# Board of Directors and the Strategy Process in Times of Environmental Change: The Case of the Swiss Aviation Industry

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*For Karla and Henri*

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# LIST OF ABBREVIATIONS

| | |
|---|---|
| ANSP | Air navigation service provider |
| Art. | Article |
| BoD | Board of Directors |
| CAA | Civil aviation authorities |
| CEO | Chief Executive Officer |
| CFAC-HSG | Center for Aviation Competence of the University of St.Gallen |
| CFO | Chief Financial Officer |
| CO2 | Carbon dioxide |
| cont. | continued |
| CORSIA | Carbon offsetting and reduction scheme for international aviation |
| Covid-19 | Coronavirus disease 2019 |
| CSO | Chief Strategy Officer |
| CSR | Corporate social responsibility |
| EASA | European Union Aviation Safety Agency |
| EC | European Commission of the European Union |
| EM | Executive Management |
| et al. | et alia (and others) |
| etc. | et cetera (and so on) |
| EU | European Union |
| e.g. | for example |
| FOCA | Federal Office for Civil Aviation in Switzerland |
| FSNC | Full-service network carrier |
| GDP | Gross domestic product |
| GL | Geschäftsleitung (German; Executive Management) |
| i.e. | id est (that is) |
| IATA | International Air Transport Association |
| ICAO | International Civil Aviation Organization |
| LCC | Low cost carrier |

| | |
|---|---|
| M&A | Mergers & acquisitions |
| MRQ | Main research question |
| NDA | Non-disclosure agreement |
| OR | Swiss Code of Obligations SR/RS 22 |
| PANS | Procedures for air navigation services |
| ROA | Return on assets |
| ROE | Return on equity |
| S&P | Standard & Poor's composite 1500 stock market index |
| SAP | Strategy as Practice |
| SCBP | Swiss Code of Best Practice for Corporate Governance |
| SRQ | Sub research question |
| STSB | Swiss Transportation Safety Investigation Board |
| SUPPS | Regional supplementary procedures |
| resp. | respectively |
| TMT | Top Management Team |
| UET | Upper Echelons Theory |
| UK | United Kingdom |
| UTM | Unmanned air traffic management system' |
| U.S. | United States of America |
| VR | Verwaltungsrat (German; Board of Directors) |

# ABSTRACT

Research on Board of Directors (BoDs) tends to ignore fundamental questions about the BoD team's processes and strategy interactions. The few existing studies show that the link of these topics is essential for the functioning of the BoD team and the strategy process. Thus, I aim to explore how BoDs shape the strategy process.

My primary research method is a multiple case study, leveraging access to three carefully selected BoD and Executive Management (EM) teams and their strategizing. I conduct 36 semi-structured interviews in combination with 25 pre- and 50 post-interview talks. I triangulate this data with archival data, including BoD meeting minutes and strategy- and organization-related documents, and own observations during regular BoD meetings, on-site visits, and formal and informal interactions of the BoD team.

The findings of my dissertation are multifaceted. First, I find that an integrative Chairperson and a cooperative Chairperson-CEO relationship are important for enabling the entire BoD team to get involved and conduct more effective strategy interactions. Second, I note that the composition and structure of the BoD team are relevant for enhancing BoD's task performance, reducing blind spots in the strategy process, and increasing openness to strategic change. Third, I observe that a regular and open information exchange and a structured BoD-EM interface are crucial for making more informed decisions and having open, focused, and controversial discussions. Fourth, I discover that BoD's task performance and openness for strategic change is positively affected by conducting regular BoD meetings, reducing the dominance of the Chairperson or CEO in regular BoD meetings, and nurturing a balance in openness in strategy workshops. Additionally, I note that a balanced frequency and relevance of BoD committee meetings and informal strategy interactions reduce blind spots and promote openness for change.

Through these findings, I contribute to scholarly research by analyzing BoD teams as strategizing teams with a multi-level study. In addition, by developing a comprehensive landscape of strategy interactions and a framework for BoD's strategizing, I eliminate the 'black box' problems of existing studies. I draw links between BoD composition, structure, and processes and show how they affect strategic outcomes. Also, by developing precise checklists, I provide practitioners with hands-on tools to conduct a more effective strategy process in times of environmental change.

