Another participant explains that gender-diverse boards make more pragmatic decisions as both the sets of thinking styles – male and female – are represented on such boards.

‘Male thinks slightly in a different way than the female thinks. Evidence shows that having females on boards, your thinking, your decision-making process gets better. If you have a blend within your board that represent both male and female [thinking styles], then decisions taken are more balanced decisions.’ (Resp. 13)

Academic research indicates that improved gender diversity on boards leads to better board cognition, dynamics, and decision-making (Terjesen et al., 2009; Johnson et al., 2013; Kanadli et al., 2017). Additionally, higher gender diversity results in the promotion of other diversity attributes on boards as well, such as educational diversity, thus further inculcating diverse perspective (Midavaine et al., 2016). Gender-diverse boards may have higher creativity, a more comprehensive range of perspectives which results in more alternative approaches to issues and better decision-making (Carter et al., 2003). Thus, findings of the study support the existing literature which suggests that decision-making is improved with higher female representation on boards as female Directors have a broader functional experience, and broader set of opinions (Fondas and Sassalos, 2000).

4.5.1.7 Gender diversity and empathy in decision-making

Participants in the study suggest that gender-balanced boards are more empathetic and hence take into account the potential impact of board decisions on a range of stakeholders and their extended networks than all-male boards. Participants suggest that the empathetic approach of female Directors is due to their own experiences of balancing work and life commitments.

‘There will be more empathy into decisions made there [with higher gender diversity on boards]. Females tend to look at the holistic solution of big issues – family connectivity, the individual drivers, the domestic arrangements, and the issues about complementary skills. Having females on boards, getting them to express their opinions, and taking their reflection on things helps.’ (Resp. 13)

These findings support existing literature which suggests that female Directors are more stakeholder-oriented, than their male counterparts (Adam and Funk, 2012). Female Directors are known to have an enhanced sensitivity towards others, and concern towards and representation of the multiple perspectives of other stakeholders,

which improves boards' strategic task performance (Nielsen and Huse, 2010). Communal attributes of being affectionate, concerned with people's welfare, being helpful, kind, and sympathetic are also associated more with women than men (Nielsen and Huse, 2010). The findings of the research support the literature.

Many participants in the study also acknowledge that the presence of female Directors on boards makes a qualitative difference in decision-making and other aspects of boards functioning as their perspectives are, though often intuitive, very helpful in taking appropriate decisions. One respondent explains:

'Now that's not black and white. But the female colleagues I have on boards are actually more sensitive or more tuned and observant on some interpersonal behavioural issues than men.' (Resp. 30)

Another respondent, a female, shares how her male colleagues in a previously all-male board were surprised at her concern for issues relevant to female employees, such as maternity policy, as these subjects were seldom discussed in the board before she joined.

'So, I asked what the maternity policies for female Directors were. I also asked about what proportion of women they have, what diversity they have in all the other hierarchies. And the board looked slightly surprised because nobody else would have thought of asking that. So there are definitely [occasions when] I am thinking about diversity and the female agenda. Because I am a woman.' (Resp. 7)

Existing literature claims that female Directors often sensitise boards towards the issues relating to women (Burke, 1997). The findings in this research support the extant knowledge. Existing literature also suggests that decision-making is also improved with the presence of female Directors on boards as they often represent a higher sensitivity for corporate social responsibility and philanthropy (Siciliano, 1996; Terjesen et al., 2009). No support for these observations is found in this doctoral research.

4.5.1.8 Gender diversity and risk-assessment?

There is very little mention by the participants in this research of the impact of female Directors on boards' ability to assess risk. One participant suggests that gender-diverse boards evaluate and manage risk better than male-only ones. The ability is attributed to women's inherent maternal instincts. He articulates the sentiment as follows:

Women take decisions in a different way to men. They are generally more risk-averse than men. And that's because they have families and they have children. They cannot take risk with their kids. So, a woman will have an element of risk aversion. They understand how to qualify risk better. They also know how to manage that better.' (Resp. 18)

Existing academic research points out a relationship between appetite for risk and age and gender diversity on boards (Ali et al., 2014). While women are traditionally considered to be risk-averse, a few scholars disagree that in boardrooms female board members necessarily display risk-averse behaviour (Adams and Funk, 2012). Existing literature also suggest that women pick up minute details which, though relevant, often are missed by male-only boards (Terjesen et al., 2009).

Although these observations of existing literature do find support in this doctoral research, the support is extremely limited. The findings indicate that female Directors understand, anticipate, and manage risk better than men. A conservative approach to risk evaluation by female Directors, as suggested in the study, may be the result of the women's life experiences which are significantly different from the men's. Hence the findings further support the Strategic Leadership perspective which claims that corporate leaders' actions are the reflection of their experiences (Finkelstein et al., 2009).

4.5.2 Diversity of socioeconomic background

As discussed in section 4.3.4 socioeconomic background influences Directors' perspectives significantly. The attributes of tenacity and proclivity for charitable work may guide or even improve board Directors' contributions. However, the research does not find any influence of these attributes on the board outcomes of role-effectiveness or decision-making.

4.5.2.1 Socioeconomic challenges – Charity/philanthropy?

The findings of the study suggest that socioeconomic background of Directors influences their perspective. A challenging socioeconomic background to which Directors are exposed in their formative years enables them to be more tenacious and strong. A few participants who came from lower middle-class backgrounds happen to be associated with a number of charitable organisations. One participant who was exposed to poverty and hardship in his early years attributes his association with

charities as an individual, and as the Chair of his board, to his socioeconomic background.

'I grew up in a lot of poverty. The only way that my family and I were uplifted from the poverty is through education which empowers. I am very passionate about empowering young people, guiding them, upskilling them. That is reflected in all the charitable initiatives that we do as a company, and I do as an individual. Now maybe I wouldn't have done so if I had not seen all of that. So that background really helps in steering you.' (Resp. 2)

However, these views were not ratified by other participants in the study. In any case, no explicit impact of socioeconomic background on board effectiveness is observed in the findings. The potential impact appears to be on board Directors as individuals and/or their actions as Directors/Chairs, with no established influence on board effectiveness.

4.5.2.2 Socioeconomic challenges – Tenacity/strength of character and board effectiveness?

As discussed in section 4.3.2.1, a challenging socioeconomic background brings in tenacity and strength in board Directors' approaches and actions. Participants explain that their background is important as it makes them persevere more to reach an acceptable resolution of problems and not get demoralised by the challenges of corporate leadership. However, a significant number of participants in the study are successful corporate leaders with have long board experience, hail from a comfortable socioeconomic background. One of those participants describes his socio-economic background as follows.

'I grew up in what was you might describe as prosperous middle-class background. I had the benefit of a relatively prosperous upbringing. I went to a public-school.' (Resp. 22)

A few participants are the second/third generation of corporate leaders/board members, a number of them went to private boarding schools, and a few of them are single children to wealthy parents.

'Of course, by comparison with the 90 percent of the population, I was [from wealthy background]. We lived in a big 6-bedroom house. And there was never any sense of want or need. So yes!' (Resp. 19)

These participants do not attribute their ability to contribute in boards to their socioeconomic background. Hence, a challenging socioeconomic background itself may not be the only component of strength and tenacity in decision-making. Moreover, a few participants who came from a humble background do not always agree with the notion that socioeconomic challenges of Directors' early life necessarily lead to impressive corporate success and a higher contribution in boards. One respondent who emigrated from a developing country and became a success story in the corporate world of the UK, making notable contributions in boards and society, disagrees. He argues that contributions in boardrooms and career success are dependent on individuals' determination, tenacity, and desire to succeed.

'It really depends from person to person. There are still a lot of children who are born into poverty, who didn't become successful. There are others who have turned out to be big. But then there are others who are born into rich families, some are doing very well, some are not doing so well. So, it's very difficult to generalise.' (Resp. 4)

Another respondent, who also has been exposed to challenging socioeconomic background in his impressionable years, explains that tenacity of character depends on values inculcated in individuals from an early age. He further elaborates:

'It will depend on how the children are brought up. Some children are sadly have been given everything on a plate, so they don't have same fire in their belly. And they don't really need to do anything. They should be taught that nothing comes without hard work.' (Resp. 5)

The findings do not, therefore, indicate that a challenging socioeconomic background contributes to improving board effectiveness. Thus, the findings indicate that the values may have a more profound impact than their socioeconomic backgrounds, on Directors' perspective and their actions.

Existing research on CG shows that diverse boards may promote diversity of background as members in such boards have diverse perspectives, a better knowledge

of the marketplace, and advanced problem-solving skills (Alli et al., 2010). The findings of the study support existing literature that backgrounds of board Directors influence perspective, actions, and decisions. However, the findings do not observe any impact of socioeconomic background on board effectiveness.

4.5.3 Diversity of religious beliefs, practices, and values

As discussed earlier in section 4.3.5, exposure to various religious beliefs and practices shapes board members' value-sets and leaves an imprint on their perspectives guiding their actions. The findings of the study also indicate that board members' exposure to their family's religious faiths also influence their decisions in boards. Thus, religious beliefs and practices of family members which Directors experienced in their formative years often influence the personal choices they make as board members.

4.5.3.1 Values through religious beliefs and practices – Choosing their boards

The findings suggest that Directors often base their decision to join or quit boards on the basis of their values, which are often formed by the religious beliefs and practices to which they are exposed. One participant shares that he has chosen organisations with righteous practices due to values inculcated in him by his family, who were strongly influenced by their religion.

'I instinctively do what most people would consider to be the right thing. You see a lot the comments on excesses and bad practices in businesses. All the businesses that I have been involved in, they are layers away from that. Now that may be because these are the businesses that I have chosen to work in. Because of the values in me. Because of the values in my upbringing' (Resp. 30)

Another participant attributes her concerns for ethical and responsible resourcing to the religious practices that she has been exposed to. The respondent now categorises her religious affiliation as 'lapsed Catholic' but affirms the impact the religion has had on her thinking and actions in boardrooms.

'Doing the right thing is ingrained in the Catholic faith. You actually go through the procedure of saying "here are my sins". And throughout my career, one of the things that has stayed with me is about feeling uncomfortable when somebody is doing something that is not ethically or morally right. And needing to fix it, or put it right.' (Resp. 10)

The respondent discloses that her inability to put up with unethical practices has resulted in her leaving organisations when she realised that she could not put an end to those practices. Thus, the findings of the study suggest that the value-set of board Directors impact their perspectives and shape their actions in boards as well. However, no explicit board outcome on account of the values of board members is observed in this study and the impact appears to be more on personal outcomes, actions, and decisions, some of which may impact their workspace as well.

The chapter now discusses the impact of nationality on board effectiveness.

4.5.4 Diversity of nationality and board effectiveness

The findings of the study suggest that the nationality of board members influences their perspective (section 4.3.4) and has an impact on board effectiveness. Hence, boards benefit by appointing Directors from different nationalities particularly if the companies are planning to expand their operations in territories beyond the UK. Having Directors from those regions where the company is operating, enables boards to have access to local knowledge about customs, practices, and culture. Additionally, the nationality of board members often determines their risk tolerance and hence the diversity of nationality on boards moderates boards risk evaluation and management ability.

4.5.4.1 Diversity of nationality on boards for local knowledge

Participants in the study indicate that one of the most effective aspects of the diversity of nationality on boards is in responding to legal, cultural, and regulatory systems successfully in countries where they are planning to expand operations. Participants also reiterate that in UK listed companies ‘*most of the discussions on boards have to do with global integrations, global policies, subsidiaries, and such*’ (Resp. 16). Hence participants claim that ‘*there is an enormous value in having people on boards who have the experience of outside or other countries*’ (Resp. 16). While arguing the rationale for higher diversity of nationality on boards, participants explain that most listed companies in the UK have international operations and a global customer base, which require international networks. Political systems, complexities of legislation, and governance norms vary from country to country. Thus, it is critical that boards have representation from regions where companies have either a significant operational unit and/or customer base, or companies are planning to expand significantly. One participant emphasises the significance of boards having access to local knowledge in

order to make appropriate decisions, and claims that it is critical that not only the executive teams have the diversity of nationality, but boards do as well.

'If you are expanding into a new territory, one needs to understand local customs, habits, the local knowledge, how things are done locally, which are hugely important. Transferring their executives to run and manage operations in territories where they have no understanding and knowledge has been the kiss of death for a lot of organisations because you cannot manage if you don't understand. You need to have that expertise and involvement at the local level. Because business may be done globally, but success is achieved locally.' (Resp. 29)

She further elaborates that boards need the diversity, as they ratify and shape the strategy for the company. Participants argue that it is probably more critical to have diversity on boards than in executive teams. One participant articulates her views:

'Before decisions are even made, the whole conversation and consideration need to have taken place. Having that diversity on the board would help define the strategy going forward. Once the strategy is decided it just needs implementation. In deciding the strategy, you get a much better thinking if you have got a more diverse board.' (Resp. 29)

Another respondent in the study underlines the significance of the need to be familiar with different corporate and national cultures by sharing an anecdote where negotiations with a Chinese company nearly failed. He explains that when the British contingent could not keep up with the stress of the cultural differences and the scrutiny imposed on them a large section of the negotiating team left. The situation was salvaged by a board member in the British team who had spent a long time in that culture. As the member had the experience of living and working in China, the member was familiar with the cultural differences and persevered despite a significant difference in approach between the negotiating partners.

'In international companies, it [diversity of nationality] plays an inestimable part of constructive boards. If your business strategy is to work with those countries or to set up operations in those countries, you have to have people from those cultures, who can properly advise board how to handle those situations. Once, I was leading the negotiating team

with the Chinese. It was a complex affair. We nearly lost it, because certain colleagues couldn't put up with it. So that's where culture plays a really important part.' (Resp. 18)

Despite the significance of the nationality of the upper echelon in influencing the personality of individuals, forming the strategy, and determining the dynamics of the group, the impact of the nationality of Directors on boards remains largely underexplored except for a few empirical studies (e.g. Nielsen and Nielsen, 2008; Alli et al., 2010; Van Veen and Elbertsen, 2008). Existing research acknowledges that one of the biggest challenges of global organisations is dealing with the differences encountered in retaining global competitiveness (Davidson, 2011). Boards with diverse nationalities among members may have more knowledge about regulations, tax systems, business practices, and consumer behaviour in their respective countries (Alli et al., 2010; Ruigrok et al., 2007). Thus, the findings of the research support existing knowledge.

4.5.4.2 Diversity of nationality and risk appetite

The findings suggest that boards with a range of nationality among their Directors, moderate boards' appetites for taking risks, as board members from different nations have a different approach to risk due to the cultural norms prevailing in their country. A number of participants believe that in the UK the culture is to be cautious and reflective, which results in a low risk appetite. One participant gives the example of board members from the USA who are portrayed to be more assertive, more aggressive in their approach, and with a higher tolerance for risk. Thus, a fair mix of nationalities on boards may ensure that risk assessment and management is balanced. One respondent with board experience of both US and UK boards highlights the different in approach of Directors from these countries as follows:

'Nationality plays a big part as everyone brings slightly different perspectives here. American women who become the Chief Executive are more aggressive, take more risks, and push harder. I think definitely people on the American side take more risk and are more upfront. And I think British men and women are more risk-averse.' (Resp. 29)

Another respondent who came to the UK from Asia and established a successful business here, explains with his example and suggests that his success in overcoming

the challenges of his transition from his previous home country to the UK enhances risk appetite while expanding his business abroad.

'We are used to going in foreign lands. Because our coming from India here, this was a foreign land and now it is home. So, going to France or Spain we were not hesitant. Whereas a lot of our competitors were not as diverse, their risk appetite for a non-familiar geography is very low, while for us it is high. (Resp. 2)

Thus, having board members with diverse cultures improves their decision-making by enhancing the entrepreneurial spirit. Academic literature on the nationality of board members and its impact on risk evaluation and assessment is extremely limited. Thus, this research presents original findings on the subject and augments existing knowledge on the diversity of nationality.

These findings are significant as they indicate that the influence of nationality on perspective may be even deeper than that of the gender of board members. The study indicates a relationship between the nationality of individuals and their risk appetite. To the best of the researcher's knowledge these findings have not been suggested in existing literature.

4.5.4.3 Diversity of nationality and signalling to stakeholders

Participants in the study also reveal that boards and nomination committees are recognising the significance of international experience on boards. Companies that are planning international expansion are asking board search firms to look for international experience in potential Directors. One participant in the study who also has board experience in a global head-hunting firm discloses the pattern:

'Many of the brief that we get say "we are looking for the international background because we are a very international company." So yes, background, particularly international background is important.' (Resp. 12)

Existing academic knowledge suggests that the hiring of board members from outside a given country may also indicate the willingness on the part of the decision makers to incorporate improved CG practices and thus enhance a company's reputation with the stakeholders (Oxelheim and Randøy, 2003). Several US-based and other firms sought non-nationals on their boards, which resulted in the proportion of non-nationals

on the boards of the 80 largest multinational companies of the world reaching 75% of board composition (Alli et al., 2010). The findings of the study indicate that the same practice is increasingly being followed by listed companies in the UK as well.

Boards seem to be proactively seeking the diversity of nationality as investors are increasingly favouring diversity on boards to break groupthink. A participant with the experience of partnership in a PLC and close interactions with investors shares his experience:

'I think investors do [value board diversity]. And increasingly they are going to be challenging more companies. We have seen that with some of the institutional investors that they are challenging boards who are completely non-diverse. I think that will increase. I think the investors actually want to see greater diversity generally, to get away from that sort of groupthink approach.' (Resp. 7)

It is also disclosed by the participants in the study that shareholders, including the activists, are increasingly perceiving diversity on boards to be representative of respect for merit and are imposing higher profit requirement for companies with homogenous boards.

'Some big UK investors are now looking at the diversity of leadership teams and consider it a sign that meritocracy is active. They believe that a company that is pushing and promoting meritocracy will outperform others. They're starting to apply higher return requirements for companies that are insufficiently diverse because it is more risky.' (Resp. 30)

Existing literature suggests that the nationality of an individual is an experience which influences their decision-making (Nielsen and Nielsen, 2013). Therefore, board members with different nationalities may have a range of experiences, a tendency to have more in-depth discussions, a wider set of alternative solutions to offer, and more creative ideas (Hambrick et al., 1998; Nielsen and Nielsen, 2013). Bradley et al. (2014, p.27) caution that 'when it comes to nationality and ethnicity, companies and their shareholders should beware of trying to "tick the box". Considering a diverse nationality as the sole evidence of a diverse perspective may result in other experiences such as the country of education/profession, and other life experiences being ignored.'

While no such caution was sounded by the participants in the study, the participants criticise the current approach of promoting only a few aspects of diversity (such as gender or ethnicity) and underline the importance of multiple attributes of diversity on boards.

4.5.4.4 Diversity of nationality, existing literature and findings of the study

Many of the observations as reported in existing academic research are not observed in this doctoral study. Here is a brief mention of the same.

Firstly, existing literature indicates that the diversity of nationality/culture may makes boards more independent (Ruigrok et al., 2007; Ararat, 2010), improve the monitoring function, and may be advantageous to shareholders (Hamzah and Zulkafli, 2014). However, no such observation was made in this study on the impact of the diversity of nationality and monitoring effectiveness of boards.

Secondly, extant literature suggests that the diversity of nationality may help Directors in their role of advising and counselling, as Directors on such boards come from a larger pool of qualified candidates with broader industry experience and expertise (Randøy et al., 2006). Board Directors with different nationalities may improve board effectiveness by providing networks with suppliers, financiers, and markets abroad; ensuring a higher level of transparency and accountability in decision-making; thus providing legitimacy to their boards (Pelled et al., 1999; Piekkari et al., 2015). These observations are only partly supported by the findings of this study as the evidence suggests that investors are favouring diversity of nationality on board and the diversity of nationality improves board capital .

Thirdly, a few studies indicate that the diversity of nationality may help establish critical networks and resources in areas into which companies are planning to extend operations (Bradley et al., 2014). The findings of this doctoral research only partly support the literature on the issue as the diversity of nationality on boards may help access local knowledge. However, the findings do not indicate any specific impact of Directors' nationality on boards' service role-performance.

Lastly, existing literature suggests that experience of nationality determines how individuals deal with uncertainty, perceive the environment around them, and react to it (Crossland and Hambrick, 2011; Nielsen and Nielsen, 2012). The study findings only partially support this aspect of existing knowledge on the diversity of nationality, as

they indicate a relationship between nationality of Directors and their risk-appetite, but do not find any specific impact of diverse nationalities on boards on dealing with environmental uncertainties.

The chapter now discusses the impact of age diversity on board effectiveness.

4.5.5 Age diversity and board effectiveness

The findings of the study on age diversity on boards are revealing and make an original and significant contribution to existing knowledge. While participants acknowledge that boards need to be aware of the aspirations and views of younger generations, participants categorically refute the idea of composing boards with sole agenda of promoting diversity of age. Participants suggest other ways of ensuring that boards are tuned in to the perspective of younger generations such as appointing younger advisors. The same is discussed in section 4.4.5.2 later in this chapter.

4.5.5.1 Age diversity and a diverse perspective for decision-making

Participants in the study accept that individuals with different age do have diverse perspectives. The participants agree that access to views and aspirations of the younger people is crucial for appropriate decision-making in boards.

‘Boards, if not populated with young people, need to bring in young people who understand the workings of technology today and ensure that boards are in touch with the challenges of technology by direct contact.’
(Resp. 28)

The participants acknowledge that familiarity with a range of relevant subjects helps in decision-making and boards with a variety of ages have a broader knowledge. While older members on boards possess experience of board processes and of contributing in boards the younger members may have the knowledge of other relevant issues such as IT, cybersecurity, and artificial intelligence. Thus, boards may need a balance of both the attributes.

‘There is a difference between experience and knowledge, and sometimes experience alone is not enough. So, you tap into knowledge to make you aware of what is happening in the outside world as it is today.’ (Resp. 28)

Research on top managers suggests that age diversity impacts groups' propensity to change strategy (Hambrick and Mason, 1984; Wiersema and Bantel, 1992), and take risks (Hitt and Tyler, 1991). For effectiveness in boards, Directors require various skills such as business experience, leadership abilities, confidence, understanding of the organisation/industry and these attributes are developed over time (Finkelstein and Hambrick, 1996; Golden and Zajac, 2001). A limited body of literature suggests that although age diversity on boards may not play a critical role in boards' effectiveness, cohort effect may promote groupthink and heterogeneity of age on boards may enhance their decision-making (Golden and Zajac, 2001). Scholars of existing academic studies claim that age is a unique experience which impacts individuals' thinking styles (Schuman and Scott, 1989). Thus, the findings of the study support existing literature which suggests that age diversity on boards may have a positive bearing for board effectiveness.

However, participants agree that it may not be required or even appropriate to engineer age-diverse boards merely to get the perspectives of younger individuals because boards primarily need experienced Directors to perform board tasks successfully

4.5.5.2 Age – Engineering age-diverse boards?

Participants in the study acknowledge that different age groups on boards may bring the benefit of diverse perspectives; however, they are reluctant to populate boards with younger Directors. Participants believe that younger Directors, if nominated for the sole purpose of maintaining age diversity on boards, may lack the experience and credibility necessary in boardrooms.

'If you look at the IT-related developments, cyber issues, artificial intelligence and their likely impact, we increasingly need to have people who are young enough to understand those issues. But also have enough experience and old enough to be credible. That is quite critical.' (Resp. 22)

Many participants in the study suggest that boards need frequent interactions with younger people as the average age on most listed companies' boards is above 50. The older age group on boards may be limited in terms of their possible lack of familiarity with IT and cybersecurity related issues. However, a critical skill which is

required in boardrooms is the ability to take decisions on a range of issues with the ability to foresee their potential impact on multiple stakeholders of the company. Such an ability evolves with experience. Hence, while having younger Directors may enable boards to have access to the knowledge and aspirations of a younger generation, but also may compromise boards' ability to take effective, efficient, and diligent decisions. A board member expresses his concerns about actively pursuing age diversity on boards at the cost of experience:

'On a board you need to have good judgement skills, and there is a danger that if you have got someone who is not particularly experienced, who doesn't necessarily appreciate the consequences of risks, you could end up taking the advice of somebody that really doesn't have the business experience to understand the implication of the decision that they make.' (Resp. 23)

Hence, though boards need to be aware of the views and perspectives of the younger generation, it does not mean that boards necessarily need to appoint younger members to benefit from their input. Boards need to have staggered age among its members to ensure that experience on boards is not compromised.

'I don't believe in deliberately going about doing that [making boards age-diverse]. If you are running a software business you are gonna have younger brains, but if you are running a more traditional business, it is likely you are gonna go for the experience. Alright, you can diversify for age, but you don't have to go out of your way to do it.' (Resp. 18)

A few scholars also claim that the age of the CEO and Chairs on boards may have a positive relationship with the financial performance of the company (Cheng et al., 2010) which could be due to the experience acquired by board members in running boards and companies (Rodrigues, 2014). In existing literature scholars express concern that a deliberate composition of age-diverse boards may adversely impact board dynamics with Directors not being involved enough with Directors of another age group in conversations and decision-making (Ali et al., 2014). Another academic study conducted recently with secondary data from Kenyan listed companies also suggests that age diversity on boards has less impact on the strategic change in a company as compared to functional diversity on boards (Kipkirong Tarus and Aime, 2014). Age

diversity on boards may result in a multiplicity of perspectives and conflict in boardrooms which may have a negative impact on strategy formulation and ratification (Hambrick et al., 1996; Kipkirong Tarus and Aime, 2014). Scholars are skeptical of age diversity being required in the boardroom because such a composition of boards may easily result in harmful groupism in boards. Scholars suggest that in an age diverse board, older Directors may feel that younger ones have not ‘earned’ their positions (Ali et al., 2014). Thus, the findings of the research support the academic suggestions and concerns on age diversity on boards and substantiate the same with empirical evidence.

Nielsen and Nielsen (2012) in their study also find that attributes of age diversity (along with industry, education, and international experience) do not affect the performance of boards. The findings of the study only partially support existing knowledge, as the benefits of age diversity in decision-making are clearly articulated by the participants. However, the findings caution against any attempt to compose boards with the sole objective of obtaining age diversity among Directors, thus compromising the experience required on boards.

The chapter next discusses the impact of ethnicity of Directors on board effectiveness.

4.5.6 Ethnicity and board effectiveness

The findings make a limited reference to the influence of ethnic diversity on boards on companies’ stakeholders. Participants claim that having a range of ethnic diversity on boards help them to emit positive signals to future employees that merit is respected in the company and ethnic minorities also stand a chance to reach the highest echelons in the organisation. Additionally diverse ethnicity of Directors, coupled with diverse life experiences may also enable them to possess local knowledge which may help decision-making on boards.

4.5.6.1 Local knowledge

The participants in the study share that being a global business it is imperative that boards have a broadened perspective, incorporating the views, aspirations and cultural norms of clients from other countries. A respondent in the following quote, while narrating the advantage of having diverse ethnicities on his board, implies that those Directors with different ethnicities have broader knowledge of relevant issues.

It's interesting because on my board I have a number of different races around the table. Iranian, American, Irish, Scots, English. It is because we are a global business. It's really important to have an understanding and awareness of the culture of the countries in which we work. So, you definitely get a different perspective.' (Resp. 25)

Another participant expresses her disapproval for boards in FTSE companies having board members belonging to White Anglo-Saxon Protestants and suggests that it limits the access to local knowledge on boards which may be relevant for discussions. Ethnicities signify culture and the diversity of ethnicity brings diverse culture.

'Different cultures have a different way of thinking about things. And especially in an international company, it feels wrong that most decisions are made by WASPs! I think it would be better to have a wider diversity, especially if you are thinking in terms of structures or policies etc. How I am supposed to know what will work in China. I think it is very helpful to have a bit more input, on how our decisions will be taken by that culture or how we will have to communicate.' (Resp. 11)

Existing academic knowledge and regulatory action suggest that ethnicity may be a relevant characteristic of board diversity. In the UK, the *Parker Review* (Parker, 2016) recommends that FTSE 350 companies increase ethnic diversity to more than one ethnically diverse member on their boards by 2021.

4.5.6.2 Ethnic diversity and signalling to stakeholders

A few participants suggest that ethnic diversity may emit positive signals to stakeholders, particularly to future employees of companies and thus improve boards' role-effectiveness. One participant with a range of ethnicities on his boards – *'Iranian, New York – American, Irish, Scots, English'* (Resp. 25) – points out the benefits of ethnic diversity as follows:

'A lot of our junior colleagues come from different backgrounds and different cultures. That [ethnic diversity on board] shows that we are global business, we just don't work in the UK.' (Resp. 25)

Another participant agrees and suggests that ethnically diverse boards may be particularly effective in sending positive signals to society at large and future employees

in particular that the organisation provides opportunities to minority communities to reach the apex of decision-making.

'If there are more people from more diverse background, then signal goes to society, and particularly to the minorities in that society, that they have someone to aspire to be. Successful role models are very valuable, in articulating and demonstrating that to the larger society. And that aspiration is good. That has been the case in politics, that has been the case in sports. So why shouldn't that be the case in corporate life?' (Resp. 16)

However, these views do not have overwhelming support in the study. Moreover, one participant belonging to Austrian Jewish ethnicity claims that ethnic diversity on boards may not serve the purpose of positive signalling and it may be more strategic to promote ethnic diversity on TMTs instead.

'It may be much more important to have diversity at the executive level. I am remembering when I started my career. I didn't even know who was on the board. They were not even that visible.' (Resp. 27)

The positive impact of diversity of ethnicity/race has often been articulated in existing literature as a signalling exercise to various stakeholders such as employees, regulatory agencies, customers, the public, and other interest groups (Broome and Krawiec, 2008; Certo, 2003; Miller and del Carmen Triana, 2009; Shin and Gulati, 2011; Bartlett, 2010; Langevoort, 2010). As per Signalling theory (Spence, 1973), firms use visible signs to gain reputation and status (Miller and del Carmen Triana, 2009). However, the findings in this doctoral research while support the observation, also suggest that that notion is strongly contested by some board member in listed companies in the UK.

The chapter now discusses the impact of functional experience of Directors on board effectiveness.

4.5.7 Functional background and board effectiveness

The findings of the study indicate that functional diversity is one of the most critical diversity attributes on boards for improving effectiveness. The participants in the study acknowledge that a diverse skill-set derived from professional experience are valuable

assets for modern boards. These skills help boards in reviewing executive proposals and taking appropriate decisions.

Participants suggest that functional competencies are the most significant component of an effective board. Heterogeneity of functional expertise equips a board with oversight and the ability to handle almost any eventuality. The set of skills relevant to boards may vary depending on the requirement of the board and the sector the company operates in. Diverse functional backgrounds of Directors can help the board reduce dependencies.

‘Effective boards have people with different skill-sets and a range of experiences. [It helps] the direction of business that could lead to better outrun performance because you have got a different range of skill-sets.’

(Resp. 23)

Participants acknowledge that as listed companies in the UK often have a global presence, professional experience in international operations and knowledge of local governance norms, legal systems, and corporate culture are important attributes on boards.

‘If I were putting together a board for an international company that is thinking of going to new markets, I would surely want somebody in there who has had the exposure to that foreign market or has done something similar in other markets before. Somebody who has been exposed, who has the experience in doing something like that.’ (Resp. 21)

In existing literature, compared to other surface-level characteristics of gender and ethnicity, research on the diversity of background is extremely limited (Mahadeo, 2012). However, a limited body of literature on functional diversity on boards suggests that having a range of industries’ and sectors’ experience on board helps Directors to contribute on a variety of issues (Nguyen et al., 2015).

The findings of the study suggest that functional diversity on boards avail boards of a broader skill-set, ability to challenge executives’ assumptions, wider networks and an improved decision-making ability.

4.5.7.1 Improved knowledge and skill-set on boards

The most common response of the participants to the question of the most relevant attribute of board diversity for improving their performance was the functional experience of Directors. They argue that for establishing the business case with more tangible results, functional diversity in boards is critical. One participant explains that, for his board, skills in the relevant field matter the most, rather than the demographic attributes that Directors may have.

'A lot of our business is online. So, an entrepreneur from an online world would add a lot of value here. Also, in our business, regulations are huge! Compliances, regulations, licensing and so on. So, a person who has compliance or legal experience would add a huge amount of value. So, when I say diverse, I mean diversity of skill-set. That can help us steer in the right direction.' (Resp. 2)

Extant knowledge on functional diversity indicates that functional experience of successfully handling compliance related matters and legal expertise are valuable in boards (de Villiers et al., 2011). The findings of the study also suggest that these attributes are valuable in boards and improve their performance.

Moreover, many other skills that were not valued traditionally have gathered significance over the last few decades for boards' ability to supervise the executive more effectively. Due to developments in technology, boards composed without expertise in technological matters may compromise their monitoring effectiveness.

'There is a shortage of such people who have served on a technology company or know everything that is happening. Boards that don't have someone with a technological background are really gonna be disadvantaged in the future.' (Resp. 16)

Recent academic literature also indicates that boards are endeavouring to promote diversity in the skill-sets of their members such as experience in capital markets, risk management, information technology, and cybersecurity as these are the preferred competencies that help build sustainable companies (Adams and Borsellino, 2015a). Diversity of functional background on boards is expected to benefit decision-making (Ben-Amar et al, 2013; Kim and Rasheed, 2014). Existing literature suggests that diversity of functional experience among board members provides boards with

unique knowledge, discipline, and valuable skills (Hambrick and Mason, 1984; Rajagopalan and Datta, 1996; KipkirongTarus and Aime, 2014). Milliken and Martins (1996) claim that the diversity of knowledge, skills, and abilities may provide access to a broader set of resources, thus improving the quality of decision-making. Board members' skills and experiences, such as their knowledge of the industry, CEO experience, and knowledge of the role, add to their human capital which adds value to boards' decision-making (e.g. Johnson et al., 2013). The findings of the study support the literature and present the evidence to show that functional diversity on boards leads to improved knowledge and skill-set on boards. A few specific impacts of Directors' functional experience on board effectiveness is discussed in the next sections (4.5.7.2–4.5.7.4) in the chapter.

4.5.7.2 Managing external dependencies

Board members with diverse functional experience may improve boards' networks with their significant stakeholders. One participant explains that the experience of functional diversity on boards results in better networks and role-performance for boards. Board members are appointed for their skill-set and networks they bring with their functional experience. As one participant shares that the criteria for appointment of board Directors often is who they know and what networks they bring:

'There is generally someone [on our board] who has connections to government – politicians, diplomats. These people add value through their networks, not necessarily through their competencies. People with networks across the industry. There are also people from various professional backgrounds.' (Resp. 18)

The participants in the study claim that it is boards' responsibility to manage dependencies and hence Directors with a range of professional experience help boards in performing that role. Thus, the diversity of functional experience on boards appears to help in improving their role of resource-provisioning. Another participant who has board colleagues with background in public services and diplomatic services explains:

'What we sell is technology that is used into the defense equipment. Which means that our customer base is defense manufacturers or users. So, we need to have the influence [on customer], we still need to have

those relationships. We maintain very good contacts with the high commissions.’ (Resp. 6)

Existing literature also suggests that functional diversity on boards provides them with access to different networks, which members develop while working in other companies, thus improving boards’ resource dependency role-effectiveness (Anderson et al., 2011; Nguyen et al., 2015). Directors with the experience of other industries may help the boards to identify entrepreneurial opportunities in newer markets (Kim and Rasheed, 2014). Hambrick and Mason (1984) claim that the level and type of functional engagement determines individuals’ reactions and orientation to their environments. In this study the participants indicate that functional diversity on boards mainly improve the board capital – intellectual and relational – but a few boards appoint Directors for their networks and access to external resources as well.

4.5.7.3 Improved ability to challenge assumptions

The findings of the study suggest that the main impact of diverse boards with a variety of skills-set is an improved ability of boards in questioning the executive and challenge their assumptions on strategic proposals. Thus, the diversity of perspective acquired through diverse skill-set and functional experience improves boards’ monitoring effectiveness.

‘If you have somebody who understands technology, which is a big driver these days for corporations, they are able to challenge some assumptions. If you have a person, with a deep insight on human management, human relations, and human resources, the board has another competency around the table. I think many boards are too full of finance backgrounds. So, they focus only on a small set, the numbers, and not get behind the numbers.’ (Resp. 16).

Professional expertise in relevant fields– such as industry-specific knowledge, expertise in finance, HR, operations, the experience of expanding companies’ operations abroad, or experience in public sector or government departments is critical for decision-making in boards. Different types of professional experience such as industry, role, competencies may be valuable for improved effectiveness of boards. One participant articulates:

'I think it is important to have people who know the business area and know the industries that you serve. And have the technical experience to know what the issues are likely to be and the relation between the business and its customers and its supply chain.' (Resp. 22)

Directors' occupational diversity also helps the boards' monitoring role as the diversity of perspectives may prevent them from being complacent or tunneled in their approach while evaluating managements' proposals (Kosnik, 1990). As a result, the varied experiences, backgrounds, and skills of the Directors may help the boards improve their monitoring effectiveness (Anderson et al., 2011). Thus, the findings of the study support the existing literature and indicate that a larger skill-set on boards improves their ability to scrutinise and probe, and hence monitor more effectively.

4.5.7.4 Functional diversity and service role-effectiveness?

In this study, no evidence of the impact of the diversity of functional experience among board members was observed. The existing literature suggests that functional experience of board members enables them to advise and counsel the CEO and inculcates uniformity of thinking styles in specific functional areas (Kipkirong Tarus and Aime, 2014; Houle, 1990). The experience gained through functional background broadens the scope of Directors' thinking which enables them to process the information and make strategic choices (Hitt and Tyler, 1991; Kipkirong Tarus and Aime, 2014). However, the findings of the study indicate that the advantage of a broader skill-set and experience is in improving decision-making and board interactions, and not necessarily improving service role-performance of boards.

The chapter now discusses the impact of family affiliations of Directors on their actions which may have a bearing on board effectiveness.

4.5.8 Family affiliations and impact on board/personal effectiveness

The findings of the study suggest that family affiliations largely impact board members' personal work-ethics and commitments to issues such as diversity. The influence of various experiences related to family affiliations on perspective enable board Directors to have commitments which may shape their actions in wider world. Thus, the impact of family affiliations is on personal values, and commitments. The influence of family affiliation in Directors' views and actions is acknowledged. The participants also appreciate the value the diversity and enhanced knowledge about latest technological advancements, which may be relevant in boards as well.

4.5.8.1 Updated technological knowledge

The impact of having young children on abilities of Directors to contribute in boards is recognised by a few participants. One participant suggests that the influence of parenthood on Directors' perspective and actions is for all to see and can be a dependable measure of their approach in their workspace.

A respondent suggests that if boards cannot appoint young Directors, they should actively seek the opinion of Directors with young children, as those parents will be more adept with the new technological development as compared to Directors with older progeny.

'You should make sure that the people around the board are different in age. And those that have young children rather than grown-up children will themselves be closer to the changing world of technology because their children will be part of it.' (Resp. 28)

However, the study did not find any explicit impact on board effectiveness such as role-effectiveness and decision-making.

4.5.8.2 Commitment to diversity in actions and decisions

The findings of the study suggest that Directors with young and able daughter are sensitised to the dilemma of female facing discrimination in appointments to leadership positions, struggle and misogyny women face when they step out of their home to work. The participants also acknowledge that they became more acutely aware of the loss of a vibrant talent pool that organisations are suffering on account of women not being employed in suitable numbers. One participant shares that he himself and his colleagues who have young daughters feel committed to promoting the cause of gender diversity.

'Without any doubt. Without any doubt! The CEO at [company name] has got four daughters. That's for me as well. We are pushing boards to sign up on Hampton Alexander review and do it by 2020. A third of the biggest companies.' (Resp. 30)

Many male board members responded in the affirmative to the question posed by the researcher as to whether parenthood has impacted their thinking styles or perceptions. The participants also disclose that being a parent enhances their sensitivity towards the cause for diversity in leadership. Fathers of young and qualified girls repeatedly

acknowledge that parenthood makes them aware of the challenges that women face while rising to leadership positions. Parenting young and able daughters also made them aware of the talent pool that boards are depriving themselves of by not nominating women. One participant shares his views thus:

‘Having a daughter, particularly an able daughter, definitely helped me appreciate, from a business point of view, a huge undeveloped talent pool that was the female community, which was there to be tapped and developed. The proximity to a very bright young woman and all her friends, reinforced the point that it is utterly wrong to have an organisation which is very male-oriented.’ (Resp. 28)

Thus, the findings suggest that several Directors/Chairs who are fathers of daughters often pursue the agenda of promoting gender diversity in leadership and boards. Those participants also acknowledge that being parents to young daughters has enhanced their sensitivity to the significance of pursuing the cause. The researcher cannot find existing academic literature discussing the impact of Director’ experience of parenthood on board effectiveness.

There are a few findings of the research, which the research did not set out to find but were revealed during the study. These findings are discussed in the next section 4.6.

4.6 SERENDIPITOUS FINDINGS – COMPOSING EFFECTIVE BOARDS

The researcher in this study explores the impact of board diversity on role-effectiveness. The findings indicate that the impact of board diversity is observable on many other board outcomes such as decision-making and board interactions. Board diversity, in its broadest form, is only one aspect of effective boards and two other aspects – an objective nomination process for Director appointments and able leadership from the Chair – ensure that boards are effective in their role-performance. The findings about composing effective boards are presented in this section. As discussed above in section 4.4, various diverse characteristics of board members may be tapped for improving various board outcomes. Required attributes in a board may vary in different organisations depending on the expectations from boards. The preferred combination of various aspects of board composition and the process may also vary with the operational and strategic needs of the company.

Characteristics of effective boards are discussed in this section (section 4.6) in greater detail.

4.6.1 Objective nomination process

A nomination process for appointing board Directors is critical to composing effective boards. The participants in the study emphasise that the task of nominating board members ought to be done with the help of professional agencies in order to have a wide range of attributes and diversity among prospective board members. One participant explains:

'If you are looking to change the board of a large company, you should hire the best executive search firm and give them the mandate to give you as wide a selection as possible.' (Resp. 16)

However, the findings of the study show that despite the directive of the Code (2016) to nominate board member after following a prescribed and fair procedure, not all listed companies in the UK have nomination committees in place. Even functioning nomination committees do not always work objectively and are influenced by CEOs/Chairs. The nomination process and its objectiveness are critical for composing effective boards but are not always ensured when making board appointments. One participant articulates the sentiment thus:

'The integrity of the nomination process is absolutely the key in order to have people who are prepared to say what they think.' (Resp. 15)

Not all board members are appointed through an objective nomination process and CEOs/Chairs influence the process significantly. One CEO/Chair rationalises exercising his discretion in the process as follows:

'It's all personal relationship, nothing else. Directors are appointed on the basis of who I know.' (Resp. 3)

Independence of nomination process is also supported by the Code (FRC, 2016) which recommends that the nomination process is run transparently and with professional help. Existing literature defines the role of the nomination committee as evaluating candidates for board positions, reviewing the performance of the existing Directors and assessing a firm's governance structure thereby improving the monitoring effectiveness of boards (Adams and Ferreira, 2007; Faleye et al., 2011). Thus, while the

findings support the existing literature on the role of nomination committee in composing effective boards, also add to knowledge by presenting evidence of nomination process not being followed objectively and by underlining the significance of the same.

A few participants in the study, however, mostly male Chairs, rationalise the influence of CEO/Chair in Director nominations. A few others argued that another aspect of maintaining the effectiveness of boards/corporate leadership, which is often ignored in the organisation is, succession planning of the CEO/Chair.

4.6.1.1. Moderating CEO/Chair's influence in nomination?

A few participants defend the influence of the Chair and CEO in the nomination process as it is the Chair's responsibility to ensure that boards can function as a team. In the UK-listed companies, nomination committees are often chaired by the Chairperson of the board. This arrangement puts the Chairs in a unique position to influence boards' composition which is often defended by the participants.

'Picking the team is the responsibility of the team leader. The selection of the individual has to be led by the Chairman, but supported by the board. Otherwise, you damage what you have.' (Resp. 28).

The participants also rationalise the influence of the CEO in the nomination process. Despite the large body of academic and practitioners' research rooting for keeping the appointment process free from undue influence of the CEOs, the reality appears to be far from what is aspired for. As one Chair argues:

'Of course, the CEO has influence in the nomination committee. The reason that CEOs are in that position is because they're leaders and talented people. If they are successful CEOs, their influence is throughout the organisation.' (Resp. 26)

However, the perception of female is different. They repeatedly bring up the influence of the CEO in the appointment process as a deterrent to board diversity. Female participants recommend a fairer and more transparent process for composing effective boards. One of the female participants argues:

'I am one hundred percent for the nomination process being at arm's length, with the right people involved with it. Because sometimes the

forcefulness of the character of a strong CEO is quite hard to challenge and hard to test.’ (Resp. 15)

The findings regarding the perception of female and male participants drawing a contrast on the role of CEO in the nomination process is revealing. These findings while substantiate the existing literature that women often face challenges in nomination because board leaders including CEOs prefer to ‘appoint in their image’, also contribute to existing knowledge by revealing that CEOs/Chairs still influence Directors’ nominations significantly, which is often justified by male Directors/Chairs and objected by female board members. The recommendations regarding engaging the services of professional agencies for hiring board Directors after due diligence are original and significant contribution to this research.

Holton (1995) reports that boards do not always nominate Directors through a nomination process involving independent individuals. She also mentions that the Cadbury (1992) code of governance has raised this issue. Unfortunately, after more than two decades, the situation still does not seem to have improved significantly. Singh (2007) reports that ethnic minority Directors are seldom appointed to nomination committees. The study findings implicitly support these observations by presenting the evidence of nomination processes of board Directors not being objective and appointments being made on the basis of whom the CEOs/Chairs know. The findings also give evidence of female Directors being dissatisfied with the undue influence of CEO/Chair in Directors’ appointment. Thus, the findings of the study add to existing knowledge.

In order to appoint board Directors as per the requirements of each board, the nomination committees, apart from being independent and objective, needs to assess the skill requirements of boards before initiating the nomination process. The same is discussed below.

4.6.1.2 Evaluating the specific requirements of boards

The participants suggest that the nomination of boards should be carried out only after an audit of required competencies on boards has been done. Such a requirement may vary from boards to boards. It is argued that effectiveness of boards is dependent on the skills of board members. In response to the question ‘how would you compose an effective board’ or ‘how would an effective board look, the participants enumerated

skill-audit as the first requirement. The audit of skill requirement will ensure that boards can challenge, support and a right approach.

'It starts with the specs, with 'what we are missing?' What is the future demand in terms of good quality decision-making? What are the gaps? How do we fill them? What should the next Director person look like – not only in terms of background and experience but also how does that person bring that background and that experience to the board. How do we define our culture, and does that person fit into that? Does that person challenge that?' (Resp. 15)

Another participant in the study claims that effectiveness of boards commences with board composition and board composition commences with an objective assessment of the requirements of boards. To be able to compose effective boards with objectivity leads to having diversity on boards. Another board member agrees:

'To constitute the best possible board, I need to first think about what are the competencies that I need to have around the board table in order to manage this particular business. What skills, what competencies, and how we are going to get the right level of thinking that the board needs.' (Resp. 12)

The process needs to be carried out objectively keeping only the requirements of the board in mind and entirely free from other influences which may vitiate the process. Another participant explains that determining the strategy and the long-term objective of the board helps him ensure that the board is clear about its competency requirements. Many participants claim that the boards need to be exclusively composed on the basis of skill requirement on boards and board members ability to meet those requirements.