**Keywords:** Board of Directors; Top Management Team; Strategy Interactions; Strategy Process; Environmental Change

# ZUSAMMENFASSUNG

Die Forschung zu Verwaltungsräten (VRs) vernachlässigt bisher grundlegende Fragen zu den Prozessen des VR-Teams und den Wechselwirkungen mit dem Strategieprozess. Jedoch zeigen existierende Studien, dass diese Wechselwirkungen zentral sein können für das Funktionieren des VR-Teams und den Strategieprozess. Das Ziel dieser Dissertation ist es daher herauszufinden, wie VR-Teams den Strategieprozess gestalten.

Meine primäre Forschungsmethode ist eine multiple Fallstudie. Dabei nutze ich den Zugang zu ausgewählten VR-Teams. Ich führe 36 halbstrukturierte Interviews in Kombination mit 25 Prä- und 50 Post-Interview-Gesprächen. Ich trianguliere diese Daten mit Archivdaten, einschliesslich VR-Sitzungsprotokollen sowie Strategie- und organisationsbezogenen Dokumenten, eigener Beobachtungen während regelmässiger VR-Sitzungen, Vor-Ort-Besuchen und formellen und informellen Interaktionen des VR-Teams.

Die Ergebnisse der Dissertation sind vielschichtig. Erstens stelle ich fest, dass ein integrativer Präsident und eine kooperative Präsident-CEO-Beziehung für die Einbindung des VRs und effektive Strategie-Interaktionen wichtig sind. Zweitens finde ich heraus, dass die Zusammensetzung und Struktur des VR-Teams relevant sind, um blinde Flecken im Strategieprozess zu reduzieren und die Offenheit für strategische Veränderungen zu er-höhen. Drittens beobachte ich, dass ein regelmässiger und offener Informationsaus-tausch und eine strukturierte VR-GL-Schnittstelle entscheidend sind, um informierte Entscheidungen zu treffen und offene, fokussierte und kontroverse Diskussionen zu füh-ren. Ausserdem stelle ich fest, dass die Wahrnehmung des VR als Strategieteam, die Offenheit für strategische Veränderungen positiv beeinflusst und blinde Flecken redu-ziert werden können, wenn regelmässige VR-Sitzungen, eine geringe Dominanz des Vorsitzenden oder des CEOs in regelmässigen VR-Sitzungen, ein Gleichgewicht der Offenheit in Strategie-Workshops, sowie eine ausgewogene Häufigkeit und Relevanz von VR-Ausschusssitzungen und informellen Strategie-Interaktionen genutzt werden.

Durch diese Erkenntnisse trage ich zur wissenschaftlichen Forschung bei, indem ich VR-Teams als strategisierende Teams mit einer Mehrebenenstudie analysiere. Darüber hinaus eliminiere ich durch die Entwicklung einer Landkarte von Strategie-Interaktionen ‘Black Box’-Probleme bestehender Studien. Ich ziehe Verbindungen zwischen der Zusammensetzung, der Struktur und den Prozessen des VRs und zeige, wie diese den Strategieprozess beeinflussen. Zudem entwickle ich für Praktiker und VRs in der Praxis prä-zise Checklisten, um einen effektiveren Strategieprozess durchzuführen.

**Schlüsselwörter:** Verwaltungsrat; Top Management Teams;
Strategie-Interaktionen; Strategieprozess; Umweltveränderung

# CHAPTER ONE: INTRODUCTION

> *"Directors who truly want to build an effective board need to look far beyond any externally imposed rules and procedures. The starting point is taking an honest look at how - and how well - they work with one another."* Carter and Lorsch (2003, p. 164)

BoDs are important actors for strategizing (Hambrick, 2007; Müller et al., 2014). Leblanc and Gillies (2005) even argued that "nothing is more important to the wellbeing of [an organization] than its board of directors" (p. 6). Also, Faeste et al. (2016) found that if time is allocated effectively to strategizing, BoD teams might create significant value for the organization. However, Bhagat et al. (2013) claimed that "too many [BoDs] just review and approve strategy" (p. 1) instead of proactively driving or monitoring it in detail. Others have even questioned BoD's strategic relevance in times of environmental change, calling them a cost-intensive part of the organization, with some BoD teams not taking any strategic role or responsibility at all (Reeves et al., 2018).