'I will start by properly understanding the business and what the aspirations and long-term objectives are. Once you know what the business strategy is, that will dictate the competencies and the sensitivities.' (Resp. 18)

Ruigrok et al. (2007) also highlight the role of the nomination process in overcoming boards' limitations in selecting suitable Directors. Thus, the findings of the

research support the existing literature on the subject, while they also add to existing knowledge by underlining the need to first evaluate the skill gap on boards and assess the unique requirements of each board before Directors are appointed following an object process.

Another important aspect of composing effective boards is the role of the Chair. The same is discussed next.

4.6.2 Role of the Chair in composing effective boards

The participants in the study acknowledge that the Chair in listed companies has significant discretion and authority, and effectiveness of the Chair is one of the most critical aspects of an effective board. Effective Chairs exercise their influence in composing effective boards and promote suitable board diversity, run the board as per the agenda efficiently and by pre-empting and resolving board conflict diligently.

‘The chairman's roles and positions and chairmanship are critical to getting things done in boards. And if the chairman isn't doing it probably it is not getting done. It's impossible to run a serious business without a capable Chair.’ (Resp. 22).

The participants describe the role of the Chair in improving the effectiveness of their boards as follows:

‘My role as Chairman is to manage the board and guide them in the right direction. And that means succession planning, health and safety, interface with the external world and making sure that our shareholders are aware of “what” we are trying to do and “why” we are trying to do that.’ (Resp. 26)

These findings provide further evidence to the existing academic knowledge that the Chair plays a fundamental and significant role in obtaining agreements on boards which are critical for the smooth function of boards (Kakabadse and Kakabadse, 2007a). Scholars of CG suggest that the Chair has the responsibility of composing the board (Bezemer et al., 2012) and setting the agenda (Coles and Hesterly, 2000). The Chairs have a breadth of discretion available in shaping British boards, which they exercise by promoting an enabling culture (Kakabadse and Kakabadse, 2007a). The chairman takes into considerations diverse and often contrasting demands of societal, governance and commercial nature but continues to keep the ethical and financial health of the firm on track (Kakabadse and Kakabadse, 2007b).

Thus, the findings of the study agree with the existing knowledge. The participants in the study claim that effective Chairs promote board diversity and resolve conflict effectively. Participants suggest that Chairs compose and run effective boards by composing diverse boards, resolving conflict and promoting and maintaining appropriate culture. The same is discussed next.

4.6.2.1 Chairs determining/setting the board culture

The findings of the study provide the evidence of board Chairs having the discretion to change the culture in boards. Effective Chairs do so by ensuring that nomination committees are working objectively and independently, and all board members, irrespective of the length of their board experience, can express their views and contribute confidently.

‘Chair needs to be a visionary and have the courage to pursue things in the right way. The chair sets the culture for the board. The culture of how we behave, how we treat and respect one another. It can be an unspoken word, just how one creates the atmosphere and environment, but it is hugely important to have a culture of respect.’ (Resp. 29)

Moreover, Chairs also play an essential role in encouraging members with first board experience or with a comparatively less experience than others on boards, by giving them encouragement and time and by valuing their contribution on boards. Sometimes the members, particularly female Directors, may not have the experience of board functioning, despite having a unique perspective and ability to contribute uniquely. The Chairs in these circumstances may exercise their discretion and authority to draw out the optimum contribution from those members without making them feel isolated. As one participant explains:

‘Sometimes they may not have the full suite of experience that you would want to see around the board table. But it is okay, provided we have a very good chairman. It’s his or her challenge to nurture that talent up to the level of competencies.’ (Resp. 12)

The Code (FRC, 2016) expects boards to establish the culture, values, and ethics of the company. Kakabadse et al. (2006) suggest that in the UK the Chair is the ‘keeper of the board.’ The Chairs have a breadth of discretion available in shaping the board, promoting an enabling culture, and determining the strategy of the firm (Kakabadse and

Kakabadse, 2007a). The findings ratify and support the existing knowledge about Chairs in UK listed companies having the discretion to promote board diversity and changing the culture on boards.

4.6.2.2 Chairs' role in composing diverse board

The findings of the study suggest that a range of inputs and skills are required on boards for them to be able to foresee developments taking place in the world around them. An essential aspect of composing effective boards is composing them with all the attributes that a board requires for their role-performance. Successful Chairs assess the skill requirement of their boards and compose their boards effectively.

'It's the chairman's job to ensure that he has got competencies around the table and that he can draw out those competencies and the diversity of thought.' (Resp. 12)

The participants in the study suggest that effective Chairs assess the requirements of their boards which may vary for boards depending on the role that the board is expected to play. The requirement may be a new skill-set on boards, or the need to reflect the society and their customer base better or to have a diverse perspective which will improve decision-making.

'One of the things that I do in a chairman's role is to do an audit. I speak to the individual board members one-on-one. 'What you bring to the board. Where do you think we can improve the board and the business? Is the board able to give us a balanced view to help us make a strategic decision, commercial decision, or human capacity decision?' Chairman has a critical role to play.' (Resp. 13)

Additionally, in order to ensure that boards have adequate skill-set, appropriate signalling mechanism and diverse perspectives, Chairs can play an important role in ensuring that nomination committees function independently and objectively.

'I think this is where the chairman has a role to play, in making sure that the nomination committees work better and are having a much more considered approach to succession planning. I think in some of the better companies there is absolute clarity.' (Resp. 22)

Existing literature acknowledges that a change in culture, such as promoting diverse perspective and difference, is only possible when the leadership commits to managing and leveraging diversity and this doesn't merely remain an HR department's

task (Davidson, 2011). Effective chairs following an agenda to promote diversity may not only improve board composition and align it with the best practices as suggested by The Code (FRC, 2016) but also improve the effectiveness of boards.

The role of the Chair in promoting gender diversity has been discussed in existing academic literature (e.g. Kakabadse et al., 2015; Huse and Solberg, 2006). The existing knowledge suggests that the Chair needs to be aware of the composition-related peculiarities of a board such as diversity on boards, and use them for achieving the objective of effectiveness (Kakabadse et al., 2004). Moreover, the positive impact of female Directors' contribution in decision-making is accentuated when Chairs exercise leadership and promote an environment of openness (Kanadli et al., 2017). Practitioners' literature also highlights the role of the Chair in setting the tone in boards (Grant Thornton, 2015). This research presents findings about effective Chairs improving the effectiveness of boards by performing their roles efficiently.

An increased diversity on boards may also result in increased conflict among board members as diverse characteristics lead to varied perspectives. The Chair plays a crucial role in resolving the conflict and ensuring that boards remain productive and effective.

4.6.2.3 Chairs' role in conflict resolution

The findings of the research suggest that the presence of diverse perspectives on boards may result in conflict among Directors and may stall board functioning unless managed and diffused ably by the Chair with his/her strategic leadership. The study participants agree that the Chair in boards is the only authority who can ably bring out the competencies of members with diverse experiences and skill, without allowing diversity of views and perspectives to impact board effectiveness adversely.

'What is required on a board is that the conflict is within that meeting. It is my job as a leader, to make sure, that, people are not grinding an axe, and they are all making it work. Having listened to everybody, I would rule in a fair way, make sure that no one is being trodden on.'
(Resp. 5)

Another participant explains that Chairs have the responsibility to resolve conflict which often may be due to diverse perspectives on boards. However, effective Chairs are good at resolving conflict and do not either avoid it or ignore it.

‘It [resolution of conflict in boards] depends on how it is chaired. It all falls on the wrought shoulder of the chair. When they don’t, it’s quite difficult to get everybody into the same place. There may be a feeling of conflict. But good chairmen are not afraid of that, and they welcome it.’

(Resp. 15)

Research shows that diversity on boards may increase disagreement and task-related conflict, however, the same may encourage active information search (Midavaine et al., 2016). The diversity of views may also result in a higher level of conflict (Dhir et al, 2014; Fanto et al, 2011). While heterogeneity increases the number of perspectives on boards and thus improves decision-making, it may also make social integration among members more difficult and hence slow down the implementation of strategy (Cannella and Monroe, 1997). A variety of views, though seldom result in the bankruptcy of organisations, if not controlled and resolved diligently, have the potential to undermine board’s effectiveness (Kakabadse and Kakabadse, 2007b). The Chair may play a vital role in reaching an agreement (Kakabadse and Kakabadse, 2007a). Existing literature suggests that Chairperson has the responsibility of promoting open interaction and bilateral dialogues between the Non-Executive Directors and the Executive Directors (Bezemer, 2012; FRC, 2016:A.3). Such interactions may ensure smooth flow of information and hence is critical for the effectiveness of boards and their contribution towards value creation in firms (Kakabadse and Kakabadse, 2007a).

The findings of the research support the notion that diverse perspective on boards lead to board effectiveness and boards need a broad set of diversity attributes among its members.

The third important aspect of effective boards is diversity. The same is discussed in section 4.6.3.

4.6.3 Board diversity

Participants acknowledge that diverse boards are better decision makers, more effective in their role-performance, balanced in their outlook and approach and have improved board processes and effectiveness. A number of participants claim that diversity on boards is critical for their ability to take right decisions.

As in existing academic knowledge, the participants in the study who support diverse boards also put forth two types of arguments in favour of diverse boards; the

business case and the *social justice* argument (Carter et al., 2003). Both are discussed below.

4.6.3.1 Board diversity for better board decisions

Following are the findings of the study discussing the impact of board diversity on board effectiveness. Benefits suggested by the participants are often abstracts such as better decision-making, ridding groupthink, better board interaction and improved role-effectiveness of boards. The impact of diverse boards on boards' effectiveness in monitoring role and decision-making is suggested by the participants. Participants also claim that diverse boards help boards in more positive signalling to their stakeholders.

The participants claim that diversity on boards is critical for appropriate decision-making. The participants in the study agree and claim that diversity on boards is critical for effective decision-making.

'Diversity in the broadest sense is critical to decision-making.' (Resp. 30)

The participants in the study suggest that diverse boards have improved decision-making because concerns, opinions and potential solutions on diverse boards are balanced.

'A balanced board is an effective board. Having people of the same opinion on the board is dangerous because that way you don't get the opportunity to challenge effectively and to support effectively. So, having diverse organisations, executive team and board is absolutely essential.' (Resp. 26)

Extant literature also suggests that attributes of board members such as their ethnicity (Broome et al., 2011; Hillman et al., 2002; Singh, 2007), functional experience (Kosnik, 1990; Anderson et al., 2011), background (Ben-Amar et al., 2013; Kim and Rasheed, 2014; Tuggle et al., 2010), nationality (Kosnik, 1990; Anderson et al., 2011; Randøy et al., 2006; Ruigrok et al., 2007), and age (Anderson et al., 2011; Nguyen et al. 2015; Anderson et al., 2011) may improve boards' decision-making abilities. Gender-balanced boards make better decisions with the help of fresh, informative and insightful views and experiences of female Directors, irrespective of industry, product or customer base (Skroupa and Manning, 2016). The findings of this research also

suggest a positive impact of gender diversity and ethnic diversity (accompanied with other life experiences) in section 4.4.1 and 4.4.6 respectively.

Research exploring the impact of board diversity often seeks to establish a relationship between boards' diversity and firm performance and is often supported by Upper Echelon theory (Hambrick and Mason, 1984). However, the role of board diversity in improving board performance is being increasingly documented in the recent academic literature (e.g. Adams and Ferreira, 2009; Rao and Tilt, 2016). This study has a limited remit of exploring the impact of board diversity on board effectiveness.

Thus, the findings of the research about board diversity leading to improved decision-making support the existing body of group diversity research.

4.6.3.1.a Diverse boards – Less groupthink

Countering groupthink and challenging the norm are quoted by the participants in the study as two of the most significant advantages of diversity on boards.

'[Different perspective] brings freshness and stops groupthink.' (Resp. 28)

Participants suggest that nomination committees should be actively looking for different attributes in their prospective Directors and board search agencies need to be given explicit advice to recommend candidates with diverse characteristics.

'Boards tend to have, historically, older males of a certain background, which again makes for group-thinking. So, when a nominating committee or the executive search business [is] searching for NED members, they should go out of their way to find a multiplicity of different candidates.' (Resp. 16)

Board diversity is often projected as an antidote to diffuse the 'groupthink' (Hillman, 2015; Krawiec et al., 2013; Fanto et al., 2011). A lack of diversity on boards results in groupthink as the members of boards have similar perspectives and potentially resultant conformity (Miller and del Carmen Triana, 2009; Rao et al., 2016).

Group diversity literature also suggests that homogenous teams have cohesiveness and cordiality which may facilitate swift decision-making, but it also results in groupthink (Bassett-Jones, 2005; Janis, 1972; Ferreira, 2010; FRC, 2016). A few studies on boards also claim that board effectiveness may be adversely impacted in

socially homogenous boards due to many challenges such as groupthink, which compromises their monitoring effectiveness (Upadhyay and Zeng, 2014).

Thus, the study supports extant literature on diverse decision-making group and board having less groupthink than homogenous ones. This study explains that groupthink on diverse boards is reduced because of diverse perspectives brought in by board members with different experiences.

4.6.3.1.b Diverse boards – Better interaction

The participants in the study acknowledge that a diverse board has productive conversations. More vibrant, more informed discussion, which incorporates a broader perspective, makes better decisions.

‘Diversity, and that’s wider than gender, is important because you get a richness of conversation that you don’t get if you have just got a lot of white middle age men and who are cloning themselves.’ (Resp. 21)

In existing literature there is inadequate attention on significant process and context related aspects of board governance such as interaction among actors, decision-making culture in boards (Huse, 2005b; Daily et al., 2003). However, the limited academic literature on board diversity argues that boards with gender diversity have individuals with varied experiences (Fondas and Sassalos, 2000), and hence a higher quality and quantity of interactions among members (Adams and Ferreira, 2004; Terjesen et al., 2009).

However, in this study, participants repeatedly caution that for better interactions in boards, the definition of diversity needs to be broadened beyond demographics. Participants also suggest that in certain industries which nominate Directors from within, board Directors have similar functional backgrounds. These boards run the risk of not being able to assess risk in time and not being equipped to deal with it. Boards ought to have multiple attributes of diversity such as diverse skills, capabilities and nationalities for improving their ability to contribute with varied perspectives.

‘Some industries are quite introverted. They are always sucking up talent from within the industry. They have suffered as a consequence of that, and are now broadening the skill-pool on the board.’ (Resp. 18)

Existing knowledge suggests that primary argument in favour of diversity is that heterogeneity allows groups to be involved in in-depth conversations and generate different alternatives (Watson et al., 1998). Group diversity literature also suggests that detectable diversity characteristics influence the dynamics of diverse groups as they elicit many social cognitive processes and impact interactions within the group (Jackson et al., 1995). Scholars claim that various processes such as environmental scanning, problem sensing/formulation/framing, decision announcements, implementation, evaluation, and readjustments take place before decisions are made by a team (Jackson et al., 1995). Diverse teams generate and consider various alternatives, and resolutions while making those decisions (Jackson et al., 1995).

Thus, findings of this research support the existing board and group diversity literature and argue that diverse boards have a higher quality of board interactions. Industries which historically have homogenous boards have suffered and are showing the signs of change. This study further extends the existing knowledge and suggests that optimum benefit for enriching board interactions can best be obtained by broadening the meaning of board diversity.

Diverse boards have different capabilities which further improve board performance. The same is discussed below.

4.6.3.1.c Diverse boards – Better human capital on boards

The participants in the study suggest that the historical approach of populating boards with white males of a certain age has led to severe skill crunch. The challenge of adequate human capital is particularly acute in engineering-based industries which are historically gender homogenous which needs to be addressed and rectified. Hence, boards need diverse people in order to promote diversity and skill supply in all hierarchies of companies. One respondent belonging to engineering sector recognises the limitation of his sector early in his career and has been endeavouring to promote diversity in order to widen the skill-pool.

‘The biggest driver for me is the serious shortage of skills. And if we continue to seek people in engineering from the same white male dominated talent pool, then we will never be able to close this skill gap. So, from a business point of view, we need more young people, more

women and more people from ethnic minorities into our talent pool.

(Resp. 26)

Enhanced human capital on diverse boards is underlined by many participants. A few articulate the benefits in improving decision-making and board performance.

'I can say that it is demonstrable that diverse skills [on boards] lead to better board performance.' (Resp. 16)

The participants in the study seek diverse boards for a range of skills, knowledge pool and experiences which will enable them to understand their employees and other stakeholders better.

'You [boards] need to have a reflection of the society that you live in, in terms of skill-set, the knowledge, gender, and ethnicity. If you have a board full of males of Caucasian descent and if you have a staff where 80% are female, or some of them are Muslims, Christians, or Hindus, coming from different areas, how can you understand your suppliers of skill and capability.' (Resp. 13)

Human Capital theory (Becker, 1964) propounds that organisations benefit from an individual's cumulative cognitive and productive capabilities such as education, skills, experience (Terjesen et al., 2009). Board capital consists of board members' competence and characteristics and is influenced by boards' composition (Huse, 2005b). Board Directors' competence is influenced by their functional, firm-specific, board-specific knowledge and experience and their skills (Huse, 2005b). Learnings of individual board members lead to the evolution of board knowledge and effectiveness (Huse, 2005b). Such board capital obtained in the form of board members' status, prestige, stigma, and reputation also is a useful signalling to a range of stakeholders of companies (Certo, 2003). Board member's reputation, knowledge, and networks enhance their human capital and influence the functional and role-effectiveness on boards as a whole (Johnson et al., 2003). Board capital, consisting of human, social, structural and cultural capital, impacts board's effectiveness (Nicholson and Kiel, 2004).

Thus, the findings of the study support the existing literature and also contribute by revealing that optimum human capital on boards can be tapped by actively including Directors not only with a different gender or skill-set but different experiences.

Now the chapter discusses the impact of board diversity on role-effectiveness of boards.

4.6.3.2 Board diversity and higher role-effectiveness

The participants in the study claim that diversity on boards influences their performance in many roles. As also explained above in section 4.4, various diversity attributes contribute to board effectiveness. Participants do not mention ‘monitoring’ or ‘supervision’ of the executive as one of their roles and instead use the term ‘challenge the assumptions’. However, many outline the importance of the independence of Directors in making boards effective. Independence – both of tenure, and thinking – has often been recognised as critical for boards monitoring effectiveness. Other benefits of board diversity as claimed by participants are in improving boards’ networks, signalling performance, and the ability to advise the executive. The most commonly used articulation of their roles by the participants in the study are ‘challenge’ ‘oversight’ and ‘support’.

4.6.3.2.a Monitoring and supervising the executive

Participants agree that for boards to be effective in their role of mentoring the CEO they need to be challenging. Boards can add value by constructive criticism of the executive proposals which is likely to elicit a positive response from the CEOs and not defensiveness.

‘For an effective CEO, you really need to have a challenging board that is probing but also egging you towards progress. When I commit to a board I say [to the CEO], ‘are you open to constructive criticism?’
(Resp. 13)

Female Directors, and ethnically and culturally diverse Directors ask more nuanced, and more profound questions on strategic proposals and policies presented by the executives in their proposals.

‘In my experience people with a different cultural background, females, they ask more, better questions about how do we get to this situation and try to address that issue. Questions about ‘what drives an individual’.
(Resp. 13)

Existing literature acknowledges that a crucial attribute required for effectiveness in their monitoring/control role is boards’ independence from the

management (Kim et al., 2014; Levrau and Berghe, 2007; Nicholson and Kiel, 2004). While board homogeneity compromises boards' oversight ability (Anderson et al., 2011), board diversity makes the boards more independent (Farrell and Hersch, 2005; Jensen and Meckling, 1976; Singh, 2007; Ferreira, 2010) and efficient monitors (Anderson et al., 2011). Thus, the findings of the study about diverse boards beign more effective supported existing literature.

Participants in the study also claim that with the presence of diverse Directors, boards challenge the executive more on their assumptions and thus improve boards' monitoring/supervising performance. Such boards also produce better monitoring effectiveness as they also encourage the Chair to lead with an innovative approach.

'Boards that are more diverse and are able to challenge the status quo and the norm and even challenge the chairman to think about a new thing and to come out with different directions, even if it is difficult, perform better in the long term.' (Resp. 16)

Extant literature establishes that corporate boards are one of the most important mechanisms through which the shareholders monitor and control the executives (Anderson et al., 2011). In the aftermath of various corporate scandals of the previous century, managerial accountability has come under greater scrutiny for improving CG (Faleye et al., 2011; Minichilli et al., 2012). The global crisis in the corporate world has further underlined the significance of board's monitoring role-effectiveness (Kim et al., 2014; Levrau and Van der Berghe, 2007; Minichilli et al., 2012; Nicholson and Kiel, 2004). As a result, modern governance codes mandate boards to monitor the executive, while a few decades earlier the primary role of boards was reviewing and ratifying corporate strategy (Demott, 2010).

Thus, findings of this research support the existing knowledge and extend it by incorporating experiences such as cultural background and gender as attributes which may enhance board independence.

4.6.3.2.b Board diversity and wider networks for boards

Participants in the study neither suggest that diverse boards are better boundary spanners more than homogenous ones, nor do they agree that diverse boards are more resourceful than Directors belonging to majority communities. The resourcefulness of diverse boards is mentioned with reference to enhanced skill-set (human capital) which

can then be tapped for better performance of boards as a group. The advantage of board diversity for enhanced human capital has been discussed earlier in section 4.5.3.1c.

Participants are skeptical of diverse boards being more resourceful. A female respondent in the study suggests that her networks are distinct than those of Directors from majority community and the employing companies value those networks. One such respondent acknowledge:

'I ticked all those boxes 'cause I am from [the] computer [IT] sector. I have been actively involved with the Institute of procurement and supply I bring a lot of network from there. I am a former finance Director.'
(Resp. 14)

Existing literature suggests that female Directors may have unique networks, experiences, and skills, which contribute towards effective decision-making (Nguyen et al., 2015). Resource Dependence theory (Pfeffer and Salancik, 1978) of CG, considers the boards to be a mechanism for managing resource dependencies (Johnson et al., 1996). The theory propounds that boards manage resource dependencies by providing the organisation with a link with the external environment (Johnson et al., 1996) reducing the transaction costs of linking the firm with the external environment and reduce environmental uncertainty (Zahra and Pearce, 1989; Pfeffer, 1972). Resource Dependence perspective propounds that boards are boundary spanners for an organisation and are expected to provide links to external resources, reduce dependencies and prevent the company from external threats (Huse, 2005b; Johnson et al., 1996). Thus, boards are seen as instruments of door-opening, legitimacy, and networking (Huse, 2005b). Studies on work-group diversity claim that groups with demographic heterogeneity have a multitude of resources, such as networks, perspectives, styles, knowledge, and insights, which may help groups in better decision-making and resolution of complex problems (Ely and Thomas, 2001).

The study findings do not find ample support for the claim made in the extant literature about diverse boards being able resource providers.

4.6.3.2.c Signalling to the stakeholders

The participants in the study also emphasise that boards need to be representative of their primary stakeholders such as their employees and customers and need to send positive signals to those communities about their inclusive approach. Hence nominating

diverse board members in terms of skill, gender, ethnicity, and knowledge, improves boards 'effectiveness in signalling performance.

'If you have got a balance in boards, you have better communications skill. People will understand the message better if they [diverse board members] are the ones delivering that message.' (Resp. 13)

Another participants who have been actively promoting gender diversity in her organisation explains why she does it and how her actions encourage stakeholders to associate with her company.

'The remit is to make [company's name] the best place to work for everyone, not just for women. It helps with other things like paternity policy, shared parental leave, and adoption policies. As an absolute minimum people can see that the firm is taking this seriously, trying to be supporting to its employees. Because obviously whatever is happening in people's personal lives is going to have an impact on how happy and successful they can be at work.' (Resp. 7)

Existing studies suggest that young and female potential-employees may be more assured of a successful future in companies with diverse boards (Ali et al. 2014; Mattis, 2000). Heterogeneous boards can reach a multitude of stakeholder and improve their signalling performance. As per Signalling theory (Spence, 1973), firms use visible signs to gain reputation and status (Miller and del Carmen Triana, 2009). With higher diversity on boards, companies communicate signals to various stakeholders such as employees, regulatory agencies, customers, public and other interest groups (Broome and Krawiec, 2008; Certo, 2003; Miller and del Carmen Triana, 2009; Shin and Gulati, 2011; Bartlett, 2010, Langevoort, 2011). Board diversity, particularly ethnic diversity, is recommended for a positive signalling exercise (Spence, 1973) towards employees, regulatory agencies, customers, public and other interest groups (Broome and Krawiec, 2008; Certo, 2003; Miller and del Carmen Triana, 2009; Shin and Gulati, 2011; Bartlett, 2010, Langevoort, 2011).

The findings of the study suggest that diverse boards communicate and signal their ethos and respect for merit better than homogenous boards. Participants argue that companies with diverse boards stand a better chance of 'walking their talk' than companies with homogenous boards. Diverse members of boards can be powerful role-

models for the younger generation who may aspire to join industries which are historically perceived to be less diverse. The study while supporting the existing literature on the ability of diverse boards to communicate positive signals to their stakeholders also makes a significant contribution by revealing that diverse boards are supported by investors in the UK listed companies and they are penalising companies with homogeneous boards.

4.7 CHAPTER SUMMARY

This chapter presents an analysis of the data and discusses the main findings of the research. The chapter presents four themes and various sub-themes and discusses them with reference to existing academic and practitioners' literature. The chapter reveals that the diversity of perspective is the most valuable diversity attribute on boards and Directors obtain a diverse perspective through a variety of experiences in their lives. The chapter also suggests that different perspective-forming experiences may be valuable for different board effectiveness. Finally, the chapter discusses a few serendipitous findings, which, though the research did not set out to explore, were observed during the analysis of the data. The chapter contributes to the creation of the model which is presented in Chapter Five.

CHAPTER FIVE – RESEARCH CONCLUSIONS

5.1 OVERVIEW

The final chapter of the thesis summarises the findings, presents a tentative model, and develops a set of propositions. Additionally, the chapter discusses the trustworthiness/credibility of the research and its findings, articulates potential bias of the researcher in data collection and analysis, and submits how the researcher has addressed it. The chapter goes on to explain how the study has achieved the aims and objectives of the research and how it answers the posed research question. The chapter also concludes the study, spelling out the contributions and the limitations of the research, and offers a few suggestions for future studies.

The chapter comprises nine parts and is structured as follows. Section 5.1 presents an overview of the chapter. Section 5.2 presents a summary of the findings as discussed in detail in Chapter Four of the thesis. Section 5.3 develops the model, arising out of the analysis of the data, and develops the propositions, also reflected in the model. Section 5.4 discusses how the study adheres to the discipline of valid academic research and how the researcher has addressed the concern regarding her bias. Section 5.4 explains how this research achieves the aim and objectives of the study and section 5.5 discusses the theoretical and practical contributions. Section 5.6 presents the limitations of the study, and gives some suggestions for future research. Section 5.7 describes how the quality of research and the validity of the findings are evaluated and section 5.8 presents some personal reflections from the researcher. Finally, section 5.9 summarises the chapter and discusses the contribution of the chapter. The structure of the chapter is presented in table 5.1.

Table 5.1 Structure of Chapter Five – Research Conclusions

Heading	Content	Categories of content
Overview	Brief outline of the chapter	–
Summary of the findings and building propositions	Expanding the remit of board diversity	–
	Antecedents of the diversity of perspective and their impact on board effectiveness	Table 5.2
The model	Explaining the model	Figure 5.1

Achievement of research aim and objectives	Achieving the aim of the research	Conducting elite interviews with 30 board members, analysing the data thematically, reporting the findings
	Achieving the objective of the research	Reviewing relevant literature Exploring how board members perceive board diversity Exploring how board diversity impact board effectiveness Proposing a model on the relationship
Research contributions	Contribution to strategic leadership theory	–
	Contribution to role-performance theories	Contribution to: Agency theory Stewardship theory Resource dependence theory Signalling theory Discretionary theory
	Contribution to corporate practices	–
Limitations and directions for further research	Method limitations and research bias Sample size limitation Boundary limitation Directions for future research	–
Evaluation of research quality	Formalised process of data collection Member examination Detailed findings Confirmability Neutrality Experienced supervision Addressing potential bias	Table 5.3
Personal reflections	–	–
Chapter summary	A round-up of the chapter	–

Source: Compiled by the researcher

5.2 SUMMARY OF THE FINDINGS AND BUILDING PROPOSITIONS

The findings of this doctoral research indicate that the role of boards in UK listed companies is ever increasing. For effectiveness in their performance, boards need the diversity of perspective. Diverse perspectives on boards can be obtained by appointing Directors with varied experiences. Several experiences may have an impact on Directors' perspectives such as their gender, age, functional experience, nationality, and socioeconomic background, which have been the subject of existing academic research. The findings of this study suggest that many other experiences such as family affiliations, including age, marital and parental status, may have a bearing on Directors' perspectives. There are a few experiences that influence Directors' perspectives, such

as their functional experience of having served in the armed forces, but no clear impact of the same on board effectiveness is found in this research. The findings have been discussed in detail with reference to existing literature in Chapter Four. The findings – themes and sub-themes – of the research are outlined in Table 5.2.

Table 5.2 Findings of the research – Themes and sub-themes

Themes	Sub-themes		
Board roles	Changing role of boards	-	-
	Roles performed by boards today		
	Board roles and board diversity		
	Broadening board diversity for effectiveness		
	Experiences	Impact on Directors' perspective	Impact on Board effectiveness
Diversity of perspective – Diverse experience and its influence	Gender	Affable probing style Independence Courage Empathy Commitment to diversity	
	Functional experience	Skill-sets Discipline/people management Intellectual capital	
	Nationality/international exposure	Unique perspective Different approach in addressing board issues	
	Socioeconomic background	Tenacity	
	Relationship/family affiliation	Parents/grandparents – competitiveness and competence Parents – Work ethics Marriage – Tolerance and sacrifice Parenthood – Sensitivity Parenthood – Leadership qualities	
	Religious beliefs and practices	Shape value sets Strength and composure Impact on corporate culture	
	Age	Different aspirations	
	Ethnicity	Broadening perspective Local knowledge Ethnicity with life experience	
Impact of diverse experience on board effectiveness	Gender	Challenging the executive Preventing value destruction Signalling to stakeholders Boardroom interactions Unique perspective	Improved monitoring effectiveness Improved signalling effectiveness

		Empathy	Improved decision-making
	Functional experience	Skill-set – Board capital Intellectual capital – Board capital Discipline People management Challenge assumptions	Improving monitoring effectiveness Improved resource-provisioning effectiveness Improved decision-making
	Socioeconomic experience	Charity? Tenacity/strength?	-
	Religious beliefs/practices	Values through religious beliefs and practices	Choosing board assignments
	Nationality	Local knowledge Risk appetite Tackling groupthink	Improved decision-making
	Age	Unique perspective – Better decisions	Unique perspective only if ethnicity is augmented with life experience
	Ethnicity	Signalling to stakeholders	Improved signalling effectiveness
	Relationship/family affiliations	Updated relevant knowledge Commitment to diversity	Improved decision-making
Serendipitous findings – Composing effective boards	Objective nomination process	Moderating CEO/Chair influence in nomination process Evaluating competence requirement on boards	Objective board composition
	Chairs' role	Promoting conducive culture Resolving conflict Promoting board diversity	Improved decision-making Improved board effectiveness
	Board diversity	Less groupthink Better interaction Richer human capital Improved challenge to the executive Broader network Positive signals to stakeholders	Improved decision-making Improved monitoring effectiveness Improved resource-provisioning effectiveness Improved signalling effectiveness

Source: Compiled by the researcher

5.2.1 Expanding the remit of boards' roles in UK listed companies

The study findings first posit that the role of boards in the UK's listed companies is ever-increasing and the remit of boards presently is much broader than it was a few decades ago. The enhanced role of boards is expected to improve corporate governance by higher involvement and accountability imposed on them. As a result, boards are scrutinising executive proposals more thoroughly, have more frequent and effective communication with their stakeholders and are obliged to maintain more transparency. While the ambit of roles of boards has increased in recent decades, the roles that boards played historically, namely, challenging the executive, and providing oversight and strategic direction, have not diminished. The findings suggest that the vocabulary used in boards is often different from the one used in academic literature for describing their

roles. The participants in the study refrain from using terms such as ‘monitor’ or ‘supervise’ to describe their role but use terms such as ‘challenge’ and ‘question’ instead.

Many of these findings support the existing literature, which indicates that the remit of boards is increasing in listed companies making them more involved in decision-making and under closer scrutiny from their stakeholders (Burch, 2010; Golden and Zajac, 2001). The increasing role of boards due to changed regulatory norms has also been recognised in existing literature (e.g. Demott, 2010). Continued emphasis on the monitoring aspect of boards’ role is also commented in the academic and regulatory literature (e.g. Kakabadse and Kakabadse, 2007b; Kang et al., 2007; Babić et al., 2011; FRC, 2016). Boards’ participation in strategy formulation and its role in setting the long-term direction for an organisation is also commented on in extant knowledge (e.g. Golden and Zajac, 2001). The findings underline the influence of boards in corporate governance and thus support the Discretionary perspective (Williamson, 1963) and indicate that corporate leaders play a significant role in organisations and their roles.

The findings of the study further suggest that with increasing the remit of their roles, boards need strategies to stay effective in their role-performance and diversity on boards helps them improve their effectiveness. However, the demographic characteristics of Directors such as their gender, age, and ethnicity, which are often explored in existing literature, may not be the only attributes having a bearing on board performance. The findings of the study suggest that various experiences of Directors enable them to think differently and bring a diverse perspective on boards from which boards can benefit.

Presented next in section 5.2.2 is a summary of various experiences which have a bearing on Directors’ perspectives, as found in this study.

5.2.2 Antecedents of the diversity of perspective and their impact on board effectiveness

The second theme of the findings of the research, as discussed in detail in Chapter Four (section 4.3), argues that board diversity signifies a broad set of experiences which enable Directors to bring in a range of perspectives on boards. The findings of the study suggest that board Directors acknowledge and value the role of diversity in board effectiveness, and actively seek it on their boards. Several experiences are considered

relevant for widening the perspective of board members and are discussed in this section. Thus, the findings of this study suggest that Directors perceive and define board diversity beyond the gender of Directors, although a significant body of academic research is focused on gender diversity (e.g. Huse and Solberg, 2006; Adams and Funk, 2012; Terjesen et al., 2009; Hillman et al., 2002; Kramer et al., 2006).

These findings support the Strategic Leadership perspective (Finkelstein et al., 2009), which suggests that board members' experiences influence their ability to process information and their actions. Strategic Leadership perspective and its foundation, Upper Echelon perspective, highlight the behavioural aspect of corporate leaders' characteristics and attributes that guide their decision-making (Finkelstein and Hambrick, 1990). While the Strategic Leadership perspective argues that three aspects of decisions makers' characteristics – their values, background, and experiences – have an impact on corporate leaders' decisions (Finkelstein et al., 2009), the findings of this study present a few more characteristics that may impact Directors' views and shape their contribution. Upper Echelon perspective (Hambrick and Mason, 1984) also suggests that corporate leaders' processing of information, presented to them as operational analyses, is influenced by their experiences. The findings of the study suggest that decisions taken by board members are often shaped by their experience, which some refer to as 'gut-feel' but is essentially the summation of all their experiences.

Academic literature, mostly published in this decade, is beginning to emphasise the importance of varied experiences on boards and their role in improving their performance (Anderson et al., 2011; Ben-Amar et al., 2013; Nguyen et al., 2015; Adams and Borsellino, 2015a). The significance of the role of diverse perspective or the diversity of thought in improving Directors'/boards' output is also appreciated in some academic and practitioner's literature (Milliken and Martins, 1996; Kakabadse, 2015; Fanto et al., 2011; Kim and Rasheed, 2014; Hazen, 2010; Hillman, 2015; Bowen, 1994; Broome et al., 2011; Grant Thornton, 2015; Bogoslaw, 2016). Thus, this research contributes to extant knowledge on board diversity and presents the evidence of several experiences influencing Directors' perspectives and board effectiveness.

Some of the experiences which may have a bearing on Directors' perspectives are briefly discussed in sections 5.2.2.1–5.2.2.8.

5.2.2.1 Gender

The gender of Directors is one of the most influential experiences that impacts their perspectives and actions. The findings of the study vindicate the emphasis in existing academic literature and regulatory action (e.g. Whitehead and Normand, 2011; DBIS, 2015) on promoting gender diversity on boards, as gender is a distinct experience. The distinctness of experiences of female board members enables them to think differently and provides them with the courage to question assumptions, probe and challenge in an affable manner, have more empathy towards a range of stakeholders, and feel more committed to promoting diversity in all hierarchies of organisations.

The study makes a further original contribution by suggesting that these attributes may be the result of the diverse experiences that women have. Extant literature suggests that gender-diverse boards have a broader range of ideas (Galia and Zenou, 2013; Milliken and Martins, 1996) and diverse perspectives, experiences, and working styles (Daily and Dalton, 2003; Hillman et al., 2002; Huse, 2007). Academic knowledge on the unique attributes of female Directors is limited, though leadership literature discusses some attributes of female leaders such as a more democratic, collaborative, collegial approach, being open to innovative ideas, and having better listening abilities than their male counterparts (Eagly, 2016; Eagly and Johnson, 1990; Jackson et al., 1995). Thus, this study adds to existing literature significantly.

The findings of the study further add to Strategic Leadership perspective (Finkelstein et al., 2009) and indicate that female Directors make a unique contribution to boards with the input they bring. The impact of gender diversity on boards on board effectiveness is discussed in detail in Chapter Four (section 4.4.1).

The findings of this research also indicate that gender diversity on boards leads to more effective challenging of executive assumptions, and prevention of value destruction due to the independent, courageous, and affable probing style of female Directors. Female Directors are more empathetic towards a wide range of stakeholders and committed to promoting gender diversity in organisations. These attributes improve boards' decision-making. Lastly, robust gender diversity on boards emits positive signals towards current and future employees, and external stakeholders such as investors, government agencies, and customers. Extant literature acknowledges that female Directors are more independent monitors of the executive (Johnson et al., 1996; Nguyen and Faff, 2007; Böhren and Staubo, 2015) and ask discerning questions from

the executive (Rao and Tilt, 2016; Kang et al., 2007; Selby, 2000). These findings support the existing literature, which suggests that the presence of female Directors results in better interactions (Rosener, 1990; Singh et al., 2001). Thus the findings support existing literature and contribute to it by adding that female Directors have an affable probing style which makes board Directors more effective in challenging the executive. As per the summary of the influence of gender on Directors' perspective and on board effectiveness, the following propositions can be formulated.

P1a Female Directors have an affable probing style.

P1b Female Directors think independently on boards.

P1c Female Directors demonstrate courage in probing the executive and questioning their assumptions.

P1d Female Directors demonstrate a stronger commitment to promoting gender diversity in organisations.

P1e Female Directors demonstrate deep empathy in decision-making, towards a range of stakeholders.

P1f Female Directors make unique contributions to boards.

P1g Female Directors' affable probing style improves the monitoring ability of gender-diverse boards.

P1h The independence of female Directors results in boards challenging the executive.

P1i Courage demonstrated by female Directors results in prevention of value loss.

P1j Gender-diverse boards have a more profound commitment to gender diversity.

P1k Higher empathy shown by female Directors makes decision-making in gender-diverse boards more empathetic.

P1l Gender-diverse boards have more focused interactions than gender homogenous boards.

P1m Gender-diverse boards communicate a positive signal to stakeholders.

Following is a summary of the influence of socioeconomic background on Directors' perspectives and board effectiveness.

5.2.2.2 Socioeconomic background

The findings of the study also indicate that the economic background of board Directors, to which they were exposed during their formative years, has considerable influence on their perspective. Exposure to challenging backgrounds may make Directors tenacious in their approach in dealing with failure. However, no explicit influence of tenacity arising out of a challenging socioeconomic background is observed on board

effectiveness. Moreover, the participants also acknowledge the effect of having had a challenging background may not be uniform on every individual. Similarly, Directors from less challenging backgrounds may have other experiences that form their perspectives.

A limited body of literature on boards suggests that the socioeconomic background of Directors may have a bearing on firm outcomes and such a background may vary in different countries (Mahadeo, 2012; Adams and Borsellino, 2015a&b). Organisational literature considers the socioeconomic background to be a valid categorisation for defining diversity in organisations (Van Knippenberg et al. 2004; Volckmann, 2012). This study is one of the first empirical studies to indicate the specific influence of socioeconomic background on Directors' perspectives.

As the findings only indicate a relationship between socioeconomic background of Directors and their perspective, that a challenging socioeconomic background may make them more tenacious, the following relationship is propositioned.

P2 Socioeconomic background of board Directors makes them more tenacious.

Following is a summary of the influence of Directors' religious practices and beliefs on their perspectives and board effectiveness.

5.2.2.3 Religious practices and beliefs

The findings of the study suggest the religious practices and beliefs that board Directors are exposed to in their impressionable years have a lasting impact on their perspectives. These experiences shape their value-sets and provide them with strength in times of adversity. The finding suggests that Directors' value-sets, which are formed through observing religious beliefs and practices of their families, guide them in choosing organisations to work for and even accept or decline board appointments. Additionally, even if Directors renounce their religious faith or distance themselves from previously practised religious beliefs, those values continue to guide their actions.

These findings support the proposition of Strategic Leadership theory (Finkelstein et al., 2009) that corporate leaders' actions and decisions are influenced by their values. The findings of the study contribute to the theory by describing how the values that shape the actions and decisions of Directors are often drawn from their religious faiths.

Existing literature discusses the role of personal values of corporate leaders in decision-making (e.g. Johnson, et al., 2013; Adams et al., 2011). A few studies also indicate that the religion of Directors may play a role in shaping their thinking styles and views (e.g. Ararat et al., 2015). The findings of this study suggest a relationship between the religious beliefs and practices that Directors are exposed to in their formative years and their actions and decisions. The findings also reveal that the religious beliefs of a significant number of decision makers may influence the culture in organisations as well. The findings suggest the following propositions.

P3a Religious beliefs and practices surrounding Directors during their formative years shape their values.

P3b Religious beliefs of Directors provide them with strength during adversity.

P3c Religious beliefs and practices surrounding Directors during their formative years guide them through their decisions to join or leave boards/organisations.

Following is a summary of the influence Directors' nationality has on their perspectives and board effectiveness.

5.2.2.4 Nationality

The findings of the study suggest that one of the antecedents of Directors' perspective is their nationality. Boards may benefit from the appointment of Directors from different nationalities as many listed companies either have an international presence or are contemplating expanding their operations beyond UK borders. Nationals of those countries where the companies have business interests may enable boards to have local knowledge of customs, regulations, and corporate culture which may improve boards' decision-making. The nationality of individuals may also determine other behavioural characteristics such as their proclivity to tolerate risk, appreciation for long-term strategy, and confidence to expand beyond national/regional boundaries. Lastly, the diversity of nationality among Directors is also sought by stakeholders such as board Chairs, and investors.

The view that diversity of nationality impacts board members' perspectives is also supported by the Upper Echelon theory (Hambrick and Mason, 1984) as it suggests that the country of origin of individuals also influences their field of vision, perception, and interpretation of work situations (Nielsen and Nielsen, 2012). This study contributes to Strategic Leadership theory and explains that the diversity of nationality

on boards may influence the perspective of board Directors and also contribute towards board effectiveness.

Existing literature also acknowledges the trend in multinational companies to nominate Directors with a different passport (Alli et al., 2010). The findings support the literature suggesting that Directors with different nationalities may improve boards' networks and improve their resource-provisioning role (Pelled et al., 1999; Piekkari et al., 2014). The findings also add to the knowledge by describing the type of resources provided by the diversity of nationality on boards – local knowledge of customs, culture, and regulations. The findings of the study do not find any support for a few suggestions made in existing literature regarding the impact of the diversity of nationality (see section 4.4.4.4). However, the findings support some of the observations of existing literature which suggest that the diversity of nationality on boards improve their independence (Ruigrok et al., 2007; Ararat, 2010) and their monitoring ability (Hamzah and Zulkafli, 2014). The findings of the study suggest the following propositions.

P4a Directors from different nationalities have a distinct approach to issues on boards.

P4b Directors from other nationalities than the UK may have more profound local knowledge about their countries' customs, regulations, and culture, which will benefit boards' decision-making.

P4c The diversity of nationality on boards moderates boards' approach to risk.

P4d Boards with the diversity of nationality have richer local knowledge.

P4e Boards with the diversity of nationality may have wider networks.

P4f The diversity of nationality on boards improves their signalling role-effectiveness.

Following is a summary of the influence Directors' ethnicity has on their perspectives and board effectiveness.

5.2.2.5 Ethnicity with life experiences

One of the crucial findings of this research is regarding the influence of ethnicity on board Directors' perspectives and its contribution to board effectiveness. The findings of the study suggest that ethnicity may only be unique if ethnically diverse Directors also have diverse experiences of living in a different geographic region, being educated in different institutes and being exposed to different cultures. Board Directors belonging to a different ethnicity may have a broader perspective and approach towards individuals of other ethnicities. Additionally, ethnically diverse boards may send positive signals to their stakeholders. However, one respondent contradicts the same

and suggests that promoting diverse ethnicity on top executive teams may be preferable to promoting ethnic diversity on boards.

Scholars suggest the diversity of ethnicity on boards may help board effectiveness as often a large segment of their consumers/employees belong to diverse ethnic groups and ethnically diverse boards may represent their views, preferences and perspectives (Hillman, 2015; Miller and del Carmen Triana, 2009). Scholars claim that ethnically diverse boards have more diverse perspectives, as ethnic minority Directors have a diversity of personal/professional experience and educational background (Broome, 2011). In the UK the need to promote ethnic diversity is increasingly recognised, which culminated recently in the form of the Parker Review (Parker, 2016) asking FTSE 350 companies to aim at appointing at least one ethnically diverse Director on their boards. The findings of the study suggest the following propositions.

P5a Directors belonging to different ethnicities and having different life experiences will have local knowledge of those regions.

P5b Directors belonging to different ethnicities have a diverse perspective only if their life experiences are different from those of the Directors of the majority ethnicity on boards.

P5c Ethnically diverse Directors provide valuable inputs to boards

P5d Ethnically diverse boards emit positive signals to stakeholders.

P5e Ethnically diverse boards may not emit any positive signals to stakeholders.

Following is a summary of the influence Directors' age has on their perspectives and board effectiveness.

5.2.2.6 Age

The findings of the study suggest that aspirations and skills/knowledge vary with the age of individuals and Directors. Boards having Directors of a younger age than the current average age may have better knowledge of younger generations' expectations from the workplace, work-life balance, and have better access to their expertise in IT and cyber security related issues, which may be valuable for boards. However, while participants in the study acknowledge that boards may benefit from the attributes that younger Directors may bring to boards, they concede that such perspective can be obtained by engaging with a younger adviser. Moreover, boards place a higher premium on experience than on distinct perspective that younger Directors may bring.