Therefore, in my dissertation, I aim to understand why BoD teams differ greatly in their approach towards strategizing in practice and to explore how BoD teams shape the strategy process in times of environmental change. To outline my motivation for this topic, in the first section of this Chapter One, I introduce the research problem, including the practical relevance (section 1.1), theoretical relevance (section 1.2), and existing research gaps (section 1.3). I derive the resulting research questions in section 1.4. In the second section of this Chapter, I state the research objectives. Further, in the third section of this Chapter, I outline my scientific approach (3.1), including the main theory, research setting, research method, and scientific and practical contribution. In section 3.2, I illustrate my structural approach for the entire dissertation. I conclude this Chapter by defining and describing the key concepts (4).

## 1 Research Problem

### 1.1 Practical Background of the Problem

Over the past decades, corporate scandals (e.g., Enron, Lehman Brothers, Parmalat), economic crises (e.g., the economic crisis of 2008), globalization, and liberalization have led to significant changes in governance systems on an international scale (Dalton et al., 2007; Jones et al., 2015; O'Connor, 2002). Focusing on corporate scandals, scholars noted that they caused uncertainty and "[…]significantly contributed to a profound corporate malaise and a mistrusted capital market economy" (Soltani, 2014, p. 251). Often, BoDs and their performance in strategically advising *and* monitoring the Executive Management (EM) team were among the main contributing factors (Akbar et al., 2017;

Erkens et al., 2012; Judge & Talaulicar, 2017). In particular, the habit of BoD teams sparing the EM team has been criticized of being counterproductive to organizational success and good corporate governance, in that they may simply be rubberstamping and guilty of demonstrating blindness to alternatives for the future of the organization and strategic initiatives (Judge & Talaulicar, 2017; Pugliese et al., 2009; Younas et al., 2019).

Let us take the example of *Enron*, one of the most discussed governance examples worldwide: Enron was a former energy, commodities, and services organization. Until 2000, Fortune magazine perceived the organization as the "most admired company" in the U.S. (Healy & Palepu, 2003, p. 3). However, through bad governance practices, the EM team – especially the CEO and CFO – misled Enron's BoD team and audit committee on high-risk practices while also pressuring the auditing organization Arthur Andersen to ignore these issues. These bad governance practices resulted in one of the most prominent bankruptcy cases in U.S. history. Studies criticized several BoD members for not performing their monitoring tasks properly (Arnold & De Lange, 2004; O'Connor, 2002). Besides that, the BoD of Enron was also found to have entirely neglected its role as the main strategizing actor due to a lack of involvement and understanding (Deakin & Konzelmann, 2004; Sonnenfeld, 2002).

BoD teams struggling with strategizing and fulfilling their roles does not appear to be an industry- or governance-system specific problem. In national and governance systems with different legal duties and liabilities for the BoD team, they appear to struggle with their role and involvement in strategizing. For example, several BoDs in Switzerland (Swissair, Raiffeisen, ABB, Kuoni)[1] or Germany (Wirecard, Volkswagen, Deutsche Bank)[2] could not contribute to strategic effectiveness, even harming the latter.

Excellent examples of how BoDs can fail in advising and monitoring are the cases of Swissair[3] (advising), Raiffeisen[4] (monitoring), and Wirecard (allegedly monitoring). The BoD of *Swissair* was known for its political appointees, who lacked experience in the airline industry (Nwabueze & Mileski, 2008). Thus, Swissair's BoD was allegedly unable to understand the aviation industry's characteristics[5] and could not advise the EM

[1] For insights, information, and learnings of the events at Swissair, Kuoni and ABB, find Hofstetter (2002).

[2] Find Georg (2017) for a larger list of German governance scandals. For more insights on the BoD scandals mentioned above, find Scheffler (2020), Ehlers (2020), Elson et al. (2015), Crête (2016), Admati (2017), Fockenbrock (2015), and Jenkins (2018).

[3] Swissair was the national airline of Switzerland between 1931 and 2002. Swissair was grounded in 2002 and went bankrupt shortly after, due to allegedly BoD and management failures and, more operationally, a shortage of cash.

[4] Raiffeisen is a cooperative of independent Swiss Raiffeisen banks, accumulating to the third largest bank in Switzerland and the densest branch network in Switzerland.

[5] For example, the acquisition of aircrafts, the relationship to external stakeholders, such as the aviation regulatory bodies, and the operative management of routes.

team strategically. In deciding to adapt the 'Hunter Strategy,' the BoD of Swissair focused on short-term KPIs and its rapid expansion rather than on a sustainable long-term development (red, 2006).[6] Pursuing this strategy resulted in Swissair's grounding, considered a Swiss societal and economic tragedy until today.[7] In the case of *Raiffeisen*, the Swiss Financial Market Supervisory Authority FINMA (2018) reported that the BoD "failed to adequately supervise its former CEO, thereby enabling [the CEO], at least potentially, to generate personal financial gain at the bank's expense" (p. 1). Thereby, the BoD of Raiffeisen did not perform their monitoring tasks, leading to one of the most significant governance scandals in recent Swiss history (Gallarotti, 2018). Also, the governance scandal of the German online bank *Wirecard*[8] led to CNBC calling it the "Enron of Germany" (Browne, 2020). One could continue this list infinitely.

These recurrent scandals have resulted in practitioners and scholars aiming to understand why these failures occurred (Conyon et al., 2011; Machold & Farquhar, 2013; Neville et al., 2019). Also, these scandals led to regulatory bodies and society calling for corporate governance changes, explicitly urging for an increase in levels of transparency and accountability of BoD's activities and decision-making (Kiel & Nicholson, 2003; Müller et al., 2014; Neville et al., 2019). For example, the Enron scandal resulted in one of the first holistic governance legislations in the US, the Sarbanes-Oxley Act, which was a considerable intervention in the organization's processes (Hamilton & Nickerson, 2003; Judge & Talaulicar, 2017). Besides, other countries have introduced new legal requirements and codices in recent years[9]. These legal enforcements have raised awareness of BoDs for their functioning, actions, and level of involvement, especially in terms of their duties and roles in strategizing (Aguilera & Cuervo-Cazurra, 2009; Müller et al., 2014).

In regards of strategizing, in most legal systems globally, the CEO and the EM team are responsible for developing the strategy. In parallel, the BoD is responsible for developing a strategic frame with guidelines and enforcing it within the organization (Krause et al., 2019; McNulty & Pettigrew, 1999; Müller et al., 2014). Therefore, the BoD is responsible for the strategic direction of the organization. This role is usually performed by shaping the underpinnings of strategizing (i.e., setting the guidelines under which the

[6] Without taking into account basics of an airline network or alliance strategy and also ignoring environmental change that was happening in this industry at the time.

[7] For more details on the Swissair case and the role of the BoD, find Steger and Krapf (2002), Nwabueze and Mileski (2008), and Herrmann and Datta (2005).

[8] At the time of writing this dissertation, Wirecard is an insolvent German payment processor and financial service provider. Several Executive Management members have been arrested for criminal financial activities and two BoD members for insufficiently monitoring EM activities.