The findings support the Upper Echelon perspective that age is a significant factor influencing leaders' views because similarly aged individuals are exposed to similar experiences (Hambrick and Mason, 1984; Hitt and Barr, 1989; Hitt and Tyler, 1991; Ireland et al., 1987). However a significant body of age diversity research is focused on top managers, and only a small body of studies explore age diversity and its impact at all (e.g. Houle, 1990; Mahadeo, 2012; Kipkirong Tarus and Aime, 2014). Thus the findings of this research extend the Upper Echelon and Strategic Leadership perspectives (Hambrick and Mason, 1984; Finkelstein et al., 2009), and present the evidence of the experience of age influencing Directors' decisions and contributions. A significant contribution of the findings of the study is the suggestion that boards attach more value to Directors' board experience than to the aspirations and knowledge/skills of younger generations. The findings of the research support a limited body of literature which indicates that boards place a higher premium on experience while appointing Directors even though relevant skill-sets are not limited to older Directors (Adams and Borsellino, 2015a). The findings of the study indicate the following propositions.

P6a Age of Directors influences their aspirations for the workplace.

P6b Directors' age determine their skill-set and knowledge.

P6c The diversity of age on boards enables them to improve decision-making with the help of unique input from Directors of varying ages.

Following is a summary of the influence Directors' functional experience on their perspectives and board effectiveness.

5.2.2.7 Functional experience – Knowledge and skills

The findings of the study further suggest that functional experience and diverse perspective obtained through that experience may be valuable in boards. Diverse functional experience instils attributes such as discipline, people management skills and other intellectual capital in board Directors which enable boards to improve their decision-making. Functional diversity on boards may also enable them to improve their monitoring role-effectiveness as boards with a range of skill-sets can challenge executive assumptions. The boards with functional diversity also have a broader set of networks and other resources.

These findings support Strategic Leadership and Upper Echelon perspective, which suggests that the functional experience of board members influence their cognitive style (Hambrick and Mason, 1984). The findings contribute to Strategic

Leadership theory by indicating that functional diversity may improve board effectiveness through its impact on Directors' perspective. A unique contribution of this study is that it presents the views of Directors who suggest that the functional experience of the armed forces may be valuable in boardrooms.

Scholars acknowledge that functional experience of Directors enables them to have different thinking styles (Finkelstein and Hambrick, 1996; Jensen and Zajac, 2004). However, much of the literature exploring the impact of functional experience in decision-making is focused on top management (e.g. Hitt and Tyler, 1991). This research indicates that functional diversity may have value for boards as well. The findings of the study indicate the following propositions.

P7a Functional experience of Directors in armed forces gives them discipline.

P7b Functional experience of Directors in armed forces improves their people management skills.

P8a Functional experience of Directors' improves their skill-set.

P8b Functional diversity on boards improves boards' intellectual capital.

P8c Boards with broader and more relevant knowledge and skills have improved board capital.

P8d Boards with the diversity of functional experience can challenge the assumption of the executive successfully and thus improve monitoring role-effectiveness.

P8e Boards with functional diversity have better skill-sets, resources, and networks, thus improving boards' ability to manage dependency and thus their resource-provisioning abilities.

Following is a summary of the influence Directors' family affiliations have on their perspectives and board effectiveness.

5.2.2.8 Family affiliations

One of the most original and significant contributions of this study is with regard to the influence of family affiliations on a board Director's perspective. The finding suggests that a range of experiences including being parents influence Directors' views and actions. While relationships with grandparents and parents inculcate strong work ethics, marital affiliations inculcate the ability to think beyond one's self and increase tolerance. Participants claim that parenthood has a lasting impact on them, making them more inclusive, mature, and a more sensitive and responsible leader. Thus, the findings suggest that experiences of formative years, as well as adult life, have lasting influences on Directors' perspectives and actions. Additionally, the experience of being a father to

young daughters seems to have enhanced Directors'/Chairs' sensitivity to the cause of gender diversity in leadership. The findings suggest that the parents of young and able daughters may have a higher awareness of diversity at the workplace and empathy towards the cause. To the best of the researcher's knowledge, the impact of family relationships on Directors' perspective is yet to be academically explored. The role of parenthood and family affiliations in professional decisions of female leaders is indicated in an extremely limited body of existing academic and practitioner's literature (e.g. Terjesen et al., 2009 refers to Catalyst, 2003). This research presents the evidence of how Directors' – male and female – decisions are influenced by their parental responsibilities. The findings of the research suggest the following propositions.

P9a Board Directors may derive their work ethics from their parents/grandparents.

P10a Directors married to individuals of a different faith may be more tolerant of diverse views and sacrificing in their approach.

P11a Parenthood may inculcate sensitivity in board Directors.

P11b Parenthood may enhance/improve leadership qualities in Directors.

P11c Directors with young and able daughter(s) may be more sensitive towards the cause of gender diversity.

The propositions presented in section 5.2.2.1–5.2.2.8 are now presented in the model in section 5.3.

5.3 THE MODEL

The model is a pictorial representation of the findings of the research as summarised above and indicates the relationships developed in the propositions in section 5.2 above. The model represents the relationship between Directors' diverse experiences and perspectives. The findings of the research suggest that board Directors' experiences impact board effectiveness through their influence on Directors' perspective and actions.

These antecedents to Directors' perspectives are shown in assorted colours in the model to clearly indicate the impact of diverse experience on Directors' perspectives and on various board effectiveness. Perspective derived from these experiences influence boards' role-effectiveness and other board effectiveness, such as board interactions and decision-making.

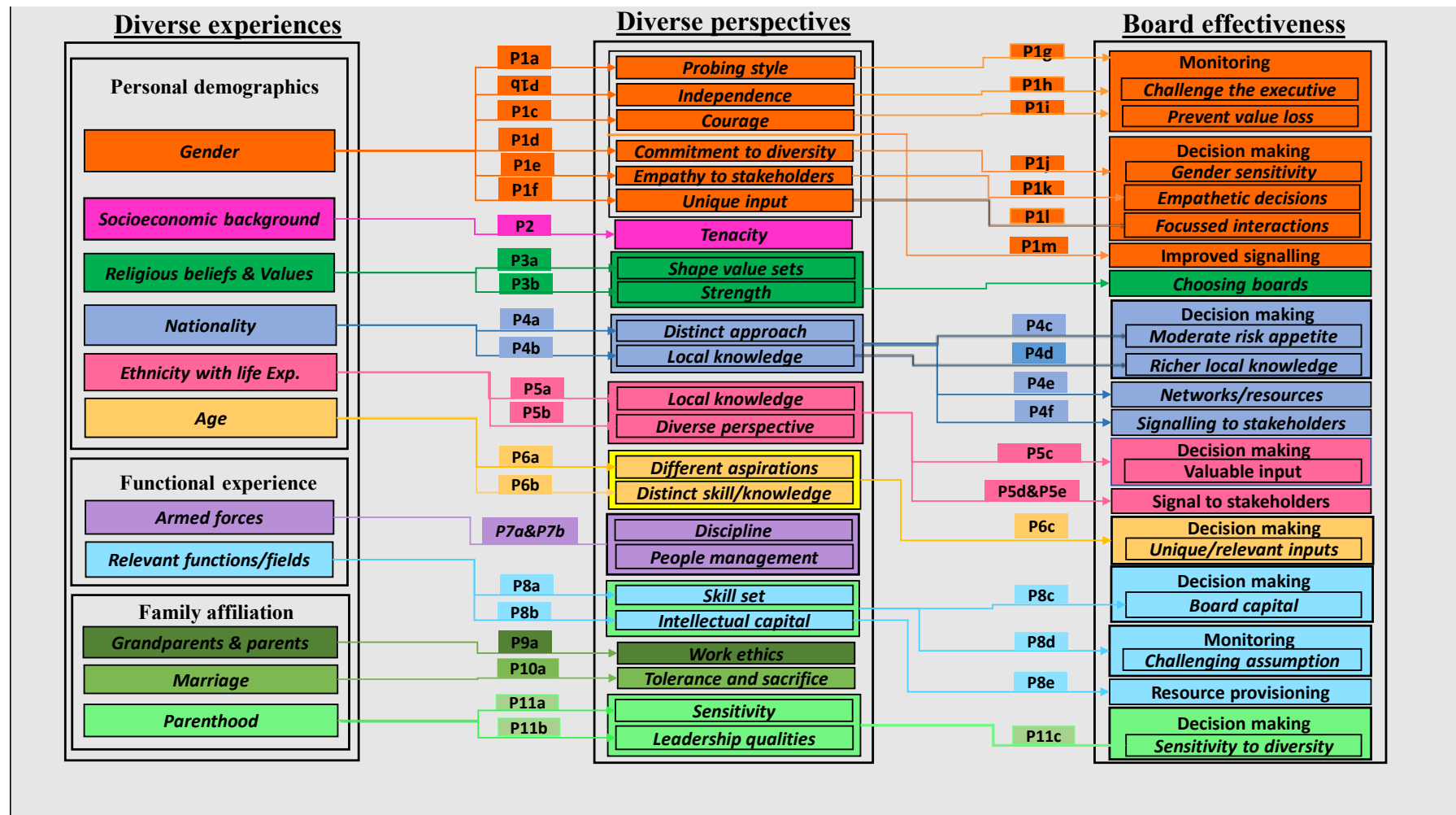


Figure 5.1 Impact of the diversity of perspective on board effectiveness and personal effectiveness

Source: Developed by the researcher

5.3.1 Explaining the model

The first column on the left of the model is entitled ‘diverse experiences’ and indicates various experiences that are found in this research to influence Directors’ perspectives. The experiences have been categorised as personal demographics, functional experience, and family affiliations. Scholars define demographic attributes differently. Ararat et al. (2010) suggest that all observable characteristics of Directors are demographic attributes. A number of seminal studies such as Milliken and Martin (1996) and Forbes and Milliken (1999) categorise attributes into two categories – Observable and Cognitive. Pelled (1996) defines demographic attributes to signify ‘diversity with respect to age, gender, race, group tenure, organisation tenure, education, or functional background’ (p. 615). In this research, personal demographics include experiences such as the experience of gender, socioeconomic background, religious beliefs and practices, nationality, ethnicity, and age. Functional experiences relate only to professional experiences, and the third category of family affiliations relates to family relations and includes relations such as those with one’s parents/grandparents, being married, and being a parent. The second column displayed in the model represents diverse perspectives as influenced by the various experiences of Directors as presented in the first column. The third column titled ‘board effectiveness’ represents the impact of various experiences of Directors on board effectiveness through their impact on Directors’ perspective.

The varied experiences of Directors influence their perspectives differently. The gender of Directors influences their perspectives in diverse ways. Their probing style, as female Directors, may be more affable in their approach to questioning (P1a). Gender also determines their independence of approach (P1b), and their proclivity to demonstrate courage in challenging the executives (P1c). Gender also determines their commitment to promoting gender diversity (P1d) and their concern for empathy (P1e). The findings of the study indicate that the input brought in by female Directors is often unique (P1f). The influence on Directors’ perspectives brought by their gender influences their actions and impacts board effectiveness. The probing style of Directors, which is influenced by their gender, may determine the extent of the challenge they pose to the executive and thus prevent value destruction by the executive (P1g). Similarly, level of independence and courage demonstrated by Directors also determine their ability to challenge the executive and prevent value destruction by them (P1h and

P1i respectively). Thus, the gender of Directors inculcates their level of commitment to gender diversity (P1j), as female Directors show higher empathy towards stakeholders in decision-making. Similarly, the uniqueness of inputs and the level of commitment felt and demonstrated by Directors, as influenced by their gender, impact decision-making and interactions on boards (P1k and P1l respectively). Gender diversity on boards collectively seems to impact boards' signalling effectiveness (P1m).

Socioeconomic diversity on boards appears to have improved the tenacity of Directors who have had the experience of a challenging socioeconomic background in their formative years (P2a). The participants also suggest that these attributes may influence board effectiveness as well by making Directors from challenging backgrounds more tenacious in their decision-making and more inclined to associate themselves and their organisations with charitable causes. However, the assumption was refuted by other participants, and hence the model does not show any relationship between the impact of a challenging socioeconomic background on Directors' tenacity, their actions/decisions or board effectiveness.

A significant finding of this study is to indicate that religious practices and beliefs to which Directors are exposed in their formative years influence their perspective – shaping their value-sets (P3a), and giving them strength in the time of adversity (P3b). This experience shapes board Directors' actions. One of the prominent actions taken by Directors due to their exposure to this experience is their decision about accepting professional assignments such as board duties (P3c).

One of the experiences that seems to have the broadest set of impacts on board effectiveness through its influence on Directors' perspective is nationality. Nationality enables the Directors to have a distinct approach towards different issues such as risk appetite and strategic planning for the future (P4a). The different nationality of Directors also enables them to develop local knowledge of the customs, regulations, and culture of their countries (P4b). As a result of a different nationality and its subsequent influence on Directors' perspectives, the diversity of nationality on boards may improve decision-making through a moderated risk appetite and richer local knowledge (P4c and P4d respectively). Moreover, the diversity of nationality on boards improve their networks and resources (P4e). Additionally, the diversity of nationality

on boards may also improve boards' signalling role-effectiveness as investors seek diversity of nationality on boards (P4f).

Contrary to existing literature on ethnic diversity on boards, this research finds that ethnic diversity may neither influence the perspective of board Directors significantly nor may it impact board effectiveness if it is not augmented with the Directors' diverse life experiences. Thus, Directors of a different ethnicity may have a different perspective only if other experiences such as living or getting their education were in a country other than the UK (P5a). Diverse ethnicity of Directors when coupled with diverse life experiences also enables them to possess local knowledge in different regions (P5b). A diverse ethnicity on boards may lead to positive signalling to the stakeholders (P5c).

The impact of the experience of age determines individuals' aspirations for the workplace (P6a) and may also determine expertise in various skills (P6b). Thus, diversity of age on boards may help decision-making by providing boards access to a range of unique inputs with regard to knowledge, skills and aspirations (P6c).

A number of participants in the study have the experience of having served in the UK armed forces. These participants underline the impact of such an experience on their perspective and claim that it resulted in a more disciplined approach to operations (P7a) and improved their ability to manage a large number of people effectively (P7b). These participants claim that both these attributes are relevant in organisations. However, no explicit impact of these attributes, obtained through the professional experience of armed forces, is found in the study. The findings of the study suggest that the functional experience of board Directors influences their perspective provided they come with a wide range of skill-sets (P8a) and broader intellectual capital (P8b). Thus, boards with the diversity of functional background among its Directors have a richer board capital, which improves boards' decision-making (P8c), and enhanced ability to challenge executive assumptions (P8d). Additionally, Directors' with diverse functional background may also have broader networks thus improving boards' resource-provisioning role (P8e).

Lastly, the findings suggest that family affiliations of Directors including their grandparents and parents (P9a), marital affiliations, and parenthood have a deep and lasting impact on their perspective. While Directors seem to learn their work-ethics

from their older relatives (P9a), they become more tolerant and inclusive individuals through marital affiliations (P10a). Parenthood seems to impact the perspective of Directors making them more sensitive (P11a). The type of sensitivity gained through the experience of parenthood is often towards gender issues and archaic practices and attitudes which are considered abhorrent by the younger generations. Parenthood also inculcates other leadership abilities such as caring for teams and taking responsible (P11b). However, the only familial experience that seems to have a bearing on board effectiveness as Directors is parenthood, which seems to increase sensitivity towards the cause of diversity and champion it in boards' decision-making (P11c).

5.4 ACHIEVEMENT OF RESEARCH AIM AND OBJECTIVES

The aim and the objectives of the research presented in Chapter One have been achieved in this study. The achievement of the aim and the objectives is explained in this section.

5.4.1 Achieving the aim of the research

The aim of the research is achieved by conducting elite interviews with thirty board Directors of listed companies in the UK, analysing the data with thematic analysis as explained in Chapter Three. The adopted method has allowed the research to find various antecedents of the diversity of perspective on boards and their respective impact on board effectiveness. The research findings suggest that different experiences influence board members' perspectives and influence boards' role-effectiveness. The experiences of board Directors also impact boards' decision-making.

5.4.2 Achieving the objectives of the research

The research has five objectives which are presented in Chapter One. The achievement of the objectives of the research is explained in this section.

5.4.2.1 To review existing academic literature on board diversity and effectiveness

The objective has been achieved by reviewing literature on board diversity and various characteristics of board diversity including gender, background, age, ethnicity, and nationality. The researcher also conducted the literature review on boards' role-effectiveness, with particular emphasis on three primary roles – monitoring/supervising, advising/counselling, and resource-provisioning. The review is presented in Chapter Two (please see sections 2.3–2.6).

5.4.2.2 To explore how board members of FTSE companies define/perceive board diversity

The objective has been achieved by conducting elite interviews with board members of FTSE companies. The interview protocol has six themes followed while interviewing the participants. The second theme consists of questions on how board members perceive/define board diversity. The answers to the question in this theme are thematically organised in Chapter Four (please see section 4.3 and 4.4). The findings suggest that board members in FTSE companies define board diversity broadly, beyond demographic attributes, and perceive the diversity of perspective to be critical for various board effectiveness.

5.4.2.3 To explore how diversity of perspective impacts board effectiveness

The research achieves this objective by following the third theme in the interview protocol, which asked questions on the role of board diversity and its various characteristics on board effectiveness. The findings of the study suggest that board diversity in its broadest form is obtained by appointing Directors with diverse experiences and such diversity results in a range of board effectiveness, including boards' role-effectiveness (please see section 4.5). The findings indicate that the diversity of perspective helps in improving monitoring, resource-provisioning and signalling roles of board members. However, any impact of the diversity of perspective on boards' service role is not found in this research.

5.4.2.4 To propose a model of the impact of diversity of perspective and effectiveness

The thesis proposes a model based on the findings of the research in this chapter (please see section 5.3). The model suggests that various experiences of Directors, which they are exposed in their formative years and adult lives, influence their perspective. The impact of experience on Directors' perspectives influences their actions and thus has a bearing on board effectiveness. Each experience may influence a distinct board outcome through its impact on Directors' perspectives. The model proposes a number of relationships between diverse experiences of Directors, perspective of Directors and board effectiveness, which can be tested in future research. Thus, this objective, as set out in Chapter One, has been achieved.

The thesis thus answers the research question(s) as presented in Chapter One (please see section 1.5.1), with regard to how diversity of perspective on boards of FTSE companies influences board effectiveness and how board Directors' define/perceive board diversity.

5.5 RESEARCH CONTRIBUTIONS

As is expected from an academic study, this research may have far-reaching implications for both theory and practices. The research is mainly guided by the Strategic Leadership perspective (Finkelstein et al. 2009) and the Upper Echelon theory (Hambrick and Mason, 1984) which precedes it. The findings of the research contribute to several theories such as Strategic Leadership Theory, Upper Echelon theory, Agency theory, Stewardship theory, Resource Dependency theory and Signalling theory. Thus, the contribution of this research in the application of several theories is considerable. Additionally, the findings of the research may also contribute to corporate praxis, as explained further in this section.

Following is a summary of findings and the theoretical contribution thereof. The findings are summarised in Table 5.3 below.

Table 5.3 Broad categorisation of the findings and theoretical contributions thereof

Category	Main findings	Second level of findings	Theoretical contribution
Board /corporate governance	Broadened remit of boards in FTSE companies	Boards are held more accountable A growing number are more involved in scrutiny and compliance Continue to challenge and support the executive Expected to understand the operations	Discretionary theory (Williamson, 1963)
	Diverse characteristics of Directors may improve role-effectiveness of boards	Diversity on boards may improve board effectiveness Diversity on boards more critical now due to uncertainties involved in governance	Strategic Leadership theory (Finkelstein et al., 20009)
	Broaden the ambit of board diversity for improved board effectiveness	Board Directors consider diversity critical to improving board effectiveness Board members define board diversity broadly	Strategic Leadership theory (Finkelstein et al., 20009)
Diverse experience – Diverse perspective	Diverse experiences of Directors influence their perspective	Apart from gender, functional background, age, nationality, and socioeconomic background, other experiences such as religious practices and beliefs, and family affiliations influence Directors' perspective	Strategic Leadership theory (Finkelstein et al., 20009), Upper Echelon theory (Hambrick and Mason, 1984)
Diverse perspective of Directors	Diverse experiences influence perspective differently	Gender, nationality, and functional background may have a bearing on boards' decision-making and monitoring role-effectiveness	Agency theory (Jensen and Meckling, 1976; Fama, 1980)

impacts board effectiveness	Diverse perspective of Directors impacts their actions and decisions	Age and parental status of Directors may have a bearing on decision-making of boards	Strategic Leadership theory (Finkelstein et al., 2009)
		Ethnicity of Directors may improve boards signalling effectiveness	Signalling theory, (Spence, 1973)
		Religious beliefs/practices may impact Directors' approach to appointments of board positions.	Strategic Leadership theory (Finkelstein et al., 2009)

Source: Compiled by the researcher

5.5.1 Contribution to Strategic Leadership theory

With increasing complexities of organisations and its leadership, it is challenging to pursue research following a single theoretical framework to explain complex strategic issues (Hoskisson et al., 1999). This research follows a complex structure of board diversity (in its broadest form), and board effectiveness and requires a theoretical framework involving multiple theories (Hoskisson et al., 1999; Cannella and Monroe, 1997).

Firstly, the most significant contribution of the findings of this research is on Strategic Leadership theory (Finkelstein et al., 2009). This theory refers to leaders who are at the helm in any organisation and hence impact strategy formulation (Vera and Crossan, 2004). Unlike leadership theories that focus on the relationship between the characteristics of leaders and their immediate followers, strategic leadership perspectives focus on the impact on organisational outcomes (Vera and Crossan, 2004). The Strategic Leadership approach glorifies corporate leaders as opposed to Agency theory which often vilifies them (Cannella and Monroe, 1997). The Strategic Leadership approach (adopted in Upper Echelon theory as well) suggests that human factors such as experiences and thinking have a bearing on leaders' actions (Finkelstein et al., 2009). Strategic leadership research focuses on individuals and governance bodies/groups such as board Directors (Hoskisson et al., 1999). The Upper Echelon perspective develops the discretionary framework further and suggests that the higher the discretion of the top leadership, the more impact their choices will have on organisations (Hambrick and Finkelstein, 1987; Finkelstein and Hambrick, 1996). Both theories (Strategic Leadership and Upper Echelon) are categorised as strategic leadership by scholars, however the Strategic Leadership theory is a better fit for this research because of its applicability and how it addresses the attributes of board members such as values, background and experience (Cannella and Monroe, 1997).

Secondly, the findings of this research support both theories and present evidence to suggest that board Directors in FTSE companies exercise considerable influence in shaping board effectiveness. Additionally, their experiences shape their values, and impact their actions and decisions. The findings of the study add to the theory by describing that various experiences – demographic, functional, and familial – may influence board Directors’ perspectives. The findings then explain that perspectives formed by various experiences of Directors influence their actions and decisions, which in turn influence board effectiveness. The findings contribute significantly to the theory by presenting an intermediary impact of diverse experiences on board effectiveness, before the impact on firm performance can be explored. The role of intuition in managerial decisions, though indicated in existing literature on Strategic Leadership perspective (e.g. Cannella and Monroe, 1997), is seldom addressed in empirical studies on boards. The findings of this research suggest that the often described ‘gut-feel’ may be the result of cumulative experiences of board members. The findings of this research discuss the critical issues of Strategic Leadership perspective such as the role of values, experiences, and background on their actions and decisions, and the role of intuition/gut-feel in their choices.

Thirdly, since gaining access to corporate leaders and their psychological profiles has been a challenge for academics, many academic studies use demographic attributes to make predictions about the cognition of corporate leaders. Scholars have often accepted the role of demographic characteristics in representing their psychological factors such as values, cognitive style, and content (Olson et al., 2006). However, gradually, the need to explore a variety of behavioural traits and their impact on board and firm performance is being recognised (Boal and Hooijberg, 2001). In this research, this limitation of the existing research is addressed, and although participants are not subjected to any psychological profiling, the perspective and views of board members are presented first hand.