[9] For a comprehensive review, find Aguilera and Cuervo-Cazurra (2009). Also, find in the 'Higgs-Report' (Jones & Pollitt, 2004), the 'OECD Principles of Corporate Governance' (OECD, 2004), in the EU several national codices, and in Switzerland the 'Swiss Code of Best Practice for Corporate Governance' (economiesuisse, 2016).

strategy process should occur), the content of strategizing (i.e., evaluating strategic changes and alternatives), and the conduct of strategizing (i.e., monitoring and advising during its implementation; Kim et al., 2009; McNulty & Pettigrew, 1999). As such, the BoD is also responsible for setting and ensuring the achievement of strategic objectives, determining the means necessary to reach these objectives, establishing the necessary planning, information and monitoring systems, delegating tasks or responsibilities to other organizational actors within the strategy process, and taking corrective actions (Chizema et al., 2015; Müller et al., 2014; Tosi & Greckhamer, 2004). Thereby, the BoD leads both directly and indirectly in terms of strategy (Chen et al., 2016a; Hilb, 2019; Hubbard et al., 2017). In organizations where there is a clear separation of roles between the Chairperson and CEO, the Chairperson is the formal strategic leader of the organization and the "ultimate authority on [organizational] objectives" (Krause et al., 2019, p. 1573; Müller et al., 2014; Withers & Fitza, 2017).

Thus, it is intuitive that BoDs should be highly involved in strategizing. Indeed, BoDs recognized the need for this involvement in rating strategizing as one of the main subjects demanding attention by the BoD team (Spencer Stuart, 2020). A survey by Knight Gianella (2020) of 229 BoDs with 826 mandates found that strategy is the most pressing issue of BoDs and CEOs in Switzerland. The survey results showed that the development and implementation of strategy as well as strategic change are most important and most relevant among all duties, with much higher expectations for this task in recent years (p. 7). Schilling (2020) supported this fact with a survey of BoDs of 118 Swiss organizations from 11 industries. In line with that, a survey by McKinsey (2018) discovered that BoD's agendas appear to care more about long-term planning in recent years. Moreover, this survey showed that one-fourth of the BoD respondents even noted that they would like to significantly increase their strategizing time (McKinsey, 2018).

However, the time BoDs spend on strategy has not changed in recent years (28 percent in 2013 and 27 percent in 2017; McKinsey, 2018). The main struggle for BoDs rather seems to be that they *understand their organization's financial position significantly better than its strategy*, risk, and environment (Bhagat et al., 2013). Thus, they do not feel confident in understanding external environment changes that impact their organizations' strategizing. Cossin and Metayer (2014) emphasized that "today's [BoD teams] are overstretched and confronted with rising levels of complexity from society, governments, alternative business models, global changes and economic volatility" (p. 43). This external change might be one reason why BoD teams do not play a significant role in today's strategy process. Therefore, BoDs are often perceived as having a limited understanding of and involvement in strategizing (e.g., Conger et al., 2001; Johnson et al., 1996; Judge & Zeithaml, 1992). Further, the desirability of BoDs to get strategically

involved is also intensely debated (Daily et al., 2003; Huyett & Zemmel, 2015; Sonnenfeld, 2002). Therefore, in order to be effective strategic leaders of their organization, BoDs need to intensify their strategic role and involvement (Cossin & Metayer, 2014; Hendry et al., 2010; Hilb, 2019) and the frequency of involvement (e.g., Golden & Zajac, 2001; Long, 2007; Pearce & Zahra, 1992). The Chairperson also appears to be crucial for the BoD team to effectively perform its strategizing tasks in monitoring and advising the BoD team (e.g., Kakabadse, 2010; Krause, 2017; Müller et al., 2014).

The debate on a limited understanding and lack of BoD members' strategizing involvement is fueled by several reasons, such as BoD team composition, structure and processes, and the BoD members' available time. Firstly, BoD teams are said to be *ill-equipped* in terms of composition to deal with a strategy that considers changing external environments and higher levels of complexity and uncertainty (e.g., Haynes & Hillman, 2010; Reeves et al., 2018). For example, a study by Reeves et al. (2018) outlined that "many directors at incumbent companies built their careers in a 'classical' business environment and may not have demonstrated the capabilities to master the variety of strategic approaches that are required today" (p. 2). As a result, it is suggested that BoDs need to be composed differently to be real contributors in strategy (Haynes & Hillman, 2010; Hillman et al., 2000). Especially in complex or uncertain environments, BoDs should have experience or networks that help the organization be strategically successful (Bankewitz et al., 2016; Rickards & Grossman, 2017; Warner & Wäger, 2019). However, BoDs were found to have limits to influence strategic decisions (Shropshire, 2010) and are less likely to pursue strategic change (Goodstein et al., 1994). These studies concluded that the BoD needs to drastically adapt to external changes in the environment to succeed in the long run, while the BoD's strategizing expectations appear to be increasing in recent years (Knight Gianella, 2020; McKinsey, 2018; Reeves et al., 2018).