Lastly, much of the research on boards explores the relationship between various attributes of boards with organisational performance and is guided by Agency theory, suggesting that the higher independence of boards results in higher firm performance (Certo et al., 2001). A related subject of research on boards explores the relationship between board size and their ability to provide access to resources (e.g. Pfeffer and Salancik, 1978). In this doctoral research the findings suggest a broader set of diversity

influences a wider spectrum of board effectiveness. As a result, the contribution to theory is to a range of governance theories such as Agency, Resource Dependency, Signalling, Strategic Leadership and Upper Echelon theories. Additionally, the findings of this research suggest a relationship between board diversity and an intermediary level of board effectiveness not firm outcomes.

5.5.2 Contribution to role-performance theories

The literature on boards' role-effectiveness mainly discusses their monitoring, mentoring, and resource-provisioning roles, which are based on the theoretical foundation of agency (Jensen and Meckling, 1976; Fama, 1980), stewardship (Donaldson, 1980) and resource dependency (Pfeffer, 1972) theories. A number of board diversity studies are guided by role-performance theories such as Resource Dependence theory (e.g. Ruigrok et al., 2007). The findings of this research contribute to some role-performance theories.

5.5.2.1 Contribution to Agency theory

Board diversity is recommended by academic research and regulatory provisions to enable boards to prevent value destruction and improve boards' role as agents of shareholders (Carter et al., 2003; Faleye et al., 2011; Rao and Tilt, 2016).

This research indicates a relationship between various experiences of board members (e.g. personal demographics, functional experiences, family affiliations) and their board's ability to challenge the assumptions of the executive and probe them on their proposals. The findings of the study suggest that gender diversity and the diversity of functional background on boards enable their monitoring role-effectiveness. Diverse experiences of female Directors inculcate an affable probing style, independence, and courage, which improve boards' ability to challenge the executive and prevent value destruction, thus improving boards' monitoring role-effectiveness. Gender diverse boards thus are better equipped than gender homogenous boards to prevent value destruction and perform their role as shareholder agents. Boards with functional diversity have enhanced skill-set and board capital, which again improve their ability to challenge the executive on their assumptions, thus improving monitoring role-effectiveness. Thus, the findings present evidence to indicate that broader board diversity improves boards' role-performance as shareholders' agents in aligning the interests of the executive with those of the shareholders (Fama and Jensen, 1983a).

5.5.2.2 Contribution to Stewardship theory?

The contribution to Stewardship theory through boards' ability to advise and counsel the executive is conspicuous by its absence in this research. The findings suggest that the participants seldom articulate their role regarding advising or counselling the executive and use the term 'support the executive'. Participants acknowledge that one of the primary roles of boards is to support (as well as challenge) the executive. However, no explicit impact of board diversity on boards' role of supporting the executive is found in the study.

5.5.2.3 Contribution to Resource Dependence theory

A board's resource-provisioning role (Zald, 1969; Pfeffer, 1972) is based on the Resource Dependence theory (Pfeffer and Salancik, 1978) of corporate governance, which expects the boards to manage resource dependencies by providing the organisation with a link with the external environment (Johnson et al., 1996). There is a sizeable body of academic research suggesting that diverse groups find more creative, innovative, and unique solutions as the problems are addressed by people holding diverse perspectives and experiences (Jackson et al., 1995). These attributes influence their visions, their perception of information and their interpretation of that information (Cannella and Monroe, 1997).

Strategic Leadership perspective suggests that corporate leaders in a firm are potentially its unique resource (Hoskisson et al., 1999). Decision makers' education, professional experience, and personal attributes may influence their actions and decisions (Hoskisson et al., 1999). In this research, the findings suggest that the resources such as their experiences of board members influence board effectiveness. Functional diversity and the diversity of nationality on boards enables them to have a range of skill-sets and other board capital while improving boards' access to networks and resources. However, there is no explicit evidence of the impact of other attributes of diversity on resource-provisioning role-effectiveness of boards in this research.

This study expands the scope of Resource Dependence theory (Zald, 1969; Pfeffer, 1972) and suggests that board Directors' experiences are also a crucial resource in helping to improve board capital. The study does not find overwhelming support for diverse boards providing better networks. However, the research indicates that diverse boards reduce dependencies by enabling boards to have enough competencies to challenge assumptions and better support the executive.

5.5.2.4 Contribution to Signalling theory

The research began with the definition of board effectiveness as their ability to perform their primary three roles – monitoring, mentoring, resource-provisioning. However, the findings of the study suggest that one of the impacts of diversity on boards is improving the signalling (Spence, 1973) to a range of stakeholders such as future employees (gender diversity on boards), investors (functional diversity, international diversity), customers and suppliers (gender diversity). Existing literature suggests that diversity on boards may communicate positive signals to stakeholders about the company providing an equal playing field (Fondas, 2000; Certo, 2003). The study findings reveal that diversity of gender, ethnicity, and nationality emit positive signals to stakeholders. Additionally, the diversity of nationality is preferred and sought by investors as well, as it is considered to be representative of respect for merit on boards.

5.5.2.5 Contribution to Discretionary theory

Lastly, the research may also have an incidental contribution to the application of Discretionary theory (Williamson, 1963; Child, 1972). This perspective suggests that corporate leaders' ability to influence organisational outcomes are determined by the latitude with which they are allowed to take action in an organisation. This study presents the evidence of the impact of attributes (experiences/perspective) of board members on board effectiveness. Hence this research develops Discretionary theory, demonstrating the evidence of the theory to boards members (not just top executives) and by indicating the impact of board members' perspective, actions, decisions on board effectiveness (instead of firm performance).

Scholars suggested that future research in corporate governance needs to be in the direction of combining discretionary authority of corporate leaders, their characteristics such as experiences (Hoskisson et al., 1999). Their discretion also determines the amount of influence that psychological characteristics will have on organisational outcomes – latitude of action – available to corporate leaders to influence the organisation (Cannella and Monroe, 1997). This study endeavours to do the same.

Thus, the findings of the research add to the Strategic Leadership approach (personal characteristics of board members) and Discretionary perspective (impact of board members on board effectiveness). Additionally, the research also suggests a relationship between the personal attributes of board members and board effectiveness thus adding a new dimension to the existing discretionary approach.

5.5.3 Contribution to corporate practices

The relationship between diverse boards and board effectiveness are explored in this research. One of the most meaningful impacts of diverse boards – when diversity is defined in its broadest sense – is the impact on decision-making. The research suggests that boards with gender, socioeconomic and functional, cultural, and age diversity may enhance the ability to make appropriate decisions for the firm. Additionally, Directors with a range of religious affiliations and exposure to various religious practices, beliefs, and values improve boards' decisions by making them more moral, sensitive, and accountable. This aspect of diverse boards and its impact on corporate practices and effectiveness is an original and significant contribution.

Additionally, a few serendipitous findings also suggest how companies may compose effective boards. The findings of the study highlight three main aspects of effective boards. Board diversity is an integral part of effective boards. Moreover, effective board leaders (role of the Chair), who welcome diversity on their boards to resolve conflict and ensure an objective nomination of Directors, is another critical component of effective boards. Lastly, boards' ability to ensure that nomination and succession processes are followed diligently ensures that they remain effective in their role-performance.

Lastly, the findings of the study suggest that the measures being taken for improving gender diversity on boards, by the regulatory authority and the corporate sector, are bearing fruits as the gender diversity of FTSE 100 companies has improved. Hence, the corporate sector and regulatory agencies may choose to continue with the efforts to improve diversity on boards in other listed companies as well. However, all stakeholders need to broaden their definition of board diversity as various attributes or characteristics of Directors' impact board effectiveness favourably. Efforts may also be made to ensure that the nomination process is objective, fair, and free from undue influence of any authority such as the CEO, the Chair or the head-hunter.

5.6 LIMITATIONS AND DIRECTIONS FOR FURTHER RESEARCH

The research contributes significantly to theories and corporate practices and potentially may help policy formulation. However, this research has several limitations, some of which can be addressed in future research. This section discusses the method limitations, such as the boundary limitation of this research. The same is followed by a

section on suggestions for future research. The method-related limitations relate to undertaking this study, and the boundary limitations relate to the transferability of the findings.

5.6.1 Boundary limitation

The study does not claim broad generalisability or applicability of the findings, as it is a qualitative study conducted with a small sample set of thirty board members. Further research may follow this study and test the propositions as presented in this chapter, with a more extensive dataset. Suggestions for future research are given in the next section.

5.6.2 Method limitation and research bias

Existing literature claims that, though the central focus of Strategic Leadership approach is the cognitive perspective of corporate leaders, measuring cognitive/psychological attributes of senior executives is a challenge (Hambrick et al., 1996). As a result, in existing literature the demographic attributes are relied on with the assumption that they will reflect the perspectives, beliefs, and affiliations of corporate leaders (Jackson, 1992; Hambrick, 1994). The limitation of existing academic research to capitalise on current psychology literature to make predictions is reported by scholars (e.g. Cannella and Monroe, 1997). The same limitation is a challenge for this study as well. This study, while presenting the views and personal experiences of board members, does not attempt to analyse and present their psychological profiles.

Secondly, while scholars suggest that multiple attributes of corporate leaders influence their perspective, a distinction ought to be drawn between personal attributes such as race, gender, and personality and task-related attributes (Jackson, 1992). This research omits to categorise the attributes of the diversity of board members as the findings suggest that the most critical aspect of Directors' perspective is their experiences. Antecedents of diverse perspectives, arising out of varied experiences, are spelt out along with their impact on various aspects of board effectiveness (please see sections 4.4 and 4.5). Categorisation of these characteristics of board members is also a challenge, as many characteristics (discussed in the model) are a combination of varied experiences (e.g. family affiliations, which includes parenthood, parents, grandparents; religion and values, which include religious beliefs, practices, and values; cultural experience, which include nationality, socio-economic background, and ethnicity).

Thridly, this research does not take into account the transformational aspect of leadership such as charisma, as the study does not address the impact of board members/boards on followers but on boards' effectiveness.

Lastly, the study could not incorporate the role of intuition in corporate leaders' actions and decisions. The same is addressed in this study, and the perspective of board members on the role of gut feeling is presented in the findings of the study. The Strategic Leadership perspective suggests that as the top executives often face unforeseen and uncertain situations, which they need to construe/interpret (Cyert and March, 1963), their prior experiences impact their decision-making process (Eisenhardt and Bourgeois, 1988).

5.6.3 Sample size limitation

This research is carried out with a small sample size of thirty participants. The rationale for the same is reiterated here. In qualitative research based on interviews, a sufficient number of participants are required to ensure that the data has enough breadth, depth, and salience for valid analysis and reporting (Lincoln and Guba, 1985). Researchers are expected to explain and justify the process of their data collection, analysis, sample size, and characteristics of their participants and acknowledge, and address their bias to add validity to their research (Saunders and Townsend, 2016). The number of participants for a valid qualitative study varies from one to multiple interviews depending on the purpose of the research, as the researcher needs to establish that the data has enough depth and salient information (Becker, 2012; Robinson, 2014). One parameter that may determine the sample size is reaching data saturation or informal redundancy (Lincoln and Guba, 1985). The sample needs to be the right size, not so small as to make data saturation impossible and not too large as to make analysis difficult (Saunders and Townsend, 2016).

In Sanders and Townsend's (2016) research, which is based on 248 qualitative interview-based academic papers, the mean interview count for studies which reported their sample size is 32.5. In this doctoral research the number of participants is thirty. However, as explained earlier, the number of participants in the study is determined by arriving at saturation of the data. Saturation of most of the themes presented in Chapter Four was arrived at after 15–20 interviews. However, certain themes such as the role of parenthood and the functional experience of working in the armed forces came up later in the data collection process and hence the researcher continued with the process. A

few interviews were conducted, even after the data was saturated because participants had accepted the request to be interviewed and the researcher felt obliged to interview them and utilized those interviews to further validate the themes observed.

Additionally, a qualitative study based in interviews may also have a potential limitation of inadvertent bias with regard to presenting the views of the participants. The researcher determines which sections to present or omit and thus may be biased or misrepresent/distort what was shared by the participants in good faith (Lester, 1999). However, the researcher has ensured the robustness of the findings by reporting extensive direct quotes from the participants. Moreover, the aim of this study is to describe the experiences of the participants with regard to the themes emerging and not to explain them (Lester, 1999).

5.6.4 Directions for further research

Being original in nature, this study attempts to and succeeds in broadening the meaning of board diversity and seeks to present board members' perspectives on board diversity and its impact, and as a result this research opens many further streams of research for future studies. However, the research in no way claims to present all the experiences that influence Directors' perspectives and/or board effectiveness exhaustively. Future research may build on the findings of this research to explore other attributes/experiences that may be relevant in board effectiveness. The findings of the research suggest that the attributes of board Directors do not have a uniform impact on boards. Thus, boards may seek different attributes of diversity (experiences) for different outcomes, depending on the expectations from various boards.

Secondly, the findings of this research, as suggested through the model and propositions, are a presentation of a few themes observed regarding factors influencing board members' perspectives and board effectiveness. The same indications may further be empirically verified with quantitative data for seeking findings with broad generalisability.

Thirdly, future research may also like to test certain perceptions in extant knowledge, such as the impact of ethnic diversity being the same as the impact of gender diversity, or all attributes of diversity having an impact on effectiveness in all roles performed by boards.

Additionally, as suggested in the finding of this research, Directors' experiences cumulatively impact their decisions, actions, and thus board effectiveness, so future research may explore the impact of assorted attributes of Directors.

5.7 EVALUATION OF RESEARCH QUALITY

The aim of this section is to evaluate the quality of this research. In quantitative research, the standards of reliability, validity, generalisability, and objectivity are different from those in qualitative research such as credibility, dependability, transferability, and confirmability of the findings (Sinkovics et al., 2008). Lincoln and Guba (1985) suggest that qualitative research needs to establish the credibility of its findings to establish confidence about the research design, the subjects, and the context of research. In exploratory research, which often entails capturing fuzzy and messy details of multi-dimensional phenomena in the real world (Sinkovics et al., 2005), parameters of wide generalisability may not be applicable (Krefting, 1991). Additionally, in this research the concerns of instrumentation rigour and bias management have been addressed by conducting a pilot study and analysing the data with the specific objective of addressing these issues (Chenail, 2011).

Qualitative studies conducted with an Interpretive approach do not aim to seek generalisability of the findings but contribute by their strength of insights and a detailed description of the data and themes emerging (Jack and Anderson, 2002). In this qualitative study, the purpose is to develop propositions, which may be tested later, rather than find results that have wide generalisability (Krefting, 1991). This research adopts widely acceptable measures to establish validity of qualitative research and its findings, as discussed below. Table 5.4 below presents an evaluation of this study with regard to research quality criteria as recommended by scholars.

Table 5.4 Evaluating the validity of this research

Tools for evaluating research	Evaluating the validity of this research
Confirmability	The research process has been elaborately described in Chapter Three, including the rationale for choosing the ontological and epistemological positions and research approach. Additionally, the research describes the process of data collection, analysis, and interpretation elaborately.
Reliability/dependability/audit trail	This study conducts a robust review of existing literature as presented in Chapter Two, which identifies the research gap/rationale. The same also determine the adopted data collection and data analysis strategies which are explained in Chapter Three. Thirty elite interviews are conducted with board members of FTSE companies ensuring that data is saturated to ensure validity of the findings in this research. An example of an analysed transcript has been enclosed at Appendix 2. The interpretation of the data (transcripts) has been examined by one of the participants and is confirmed to be a good reflection of his views. Interviews with board members led to the emergence of key themes in the research as presented in Chapter Four – Analysis, supported by quotes from the participants in the study.
Credibility/authenticity	The research presents the critical attribute of board diversity – the experience of board members – which impact their perspectives and board effectiveness. The emerging model as presented at section 5.3 in this chapter describes the various experiences of board members that influence their perspectives and board effectiveness. The research is supervised by two experienced and globally renowned professors of corporate governance. Some of the findings of the research are presented in peer-reviewed articles and presented at international academic conferences (Appendix 3).
Transferability/external validity	The findings of the study and the model presented thereof can be used in future research to further test the propositions and to test the relationship between the diversity of experience of board members and board effectiveness. The approach adopted for data collection, analysis, and interpretation in the research may be helpful for further research. The findings of the research may be used by practitioners and policy makers as explained in contributions of the research in section 5.6 in this chapter. The contribution to Strategic Leadership theory, made by this research, may also be used for further research to build on the findings of this study.
Reflexivity	The researcher reflects on her own social position (gender, age) and other personal experience such as her professional experience, her social and political beliefs (Berger, 2015) while collecting data, analysing the data and reporting the findings. Such reflexivity has helped the researcher in understanding and relating with the experiences of the participants and to try and maintain objectivity in analysing the data and reporting the findings. A detailed description of reflexivity of the researcher as a measure of maintaining validity in this study is presented in the section 5.7.8 (Reflexivity) and section 5.8 (Personal reflections).

Source: Prepared by the researcher

The research has adopted some of the tools and processes to ensure validity of the research as explained further.

5.7.1 Formalised processes of data collection, analysis, and interpretation

In this research, the criterion of trustworthiness of its findings is ensured by adopting formalised processes of data collection, analysis, and interpretation. A detailed description of the method and the rationale thereof, adopted for selecting the sample, analysis method and interpretation is explained in Chapter Three (please see section 3.3). An analysed transcript of an interview is enclosed in the Appendix 2, for one of the participants. This research is conducted in the single cultural context of UK listed companies in order to better understand the phenomena involved (Sinkovics et al., 2008). A full description of the research coding method is also explained in Chapter 3 (please see section 3.4.3) to establish dependability of the findings of this research (Krefting, 1990).

5.7.2 Member examination

Qualitative research can establish the truth value of its findings by discovering human experiences as lived and perceived by the subjects of the research (Krefting, 1990). One possible test of credibility of the findings is when the researcher's description of these experiences is identified with by the people who have had similar experiences (Krefting, 1990; Sandelowski, 1986). The process is referred to as 'member check' or 'member examination' and enhances the qualitative credibility of the research (Tracy, 2010). The researcher has attempted to present the realities lived by the participants as adequately as possible (Krefting, 1990), and one of the participants (respondent) has been asked to review the interpretations of the transcript of his interview. He has ratified the interpretations of his views/comments by the researcher to be a good representation.

5.7.3 Detailed description of findings

Lincoln and Guba (1985) claim that transferability or wider applicability may not be required for assessing the trustworthiness of research if the researcher has explained the findings with sufficient description for it to be compared with other contexts. Transferability in a qualitative inquiry can be assessed with a dense description of the data (Krefting, 1990). This thesis presents the findings in adequate details in Chapter Four (please see sections 4.2, 4.3, 4.4, and 4.5), and in Chapter Five through a summary of the findings (please see section 5.2), and again at section 5.3 while presenting and explaining the model.

5.7.4 Confirmability

A relevant test for qualitative research may be dependability, where variables in the study can be traced to identifiable sources (Krefting, 1990). In this study, a detailed account of participants is maintained along with their transcripts to ensure confirmability. However, since the elite interviews are confidential, the participants are anonymised. Detailed quotes have been presented in this thesis (Chapter Four) from a large number of participants to establish confirmability of the findings.

5.7.5 Neutrality and lack of bias

The test of neutrality, which emphasises the distance between the researcher and the subject of the research, is not applicable in qualitative research as this type of inquiry endeavours to reduce the distance between the two (Krefting, 1990). To eliminate any potential cultural, ethnic, or gender-related bias, the study is conducted with a robust sample of thirty participants consisting of ten female and twenty male participants, and the participants are from both gender, various nationalities and ethnicities.

5.7.6 Supervision of the research and partial publication of findings

The research has been supervised by two well-known academics with an established reputation for successfully supervising qualitative doctoral research. The researcher has sought and received close supervision from them while framing research questions, coding, analysing and interpreting the data. Additionally, some of the findings have been published through three co-authored academic papers in journals of repute, and book chapter (published by Routledge) and multiple presentations at reputable academic conferences, where the rigour of the research and findings were appreciated (please see Appendix 4).

5.7.7 Addressing potential bias

One of the requirements in academic research for upholding its validity is to ensure that the researcher has addressed the concerns regarding any potential biases which may occur at the stage of designing the study, collecting data, analysing the data or reporting the findings (Pannucci and Wilkins, 2010). As also recommended by scholars (e.g. Chenail, 2011) in this research the researcher has ensured that the concerns regarding bias are addressed by conducting a pilot study prior to conducting the main data collection. Additionally, the interpretation of one of the transcripts is checked by one of the respondent and found to be an objective and accurate representation of his views. Moreover, this research is supervised by experienced academics who have closely monitored the progress in this research, obviating any possibility of bias vitiating the

findings or the process. The research supervisors reviewed the codes of transcribed data and ensured that the analysis was not vitiated by any potential bias of the researcher.

5.7.8 Reflexivity

In this research the sample is selected with the purposiveness of participants having the experience as a board member in an FTSE company. Since the participants were elites, the challenges in accessing whom are widely recorded. Hence, the researcher did not have much discretion/choice in selecting the sample and potential participants who agree to be a part of the research were interviewed. However, with the help of the researcher's reflexivity it was decided that the perceptions of both male and female participants are recorded. While the gender ratio of the participants in the research is skewed, it is more balanced than the gender ratio in board membership in FTSE companies.

The themes on which participants in this research were interviewed strictly based on existing literature on board diversity and effectiveness. However, questions were soon influenced by the researchers' experiences. It is observed by the researcher that female participants readily narrated their experiences of having been discriminated in their homes and in boards. Reflection on the data collected in the initial stage also resulted in broadening the ambit of questions in further interviews, to include the causes of homogeneity on boards in FTSE companies, gender-based, race-based discrimination regional preferences in appointing board members, quotas for female/racial minorities on boards were included. The findings on many of these constructs are not presented in this thesis on account of the word limit. As the researcher has had the professional experience as a CFO, she asked the participants questions on functional homogeneity on boards, potential causes and solutions of the same. Existing literature also indicates that participants in a research may be more willing to share their experience with a researcher whom they perceive as more sympathetic to their situation (De Tona, 2006).

The findings in the research as also presented in the model indicate a complex relationship between various attributes of board Directors, their impact on Directors' perspective and boards role-effectiveness. Observing this complex relationship and its presentation is made possible by constant reflection by the researcher on the data with the lens of her own experiences. Existing literature also indicates that in the absence of

reflexivity of the researcher the findings may show a linearity which may obscure unexpected possibilities (Russel and Kelly, 2002). The research acknowledges that allowing personal experiences and attributes to influence the research processes may run the risk of research being impacted by personal biases. However, the researcher has taken several measures to ensure that the process and the findings are not vitiated by a potential bias of the researcher. The same is explained in section 5.7.7. Additionally, members check, peer review, creating an audit trail, are also carried out as part of reflexivity to ensure that the findings are validated (Berger, 2015).

In the end, the process of reflexivity enables the researcher to be aware of her limitations and challenges as an outsider – an Indian Civil Servant with no board experience and a limited living experience in the UK. She realises that challenges are linguistic, cultural, sectoral and functional. However, with the help of constant reflection she endeavoured to address the limitations. She has taken frequent guidance from her superiors and carried out other measures as described earlier in this section to ensure that the findings are valid and adhere to academic rigour.

Following are a few reflections of the researcher on the process of this research and its effectiveness.

5.8 PERSONAL REFLECTION AND LEARNINGS

I started my journey to pursue a PhD when many of my colleagues were hanging their gloves (seeking retirement). Having had an exciting career in the fast-tracked Civil Services for two decades, which gave me immense fulfilment, I felt that I had ceased to grow any further. My PhD journey has helped me address that vacuum and changed my thinking and perceptions organically and significantly. The path has been anything but easy, making me sometimes question my decision to move to a new country, sector, industry, and role simultaneously. However, having traversed last three and a half years on a meandering path, I now have a better appreciation of my purpose and learnings from the task undertaken. I am overwhelmed by a sense of accomplishment. My reflections of these three years are a mixed bag of challenges and growth, and a few reflections are shared here.

First, I joined the PhD programme after almost two decades of professional experience in public sector in government departments and public-sector undertakings. During past three years I learnt about British corporate sector, society, corporate

governance and academia. The journey also led to the realisation that organisations have many common principles of governance despite an explicit different of sector and geographical regions. My experience of collecting data for my PhD course encourages me to pursue further research in the sector. My PhD qualification opens hitherto unexplored avenues for future professional engagements. Additionally, I also attended various sessions to learn academic writing and gradually became more comfortable in the discipline.

Second, my PhD journey made me acutely aware of my untapped potential, on the one hand, and some insurmountable limitations that I had to cope with, on the other. For the last four decades, I strongly believed that an individual could overcome any constraint with the help of determination and focus. However, I have become wiser since then. First I submit the experiences which gave me immense happiness. During my PhD, I broadened my professional repertoire by participating in panel discussions on confidence and identity in female corporate leaders; I have interviewed many extremely successful, busy, and influential corporate leaders; I have listened to their amazing experiences; I travelled abroad to present my co-authored articles; I networked with the stalwarts of corporate governance globally; and my academic work has been published. However, on a personal front, a large part of the last three years has been unprecedentedly difficult, causing immense frustration, pain, and suffering. These experiences have made me aware of the limitations of my influence and abilities in ‘making things happen’ and made me more accepting of the will of a force beyond my comprehension or control. On balance, this learning and the related experiences have had a humbling impact on me, leaving a positive imprint on my perspective, and are likely to be the most long-lasting ones. The experience also has enhanced my resilience in taking different experiences and challenges in my stride and march on.

Third, some revelations made during my data collection have been awe-inspiring. I am truly privileged that I pursued research where I afforded the opportunity to seek and receive personal reflections from my participants. Their stories spanned over lifetimes of personal and professional growth and setbacks, and related with their experiences of grief, constraints, discrimination, and pain, but also of happiness, accomplishment, fulfillment, and abundance. Oddly enough, in the stories of almost each of my participants, I found some parallel with my own experiences in life. This strange realisation was transformational as it led to a renewed hope and also the

conviction that despite the differences of nationality, ethnicity, religion, geographical region, socio-economic background, gender, and age, individuals have more in common than we may think. However, the experience of collecting data was not without its challenges, as I was not sure if I would be able to understand the views of my participants who belong to different geographical, sectoral, and cultural settings with the added nuances of language and accent. The pilot study helped me understand these nuances better and gain confidence to interview stalwarts of British corporate governance with more ease.

Fourth, while I developed clarity on the research question and how I wanted to seek answers to the same fairly early in my PhD journey, finding an appropriate guiding theory has been an agonising task, spanning more than six-months of my PhD journey. Many academic articles written on board diversity do not mention any guiding theoretical perspectives or follow role-performance theories such as Agency theory (Jensen and Meckling, 1976) in support of their research and findings. A significant body of academic literature on diversity in organisations and leadership is guided by the gender-related identity of individuals (e.g. Social Identity theory). I was certain that my research was focused on board diversity, and hence role-performance theories would not be a good fit. Secondly, it was likely that, to board members, diversity may not be solely about gender, and hence gender-based theories may not be able to guide the research comprehensively. A later discovery of Upper Echelon theory (Hambrick and Mason, 1984) seemed to be a better theoretical perspective for my research, but this was not without its limitations. Further reading of the literature and countless discussions with my supervisors led me to Strategic Leadership theory (Finkelstein et al., 2009), which addressed many of the limitations of the UE perspective. Many interactions with diversity researchers further bolstered my choice of the guiding theory and now the findings of my research establish that for board diversity research the chosen theory has the best fit.

Fifth, the journey of PhD is a prolonged one and, in my case, it meant being away from my family members for extended periods of time. Painful as the experience was initially, it also offered me an opportunity to be with my daughter in the last leg of my journey, getting to know her better, helping her understand me more, and dealing with the challenges of living away from home together. I am sure that I will remember

these times of close coordination fondly and hope that she reflects on these times positively as well.

Sixth, a prolonged period of living experience in a foreign country seems to have made me more aware of the inclusiveness, broadness, and many other distinct features and values of Indian culture which I might have overlooked earlier. The characteristics of both countries may not necessarily be in contrast with each other, but the past three years have made me aware of them more than I was when I began this journey.

Seventh, reflections during data analysis also helped me review codes of transcribed data repeatedly. The researcher also discussed codes and emerging themes with research supervisors to ensure that any potential bias is addressed.

Lastly, being a female researcher, and pursuing the research on board diversity, which is often perceived with reference to the gender of board members, I felt bewildered about what I might discover in my research. While I was curious to know if the gender of board members plays any role in board effectiveness, I was not sure how I would feel if it did not. I also was equally, if not more, determined to maintain objectivity in data collection, analysis, and reporting of findings. During the course of my PhD, I consciously endeavoured to ensure that my personal beliefs and experiences did not influence various processes in the research. I approached participants without any consideration to their gender, socioeconomic background, nationality, religious background, or incorporated views. The findings of the research reflect my efforts to ensure that the research remains objective.

All that I experienced, accomplished in terms of growth, and learnt in my PhD journey may not be described here in a few paragraphs. Hence, I would sum up by saying that this is the experience I was seeking when I was clamouring for growth, four years back. I am privileged that I got the opportunity to find what I sought.

5.9 CHAPTER SUMMARY

The chapter summarises the findings, presents a model of the impact of the diversity of perspective on board effectiveness (to be tested in future studies), and shows evidence of achieving the aim and objectives of the study and answering the research question. The chapter also elaborates on the contribution of the study, articulates its limitations, and makes a few suggestions for future research. The chapter has explained how the

validity of the research and its findings may be evaluated and also shares personal reflections of the researcher.

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APPENDICES

Appendix 1 Draft email sent to participants whom the researcher met at an event

Dear [Name of the respondent]

Good morning/afternoon,

My name is Rita Goyal, and I am a II/III year Doctoral Researcher at Henley Business School, University of Reading. I am writing to you pursuant to our conversation at [the event] on [date of the event]. Please accept my gratitude for agreeing to be interviewed for my research.

I am exploring how 'board diversity impacts board effectiveness. It is a qualitative study where I collect my data by interviewing board directors of for-profit companies registered in the UK.

I am hoping to get your perspective on board diversity and board effectiveness. I will appreciate if you could spare 60–90 minutes, please. I would like to record the interview on an audio device. However, the responses will be kept confidential and you will be anonymised in the transcripts and while using the data further. The data will be used for my research only.'

Thank you. I look forward to hearing from you.

Kind regards

Rita

Appendix 2 Transcript of Interview with Resp. 28 conducted on 08.03.2017

No.	Open coding	Axial coding	Select coding – Theme building
1	Researcher So one aspect of my research is how board Chairs and Directors perceive things, how their perspectives are formed. So I would really appreciate it if you could start with a little background of yours. Where were you born? Did you have any siblings? Were both your parents working? How was it in your childhood?		
2	Resp. 28 I am, okay, so I was born in [name of the city]. I am an only child.	Profile – Only child	
3	Researcher Okay		
4	Resp. 28 My mother was originally a ballet teacher. My father originally was a Managing Director of a local business that distributed Ford vehicles. So that was basic history.	Profile – Family – Mother a ballet teacher, father MD of a local business	Influence on perspective – Father
5	Researcher Okay. Your father comes from business as you mentioned.		
6	Resp. 28 Yes.		
7	Researcher So was he the inspiration to join the business community and the corporate world.		
8	Resp. 28 I would say not an inspiration. I admired what he did; he did it well. But I didn't feel there was sort of a natural path to follow in his footsteps. I started my career in [company name] and it was in the sixties so the whole computer industry was just starting and it was a very high growth industry. I had particular analytical capability, you know, from an aptitude point of view, which took me into the industry and I joined it, I joined the industry at a time when it was expanding very rapidly. And if you are frankly good enough, you are old enough, then you are given responsibilities from an early age. And as the business grows you grew with it. So in my twenties, mid-twenties, later twenties, you had a lot of responsibility. But that was more by chance I had to set out in the computer industry. It was something that had occurred and an opportunity arose, which I took. And of course it's proven to be a good thing to have done.	Role model – Not father Functional experience – High growth computer industry High-growth industry – IT sector Personal aptitude in analysis – Joined high growth sector Given senior responsibilities due to abilities and interest. Used the opportunities	Role model/inspiration – not father Relevant functional experience for corporate success

9	Researcher Okay. But growing up did you have any role models who you looked up to?		
10	Resp. 28 No, from a business point of view I would say, not particularly. I mean, I didn't focus on an individual or a particular business area. You know the world was very different in the fifties and the sixties and you know it opportunities in the sixties at least considerable. And there were many routes to follow and therefore it was a question of picking an industry that was growing rather than one that might have looked as though it might be either stable or declining and the computer industry appeared to be it. Which obviously it was.	Role models – Not in business Functional experience – Success from joining a high growth industry	Role models Functional and industry experience for corporate success
11	Researcher In terms of ethnicity, if you don't mind me asking, how would you categorise yourself, White British?		
12	Resp. 28 Yeah White British.	Profile - Ethnicity	
13	Researcher And religion, Church of England?	Profile – Religion	
14	Resp. 28 yes.		
15	Researcher Are you religious?	Profile – Religious	
16	Resp. 28 I am not like most Church of England. I mean I am not a particularly regular church goer. I had a religious background in the sense that I was encouraged to go to church. I went to church as a child. And as a young adult on a regular basis. And, you know, I still believe in the fundamental Christian principles and I don't think that needs me to go to an institution but then I think varied into the beliefs since when I was 16.	Values – As religious as most English people, occasional church-goer, has been brought up with fundamental Christian principles	Impact on perspective – Religion, fundamental Christian principles
17	Researcher Okay. In terms of your value set, where do you derive your value set from? Is it from the religion or your mother or your father or something else such as your school?		

18	Resp. 28 I think all three. I think mother particularly important. In right and wrong, integrity – personal integrity, being true to your word. All of those things I think start in the home. And they are, you know, reinforced by the community in which you grow up and there is the school environment to reinforce that principle in an important period of life when you basically develop a set of rules which you more or less live by. Those are the rules that were set up for me.	Values – Mother Impact on perspective – Values – Integrity, right and wrong, being true to your word; family (mother); community	Impact on perspective – Values, mother, community (including school)
19	Researcher And those rules, have they helped you in your progress in the corporate world?		
20	Resp. 28 Yes	Values have helped in corporate life	Values and effectiveness
21	Researcher Or have they hampered your progress at all?		
22	Resp. 28 No I would say they have been pretty important. I mean I think the whole business of seeking truth being fair with people, you know, operating with integrity, working with right or wrong and knowing where the line is. You know these things come from basic beliefs. And, you know, unless they are deeply embedded beliefs then there is a risk that you stray away. And if they are embedded they tend to bring you back, whatever the temptations are to deviate from them. You know a good set of values. You know the business mix of performance-driven values. For me, that has always been the case and remains the case. So and I think, you know, it is important that the business is run on that basis.	Basic values Seeking truth Being fair Operating with integrity Line between right or wrong Advantage of values in business – Unless the values are deeply embedded, people may go astray Values ensure that people don't fall to temptation Business ought to be performance driven and values led	Impact of the value-set on corporate success Impact on perspective
23	Researcher Did you go to any boarding school?		
24	Resp. 28 Day school.		
25	Researcher Was it very lonely being an only child?		
26	Resp. 28 No, it never occurred to me that it was a problem.		

27	Researcher How come, were you surrounded by lots of cousins?		
28	Resp. 28 No, no. Small family, lot of friends. And, you know, I had a lot of friends who grew up and stayed so. I never felt, you know, the need for siblings; I can understand why it can be appealing. I also understand why sometimes it's not so appealing.	Small family and lots of friends	
29	Researcher Okay.		
30	Resp. 28 So I didn't have the problem of any family difficulty, I was comfortable with the environment I grew up and...	Comfortable family environment	
31	Researcher Okay. And I believe you have one daughter as well.		
32	Resp. 28 I do.	Has one daughter	
33	Researcher Has parenthood, changed the way you think?	Impact on perspective – Parenthood	
34	Resp. 28 No, I mean, parenthood hasn't, I mean the same principles apply. As an adult, they do; you grow up with more responsibility. But I would say having a daughter, particularly an able daughter, you know, definitely helped me appreciate, when I was older and from a business point of view, a huge undeveloped talent pool that was the female community, which was there to be tapped and developed. And, therefore, the proximity to very a bright young woman and all her friends, you know, from the days of university, reinforced the point that it is utterly wrong to have an organisation which is very male oriented.	Parenthood – Sensitivity to gender diversity in leadership Become aware of the flaws of a male-oriented organisation	Impact on perspective – Family, parenthood, parent to a daughter
35	Researcher Now we are coming close to the core subject of my research, namely diversity on corporate boards.		
36	Resp. 28 Yes.		
37	Researcher You mentioned one attribute of diversity: gender.		
38	Resp. 28 Yes.		
39	Researcher In general, how do you perceive diversity on corporate boards? How do you define it? Is it with respect to gender or are there any other attributes that need consideration?		

40	Resp. 28 Well I think it's the gender point, was so obvious. I mean the obvious point is that 50 percent of the population is female. How on earth can you ignore it? So I think the decision to really focus on board gender mix as the starting point was the natural one and an appropriate one. I also think that the most important thing was not really to pick people on gender, but on merit, so that it remains merit first and, you know, diversity in whatever form it may be second. So nobody wanted to populate boards with women if they were not appropriate to the job, but equally if you found women with the skill-set so that they could help change the dynamics and atmospherics of the boardroom that will be a very sensible thing to do. Because ultimately that will help more balanced decision-making. So merit always first, diversity second, but important to have in the mix. As you move from the obvious male/female piece into ethnicity and all the other things that are diverse and I am all for that. But I am not for starting to populate boards, you know, on a sort of socially engineered basis simply to give an appearance of something, if in so doing you are not populating the boards with the best talent. So if you can continue at diversity, which is for me in its own right a very valuable component, if you can continue to do that whilst not giving up on quality, that's the best outcome. But the pursuit of diversity for its own sake is not in my view the right way forward.	The most significant diversity attribute – Gender Boards need to be composed not on gender but on merit. Merit first, diversity second, but it is important to have the mix Impact of gender diversity – Dynamics in boardrooms, balanced decision-making	Why gender diversity? Change of atmospherics and dynamics Balanced decision-making How to compose a diverse/effective boards – Compose diverse boards with merit as the first criterion, without giving up quality
41	Researcher But there is an environment not having gender diversity on your board or even ethnic diversity, makes companies stand out when the <i>Davies Report</i> came in and they gave voluntary targets, of course, did you ever feel that FTSE top companies are feeling under pressure to compose a board which has at least gender diversity?		
42	Resp. 28 And they were. They were encouraged not by quotas but by ambitious targets. You know, I was the founder member of the 30% Club, which has itself an ambitious target that developed in parallel with Mervin Davies' position, so one helped reinforce the other. In the <i>Davies Report</i> there was the hidden threat that if we didn't get there by commitment then it would happen in another way. In the 30% Club it was just encouragement. And for me, you know, there was no doubt that a mixed gender board was better,	Impact of voluntary target – Ambitious, industry under pressure, hidden threat. Different initiatives reinforced each other. Resistance to the initiative	How to compose diverse boards – With voluntary targets but with a hidden threat of legislative intervention if industries failed to improve gender diversity on boards

	just the better place to be. For the reasons that I mentioned, atmospheric dynamics, decision-making, judgement. Culturally a better place to be. Now that was not the view of everybody at that time and, you know, some found it more difficult to accept than others. But the momentum helped. And the fact that the case is not a difficult case to make again for the reason I have said: half the population, you know you can't exclude half the population when you need the best of the best. So although there were barriers to break down, I think the case was being made on the business basis rather than a gender basis, which was important. And, secondly, when the barriers started to come down and people saw the talent that was there, and this was a healthy and good thing to do, then it gathered momentum in its own right and the move towards, certainly towards 25% target, you know, moved more rapidly than one would have imagined at the time it started. You know there is now a growing sense of we need to improve ethnicity particularly and John Parker has done a report on that. And I think the purpose is good and I think the case again for diversity is sound. But I think you are dealing with a smaller pool.	<i>Davies Report</i> reinforced the efforts of 30% Club and vice versa. Impact of gender diversity on boards – Atmospheric dynamics, decision-making, culturally a better place. <i>Davies Report</i> had a hidden threat which worked on industries. Some boards/industries were unhappy with voluntary targets as well. Ethnic diversity on boards – dealing with smaller pool Should ethnic diversity be on boards –	Why gender diversity on boards - Business case; half the population is female Should ethnic diversity be on boards – pool is smaller
43	Researcher Even smaller than gender pool.		
44	Resp. 28 For sure! You know the percentage is low. I mean 50 percent of the UK is not from a different ethnicity. It just isn't. So you are dealing with smaller percentages and, of that smaller percentage, a percentage has got the skill-set and the background and the experience. So, you know, you have by definition a smaller pool to work from and if the issue becomes diversity and ethnicity for its own sake you run the risk of either exhausting the pool, by having, you know, too few people doing too many jobs, simply to make a number. Or worst still you give up on quality in order to meet an ethnicity ambition, which would be a bad thing to do, just as it would have been a bad thing to populate boards full of women who having got the job wouldn't do the job. I mean it's been successful because women who have got the job have demonstrated that they're every bit as good and in many cases even better than their male	Ethnic diversity – Smaller pool, smaller group with necessary skill-set, experience and background Potential impact of forced ethnic diversity – Quality is compromised Gender diversity promotion has been successful because women are eligible to be on boards	Should ethnic diversity be on boards – Smaller pool; promoting ethnic diversity may exhaust the pool; may compromise effectiveness and hurt business; quality first

	counterparts. That continues to be the critical path of certainly all diversity: quality first. That has to be the given entry point and after that you have diverse mix all the better.		
45	Researcher In [company name] there are three women on boards.		
46	Resp. 28 There are.		
47	Researcher Are there any striking attributes that women bring to boards, which come to your mind.		
48	Resp. 28 I mean, there is, clearly. Male and female come from slightly different places – thank heaven. So that's one of the good things. So the perspectives may start from slightly different places. But the intellect, the rigour, the experience, the engagement level, that willingness to be thoroughly involved, good man, good woman should be the same. But, you know, the life experience will be different. And some of the perspectives may be different and that I think helps bring that sort of freshness and stops groupthink. You know if you have the people with the same intellect and the same experience the risk is groupthink. If you add to that the same gender then you are reinforcing the risk. If you have the mixed gender, mixed background, mixed experience, then you do at least bring different perspectives to the table, which hopefully result in a better debate and ultimately better decisions. So there is value and there is difference but the core of capability, experience, and judgement should be the same whether it is man or a women.	Impact of functional training – (dulls gender-borne diverse perspective?) Life experience counts – Impacts perspective. Men and women think differently because they have different life experiences. Same functional and industry experience results in groupthink and same gender may enhance risk Impact of diversity on boards – Fresh thinking; no groupthink; better debate; better decision	<i>Why gender diversity on boards – men and women have different perspectives; even if the competence and training is the same the perspective differs on the basis of gender; as life experiences are different</i> <i>Influences on perspective – Gender because of experience</i> <i>Why diversity</i>
49	Researcher Yes. In your experience have you ever noticed that women have sensitivity towards a different set of subjects such as employee welfare or CSR or diversity issues, as compared to male members on boards.		

50	Resp. 28 Well, I think women who are continuing to ensure that the gender case is not forgotten continue to focus on that. And I think it's helpful that they do. Because we all recognise that it's important, but we all recognise that the risk is that we all drift back to the old methods. And therefore keeping it at the front of people's thinking rather than letting it slip into the background is important. I think the women who have championed the cause demonstrated the value, continue to do so. They don't do it more than I do it. So it isn't.	Women in boards are ensuring that gender diversity is not forgotten as an agenda Some men also are doing it	Contribution of female Directors in boards
51	Researcher Men versus women thing.		
52	Resp. 28 It's just something if you have a belief you hopefully will continue to be the champion. You know there is a question of do women normally have a higher EQ than men. You know all of these things. You know the text book will argue both ways. I mean I think in life, generally speaking, women tend to have a better EQ than men. Tend to, not always, but tend to. But they certainly have as good and sometimes better IQ. So they bring something to the party because of their gender. But it is nuanced. It isn't a fundamental difference.	Women have a higher EQ and often higher IQ than men.	<i>Why gender diversity on boards</i> <i>Contribution of women on boards</i>
53	Researcher These striking characteristics that we can say with confidence about women. Can we say that about the minorities as well, that by virtue of belonging to an ethnic minority, when they come on board, they contribute in a similar fashion? The way women do.		
54	Resp. 28 Well, they will bring their own experiences, no question. And it depends. It depends on how much of a minority you have felt. If you simply are a slightly different colour but you have been through the same schooling system, same university system, then you know you have a slightly different view of life because you are ultimately from a different, you originally, you are from a different part of the world, but your life experience would have borne you out to be pretty much the same as everybody else whether they were black, white or whatever. If, however, you have been in a different part of the world, not been part of the society, you have been educated in a different place, you will come with very different perspectives, just as, you know, when we do business	Ethnic minority – Life experiences impact perspective Perspectives are influenced by cultural and experiential norms	Influence on perspective – Experience Ethnic diversity on boards? Attributes of diversity relevant

	in other parts of the world that we have not grown up in, then you have to acknowledge that there is a cultural shift, there is an experiential shift. And you have to make an adjustment to operate in someone else's environment. So there is always difference. But if you have brought the people to the party or the boardroom on the basis that the difference in itself is a contributor and you do not want everybody from the same school/same university. And if you have a business that actually operates well outside the United Kingdom, there very, there is a real value in having people around the table that are from outside the United Kingdom. So there is, very difference, can be very, I think very positive benefits if the business particularly requires it. I think against it is important to make sure that the people that you chose are relevant to the business that you're running rather than being selected for, you know, fashionable criterion for what good looks like, and I mean looks rather than is. It's most important of all to pick the right people for the business models and if you have an international business then it makes more sense to have more than one nation sitting around the table.	International exposure – Relevant on boards of companies expanding into newer territories Nationality, merit, relevance to business are important while composing boards	on boards – Gender, experience, university education, nationality How to compose effective boards – Merit and contribution and not what looks good
55	Researcher In technology-oriented companies, and you have worked with many, do you think it makes more sense to have age diversity on board as well?		
56	Resp. 28 Yes. I mean the whole business of age diversity is becoming increasingly important where the world moves on at such a pace that even if you are cutting edge ten years ago you are well away from that today. So if you know you shouldn't populate the board necessarily than is 25 just because they're. But you should make sure that the people around the board are different in age. And those that have young children rather than grown-up children will themselves be closer to the changing world of technology because their children will be part of it. So those stamps of age difference from 60s to 50s to 40s still people grown up, but at different stages in life and, therefore, closer to things in life that are happening with their children either as children or teenagers are quite valuable. To make sure that a board, if not is populated with young people, brings in young people who are very much of today and understand the workings of technology today to ensure that as a board you are at least in touch with	Age diversity – Relevant for boards Should not populate boards with young Directors for promoting diversity Parents of young people who are familiar with the perspective of the younger generation may contribute uniquely as well Younger generation may be well versed with the	Attributes of diversity for effectiveness – Age, parenthood Why age diversity – Familiarity with IT

	the challenges, that technology, by direct contact. But you are not going to replicate that knowledge and you are never going to have it. But you need to have access to it. And welcome the access.	technological advancements in the industry	
57	Researcher Someone would say that if we need the diversity of age or the perspective of younger generations on boards, why not have them as advisers rather than board members?		
58	Resp. 28 Yes exactly.	Age diversity may not be required on boards	Age diversity on boards?
59	Researcher Because boards are more about having more experience in running the companies.		
60	Resp. 28 Yes. But I think that's one of the routes. And I think to have young people as advisers, whatever you call them, is something that people are doing and, I think, thinking more about now, because they know that there is a difference between experience and knowledge and sometimes experience alone is not enough. So you tap into knowledge and whether you bring it in to sit in the boardroom as an adviser, whether you have them as a permanent advisor or whether you make sure that you bring people in from time to time, to make you aware of what is happening in the outside world from a technology viewpoint, there are different ways of solving the problem. But for sure you need to be in contact to be the world as it is today.	Age diversity – Young adviser may also give boards a different perspective There is difference between experience and knowledge and sometimes experience alone is not enough	Age diversity on boards?
61	Researcher How about functional diversity? You came from very specific engineering background.		
62	Resp. 28 I did.		
63	Researcher And they, you have been the CEO of [Company name] and then you joined the board of a bars and restaurants company then [company name] and here, did you feel like a strange fish? Or they benefitted from your different perspective? How was it?		

64	Resp. 28 No I never felt sort of fish out of water. I would say part of the reason was that in the early part of my life, which was the computer part, it took me into very different businesses where technology was the common theme, but the businesses were different. In the formative part of my executive life, which was Williams which was twenty years, we were a business that grew by acquisition and integration from a very small start to a very big end. And, therefore, I have been involved with buying and running many different kinds of businesses because we reinvented [company name] a number of times. We originally were an engineering conglomerate, low grade. Difficult businesses that needed a lot of management, moving to more branded businesses whether it was royal plug or crown () so that we have something from a marketing point of view that we could leverage rather than simply from an efficiency point of view and improved different range of businesses. From there to the security business, which was fire security, much higher technology, alongside () and therefore the businesses change mix three times in its life and I had to run each element of the businesses each time. And many companies within it. So the one thing I was clear about after twenty years was that, providing that you had an expertise in the business who knew the technology or the product, then the running of the business by and large was a pretty commonplace experience. So I was never concerned when I went to a different kind of business. I knew if I worked hard enough to understand in the early stage, then the breadth of knowledge that I have of running lots of different things would be sufficient to give me the capability to certainly chair a business. And I think that is the case.	Stayed with the technology-based companies The impact of diverse functional experience - Ability to chair businesses	Attributes of an effective Chair – Wide knowledge
65	Researcher So it never hampered your understanding or functioning. But did it benefit? Did it give them a new perspective?		
66	Resp. 28 Oh yeah. I mean		
67	Researcher Any instances and examples you can quote on that please?		

68	Resp. 28 No, it's just that. First of all you know you are not frightened by new things, if you have spent your life taking on new things. So you know you are not inhibited to look at a business with a critical eye. Secondly, you are not frightened to learn about a new business because you had to do it many times before. And thirdly, the fact that over a large number of years you have encountered most, if not all, of the things that could go wrong, they go wrong in different ways, but they go wrong in the same broad way in all businesses. So you are equipped to see things quickly. If you have seen them in other places in a different form before. So I think you know the breadth of experience and the mix of ups and downs that you have in the business life; all help really to ultimately do this kind of job, with a degree of competence and conviction.	The impact of diverse functional experience – Competence; conviction; fearlessness; better equipped to run businesses	Attributes of an effective Chair Advantages of diverse functional experiences
69	Researcher Your experience as the CEO clearly must have helped you in your contribution as a NED and I am sure in running a business as Chairman running the board. Do you think it is or it should be one of the primary qualifications for anybody who is aspiring to have the job of the Chairman of a board?		
70	Resp. 28 To have done many things? As a qualification?		
71	Researcher To have run a business as a CEO.		
72	Resp. 28 Well I think it's helpful to have run businesses as a CEO. And I think if you have to become the Chairman of the company, it isn't the only route to do it. I mean you could have been a very effective CFO. I mean there are different ways of getting to this role. But if you run a business, and you have decided you no longer wanted to be a Chief Executive, which is quite important, the willingness to exchange power for influence, a very important transition. Once you have made that mental transition, the fact that you have done the job means a) you know what to look for, b) you know you can have empathy for things going wrong. But more importantly you can apply judgement to what you think needs to be done when things do go wrong. So I found the fact that I ran a lot of businesses, but don't want to do it any more, valuable.	CEO experience and the role of the Chairman – Not the only route but it is helpful. Attributes of an effective Chair – Willingness to exchange power for influence. How does executive experience help NEDs/Chairs – One knows what to look for. One can have empathy for things going wrong.	CEO Experience and eligibility as NED/Chair Attributes of an effective Chair How does CEO experience help NED/Chair role-performance

		Apply judgement from vast experience and knowledge when things go wrong	
73	Researcher Women often face this criticism, because they are not, there are only a handful of women who have had the CEO experience.		
74	Resp. 28 Uh huh.		
75	Researcher And women who come as NEDS to corporate boards they often face this criticism that they haven't had the CEO experience of running the show, so probably their contribution is not very meaningful. But then to begin with there aren't many women who have the CEO experience, so how do we overcome that challenge?		
76	Resp. 28 Well, first of all it's. I don't think to join a board in a non-executive capacity means that you have to be a CEO. I mean, nor do you have to be a CEO to be a Chairman. It is a personal perspective and I think it helps. But it is not mandatory. But to be a member of the board, it's absolutely not necessary. But I think you have to <i>have experience, relevant experience in order to be a contributor</i> . And the experience may have been as a CFO, it may have been in HR, it may have been in marketing. You know all of those fields produce first class women with lots of relevant experience. Or IT, that can come to a board and make a valid contribution. <i>Both in a general sense and in a specific sense. You don't need to be a CEO.</i>	Women NEDs/Chairs and the lack of CEO experience Attributes for a successful NED – Chairmanship – Relevant experience – Both in a general sense and in a specific sense. An executive job experience at high level helps	CEO experience and ability to contribute as NED and Chair Attributes of an effective NED – Relevant experience; Some executive experience helps;
77	Researcher Then what does it take to be an enlightened Chairman and effective Chairman?		
78	Resp. 28 I think the first thing is that you do have to have made a decision that you are prepared to be influential and recognise that it is a job done by influence rather than by absolute power. Therefore that means you need people around you who you respect. And therefore you willingly listen to their views and encourage their participation without feeling threatened by it. But at the end of the day you have sufficient experience to be able to gather up the best of the knowledge that is being offered and	Attributes of an effective Chair – Use influence and not power; encourage members to contribute; not feeling threatened by the competence and	<i>Attributes of an effective Chair</i>

	position it as a decision in a way that the people around the board table regard it as, you know, a reflection of their collective view. That in itself is a job. You also have to be clear about the strategic direction of the business and how you form that. And, importantly, the governance standards which you both adopt and impose on the board to make sure that it stays focused on not simply how much money it makes but how it makes money. It's an amalgam of those skills and attributes, but it starts from experience, good people around you, respect for those people around you, and drawing from their capability, but willingness at the end to shape it into a decision that everyone is comfortable with and all of the business can move forward and have a good working relationship with the CEO.	knowledge of others; have enough experience of board; being a reflection of the collective views of board members; ensure governance norms as expected are adhered to; ensure that the focus is not only on how much money is made but also how the money is being made; have competent people on boards; respect the competence of people on boards; good working relationship with the CEO	
79	Researcher Just the last couple of questions, I see that the clock is ticking.		
80	Resp. 28 Yeah.		
81	Researcher Most of the FTSE top companies have nomination committees which work very well. And the Code provides for their composition. Do we still have discretion available to the Chair in terms of obtaining competencies around the board? Does the opinion of the Chair still prevail when it comes to the choice of board Directors?		
82	Resp. 28 Well, I do think that, ultimately, somebody who joins the team has to be accepted by the team. The first thing is to be clear on what is the profile to be looking for as a board. And the view can be put forward by the Chairman but it has to be supported by the existing board members. Secondly, having determined the profile, it is chemistry. So it is fine to	Nomination committee and discretion of the Chair – Important for the	Nomination committee and discretion of the Chair – Picking the team is the responsibility of the Chair

	have found someone who is different but if you are bringing someone who everybody finds objectionable, that would not be helpful. So the chemistry has to be right. And the profile has to be right, and the selection of the individual, you know should be I think led by the Chairman but supported by the board. And I would not appoint anybody, to the board unless the rest of the colleagues have met them and found them to be, you know, both suitable in terms of capability but acceptable in terms of personality. Otherwise you damage what you have. But you chair the nomination committee. Picking the team is the responsibility of the team leaders.	Chair to ensure conducive; chemistry within board needs to be correct; Chairman's choice should be the one supported by the rest of the board as well Discretion of the Chair in 'picking his team'	
83	Researcher Have you ever experienced that having diversity on boards sometimes results in conflicts? In terms of having different perspectives, even if it not limited to gender diversity?		
84	Resp. 28 No, I mean I have seen much more conflict in single-sex boards.	Diverse boards don't necessarily have more conflict	Diversity on board and conflict in boards
85	Researcher I see.		
86	Resp. 28 You know when men jockey for position and power and all those things that men in power will do. And one of the benefits of introducing women into the boardroom is that some of that behaviour reduces. And therefore the chemistry in the boardroom is better. I have never experienced that sort of problem that you defined.	The impact of gender diversity – Improved boardroom behaviour; better chemistry; men in boards often jockey for more power	Why gender diversity on boards – Improved boardroom behaviour; better chemistry Why gender diversity on boards
87	Researcher And have you ever experienced conflict arising out of the different functional background of Directors on boards? They come from different worlds.		
88	Resp. 28 Yes. I mean, inevitably. I mean, people will have their beliefs and their opinions shaped by their experiences, and if they come from a very different world, they may come with very different views. And the benefit of diversity of view rather than just gender or ethnicity is that these things are then debated rather than everybody thinking the same and arriving at the	Experiences impact beliefs and opinions. Defining diversity. Broader meaning of diversity beyond gender	Influence on perspective – diversity of nationality Most significant attribute of

	same conclusion without pressure testing whether that conclusion is the right one. So, for me that diversity of view is very important to the functioning of the board.	and ethnicity – Diversity of view. Why diversity on boards – To be able to think differently. Diversity on board and conflict	diversity – diversity of views Why diversity
89	Researcher Yeah. But how do you ensure that diversity and resulting conflict doesn't impact the effectiveness of the board adversely? And something constructive comes out of it.		
90	Resp. 28 Because I think there is a difference between a difference of opinion based on experience and conflict which is more to do with personality than actual background and experience. So if there is conflict in a boardroom, it's very unhealthy because it changes the way in which the board functions. If there is a different view in the boardroom it is very healthy, because people respect each other's view. And by doing so you get to a better outcome.	Conflict and disagreement on boards – Conflict is about personality and disagreements are about a difference of opinion; conflict is unhealthy; diversity of view is healthy. Disagreement leads to better outcomes	<i>Diversity on boards and Conflict or disagreement</i> <i>Why diversity on boards – disagreement – better outcomes.</i>
91	Researcher And does it fall on the shoulders of the Chairman to ensure that the difference of views doesn't...		
92	Resp. 28 Yeah...		
93	Researcher Doesn't fall into the category of conflict.		
94	Resp. 28 Yes, part of the job. I mean, you know. Chairing a board of very able people but very different people, you know, means that a part of it remains a positive experience for everybody rather than a negative one. It is also important that everything that is felt is aired at the table rather than taken out of the room. So that part of the job. And it is part of annual board reviews every two years with an external facilitator. Every year, or at least every other year, by an internal review. And it was important because it exposes if there are people around the table that feel the atmospherics is wrong or dynamic is	Conflict resolution and the role of the Chair Advantages of board evaluation – Detects the flaws in atmospherics;	Attributes of an effective Chair – Conflict resolution How to resolve conflict on boards by the Chair Why board evaluation

	wrong or it's not going in the right direction and it enables you then to address the issue. So, you know, there are checks and balances which are valuable to add to the feel that you haven't developed, one a month or whatever, around the board table.	detects the issues that need to be addressed	How to compose effective boards – Evaluation
95	Researcher Last question. There is conversation going around political circles about having employees on corporate boards in the UK. What is your opinion on it? Will it influence the effectiveness of boards and if so will that be a positive influence or negative influence?		
96	Resp. 28 Well, I believe in the board structure that we have today where nobody comes with a particular axe to grind. They come with, for the benefit to the company as a whole. So the unitary board is, I think, a very strong working model. If you introduce people into it who are there to represent a particular part of the company and they feel that they have a mission to do that, you would change the way that board works. I chair European boards, where it is a supervisory board not an operating board, it is a very different model. It works in a very different way. Of the two, I think the unitary board is the better. I therefore do not believe in having worker representation per se. Although I am very happy to have people on that board who come from very different backgrounds. You know with the principle of diversity of experience. I equally believe that you should have a real connection with the people that work for you. You know, in a way that it is both formal but normal. And, you know, good boards typically have that. And they have a connection point where their board does hear the opinion of the people in the workforce. But, I think, it's using simply good management practice and structures that go with that rather than changing the way of boards. Its both structure and functions away from the unitary principles.	Workers on boards – Diversity of experience is welcome, members with an agenda are not. Supervisory boards have a different structure and agenda but very different from unitary boards of the UK. Unitary board is better hence works on boards may not be required for improving governance. Diversity of experience and backgrounds welcome and helpful but not diversity with workers on boards who may have a different agenda. Good board – (Effective board)	Workers on boards? How to compose effective boards – Diversity of experience and background
97	Researcher Thanks you very much [Resp. 28].		
98	Resp. 28 Pleasure. It's very nice to see you.		

Source: Compiled by the researcher

Appendix 3 Publications by the researcher

Peer reviewed articles

Goyal, R., Kakabadse, N., and Kakabadse, A. (2018). Reasons and possible remedies for the gender diversity deficit on boards within the UK's soft-law regime: Directors' perspective, *Journal of Business Diversity*, 18(1), forthcoming.

Kakabadse, A., Goyal, R., and Kakabadse, N. (2018). Value creating boards – Diversity and evolved processes. *Journal of Creating Value*. (Accepted – to be published in May 2018).

Book chapters

Goyal, R., Kakabadse, N., Morais, F., and Kakabadse, A. (2018). Gender diversity on boards in Norway and the UK: A different approach to governance or a case of path dependency? In Aluchna, M. and Aras, G. (eds). *Women on Corporate Boards. An International Perspective*. London: Routledge.

Practitioners' publications

Goyal, R., Kakabadse, N., and Kakabadse, A., 2017. Board diversity in the UK – Policy and Practice. *Tolley's CSR – 89 Company Service*, LexisNexis (RELX – UK), London.

Conference presentations

Goyal, R., Kakabadse, N., and Kakabadse, A., 2017. Gender diversity on boards: Going beyond the binaries of attributes, rationales, and approaches. *MACQUARIE University – Gender, Work & Organisation Conference Women on boards: Stalled progress or new opportunities for increasing board diversity*. Sydney, Australia. 13–16 June 2018.

Goyal, R., Kakabadse, A., 2017. UK listed companies' board members' values: What is the impact on wealth creation? First Global Conference on Value Creation, Leicester Castle Business School, Leicester, UK, 23–24 May 2018.

Goyal, R., Kakabadse, N., and Kakabadse, A., 2017. Discrimination against women on their path to directorships and the lack of gender diversity on UK boards. *BAM2017 – Re-connecting Management Research with the Disciplines: Shaping the Research Agenda for Social Sciences* (Track 6: *Gender in Management*), University of Warwick, Coventry, UK, 5–7 September 2017.

Goyal, R., Kakabadse, N., and Kakabadse, A., 2017. 'Chair's discretionary capability to promote board effectiveness through boardroom diversity', *ICGS2017 – Corporate Power and Corporate Governance: Balancing Value Creation with Stakeholder Accountability*, LUISS Business School, Rome, Italy, 2–3 September 2017.

Goyal, R., Kakabadse, N., and Kakabadse, A., 2017. Reasons and possible remedies for the gender diversity deficit on boards within the UK's soft-law regime: Directors' perspective, *EGOS – The Good Organisation – Aspirations, Interventions, Struggles*, (31: *Gender, Governance and Organizations*), Copenhagen Business School, Copenhagen, Denmark, 6–8 July 2017.

Goyal, R., Kakabadse, N., and Kakabadse, A., 2017. Achieving gender balance on British boards with the soft-law approach: Directors. *EURAM 2017 – Managing Knowledge: Making Knowledge Work*, Glasgow, UK, 21–24 June 2017.

Goyal, R., Kakabadse, N., and Kakabadse, A., 2016. Making boards effective through the diversity of perspective. *Value Creating Board Seminar*, University of Witten, North Rhine-Westphalia, Germany, 1–3 July 2016.

Goyal, R., Kakabadse, N., and Kakabadse, A., 2016. Board effectiveness in UK-listed companies with deep-level board diversity of perspective. *Understanding Corporate Governance* workshop, Toulouse Business School, Barcelona, Spain, 7–8 June 2016.

Goyal, R., Morais, F., Kakabadse, N., and Kakabadse, A., 2016. Gender diversity and board effectiveness: A research approach. The Henley Centre for Governance, Accountability & Responsible Investment (GARI) Third International Conference (GARI) 2016 – *The Globalisation of Corporate Governance: Does Compliance Kill Values and Enterprise?* University of Reading, Henley-on-Thames, UK, 18–19 April 2016.

Practitioners' conferences

Be brave – confidence and identity, *The Henley Women in Leadership Forum*, U+I London, 8 November 2016.

Goyal, R., Kakabadse, N., and Kakabadse, A., 2017. Diversity on boards: Broadening the meaning to improve board effectiveness, *Journalists Regatta*, Henley Business School, 28 June 2017.

Appendix 4 IWF Newsletter with request from the research to potential participants

13 September 2016

Newsletter 16/16

Events

Thur 15 September at 8am
IWF UK Breakfast with New Members at Villandry St James's.

Wed 21 September at 7.30pm
Members' Dine-Around hosted by Angela Harding, SW1.

CROSSROADS OF CHANGE

28 to 30 September
IWF World Leadership Conference in Chicago. See www.iwforum.org for more details.

Thur 6 October at 8am
IWF UK Breakfast with Oonagh Harpur at Villandry St James's.

Thur 13 October at 6.30pm
The Age of Accountability: at What Cost? At Withers LLP.

Tues 18 October at 7.30pm
Members' Dine-Around
Hosted by Sally Doganis, NW3.

Mon 31 October at 7pm
Reception to celebrate with Susan Vinnicombe CBE at Eversheds LLP.

Tues 1 November at 6pm
IWF UK Theatre Event: Oil at the Almeida Theatre.

Tues 8 November at 8am
IWF UK Breakfast at Villandry St James's.

Save the Date
Xmas Breakfast **14 12 16**

Book and Pay via the IWF UK Website

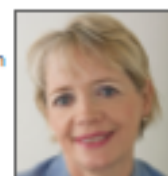
Dates for your Diary

IWF UK Autumn Reception

IWF UK member Susan Vinnicombe CBE has been Awarded the IWF 2016 'Women Who Make a Difference' Award. We will be celebrating with Susan at the IWF UK Autumn Reception which is kindly being hosted by Denise Jagger at Eversheds LLP on **Monday 31 October at 7pm**.

Please join us so that as a Forum we can celebrate this wonderful achievement. It will also provide an opportunity to catch up with members and meet guests. If you would like to invite a potential new member, please inform [Liz Winder](mailto:Liz.Winder@iwforumuk.org).

There is no cost to attend, but please book via iwforumuk.org.



Save the Date



We have secured the author [Lynda Gratton](http://www.lynda-gratton.com) to speak on **24 January 2017**, on her new book which is getting lots of publicity, *The 100 Year Life - Living and Working in an Age of Longevity*. The book outlines the challenges and intelligent choices that all of us, need to make in order to turn greater life expectancy into a gift and not a curse.

Current practices are ill equipped to cope with a 100-year life. We either can't afford to retire at the age our parents did or will have to work for so long that our mental and physical fitness as well as our enthusiasm for life could suffer. Individuals, companies and governments all have a role to play in ensuring we structure our lives differently so we can make the most of a longer life.

Emerging Leaders Network



Anne Minto OBE spoke at the ELN event on 7 September at the House of St Barnabas in Soho. A thoroughly enjoyable and informative evening during which Anne talked about her extensive career, working in challenging environments and with challenging people, before sharing insights into her successful NED Portfolio. The next ELN event 'In Conversation with ... Pam Garside' will take place on **22 November**. Contact eln.committee@gmail.com.

Request from PhD Student

shared by Shirley Cooper.

My name is Rita Goyal and I am a 11 year PhD student at Henley Business School, University of Reading, pursuing research on 'board diversity and it's impact on board effectiveness'. It is a qualitative study where I collect my data by interviewing board directors of for-profit companies registered in the UK. I hope to get 60-90 minutes of board members' time to discuss board diversity. All the responses will be confidential and will be used for my research only. Please contact Rita if you are able to assist with her research rita.goyal@pgr.reading.ac.uk.

The Women's Equality Party

The first ever [Women's Equality Party Conference](#) will take place from 25 to 27 November in Manchester. The only political party in the UK to focus on equality for women. The party and its policies are informed by the views and experiences of those doubly or trebly disadvantaged, by their gender and by other factors such as race, ethnicity, age, disability and sexuality.

Public Appointments

this month include:

Trustees - V&A and National Portrait Gallery. Commissioner for Commonwealth Scholarship Commission. NED - NHS Litigation Authority. Chair - Ofqual. Chief Executive - UK Research and Innovation.



[Click for further info](#)

Members' News**Welcome to New Member**

Marcia Cantor-Grable is a NED at CHAPS Co, where she chairs the Risk Committee and is a member of the Audit and Finance and Board Strategy Committees. Additionally, she serves as the Group Risk Director of Emerging Risks and Regulatory Developments at Prudential plc. Over Marcia's 35+ year career, she has worked in insurance, banking (corporate and consumer), and corporate finance. In 2015 she was cited 100 Women To Watch by Cranfield University, School of Management.

**New Appointment**

Congratulations to Dr Alice Maynard CBE who has been appointed to the TfL Board. Alice will be working alongside the new Mayor, Sadiq Khan, and the Deputy Mayor for Transport, Val Shawcross. "I am looking forward to the challenge of delivering the best possible transport system for London for all users."

Special Interest Group - 'Portfolio' Careers

Liza Macdonald, former IWF UK Chair and long-standing member, has been reflecting on the challenges involved in moving on from a demanding professional role to a 'portfolio' career and would like to share experiences with other members, with a view to supporting and encouraging each other in this next stage of our lives. If you would be interested in creating a special interest group on this topic, please let Liza know and she will look at arranging an initial meeting, lizamacdonald.senrs@btconnect.com.

**The Semple Dress Experience**

An exclusive evening has been organised on 24 November by Maggie Semple OBE, who has recently featured in Harper's Bazaar. The [Semple Dress Experience](#) is bespoke fashion at its finest. Come and curate your very own Semple Dress in a relaxed and informal atmosphere over drinks and light bites- with no pressure to buy!

IWF Announces New CEO

Stephanie Mathews O'Keefe has been appointed our new CEO. Stephanie was Chief Communications Officer for CTIA - The Wireless Association and previously EVP for Communications at the American Bankers Association. She has extensive experience with membership associations along with expertise in communications, marketing, organisational development and financial management - all areas needed to help take our organisation to greater heights.