Secondly, to more efficiently use the BoD's time, regulators and practitioners have called for more *structure* on the BoD team, such as by developing bylaws, annual calendars, BoD committee charters, protocols, and guidelines for the functioning of the BoD (e.g., Finkelstein & Mooney, 2003; Leblanc & Gillies, 2005). These suggestions have resulted in best-practice guidelines and codices. For example, they aimed to improve the information processing of BoDs by making practical recommendations for the processing of protocols (e.g., Baxt, 2009; Müller, 2011b; Müller, 2015b).

Also, ineffective *processes* and *interactions* of the BoD team appear to hinder BoD members in using their full potential for strategizing. BoDs have different roles and sometimes compete for commitments through committees or other internal roles, limiting their available time and energy for strategizing (Garg & Eisenhardt, 2017; Lombriser, 2018; Machold et al., 2011). This finding was supported by solely looking at

the content BoDs are legally responsible for (McNamara, 2008; Müller et al., 2014). This responsibility includes audit, compensation, strategy, and compliance while not mentioning new duties in terms of digitalization, sustainability, cybersecurity, and data privacy (Müller et al., 2014).[10] Indeed, strategizing is only one of many issues catching BoD's attention. This variety of duties results in BoDs fulfilling their strategic role very differently in practice, from very active and involved to very passive and not involved (Hendry et al., 2010; Huang & Hilary, 2018; Judge & Talaulicar, 2017). This lack of involvement might also be due to processes and interactions within the BoD team. For example, a survey by McKinsey (2018) noted that BoD teams mostly struggle with establishing effective processes for the BoD team. Somewhat ineffective BoD processes were mainly due to BoD structure, a lack of trust in the BoD team, the approach to setting the agenda of BoD meetings, and the culture of BoD interactions.

Additionally, and more generally, in a survey by Spencer Stuart (2020), more than half of BoD members responded that the EM team, and not the BoD team, is mainly responsible for identifying potential strategic disruptions. The results of a lack of involvement can be therefore be extensive. Despite, the reasons for this lack of involvement might be two-fold. On the one hand, this might result from the high level of *trust* in other actors, subgroups, or BoD committees to perform the strategizing role (Huse & Zattoni, 2008; Mahama & Chua, 2016; Staples & Webster, 2008). Therefore, practice-oriented scholars and regulators recommended BoDs to focus on adapting their roles and structure to support the BoD in its efficient and effective functioning (McNulty & Stewart, 2015; Müller et al., 2014; Peij et al., 2015). For example, a BoD Secretary may support the BoD in performing its tasks and free up time, such as for strategizing. Also, the BoD secretary has an administrative role as a minute taker, organizer (calendar for BoD and committees, meetings, documentation), and actor of integration between the EM and BoD team (Erismann-Peyer et al., 2008; Müller, 2015a).

On the other hand, the lack of involvement of BoDs in strategizing might also result from their *time limits* and BoDs simply being part-time in the organization (McKinsey, 2018; McNulty & Pettigrew, 1999; Müller et al., 2014). Also, BoD teams have only about six to eight regular BoD meetings per year (Hahn & Lasfer, 2016; Müller et al., 2014; Vafeas, 1999). Therefore, the BoD team's interactions are very episodic, with members having limited face-to-face interaction time (Forbes & Milliken, 1999; Minichilli et al., 2012). This makes establishing the culture, routines, norms, and values needed for an effective team performance challenging (Bezemer et al., 2018; Hackman,

[10] One of the most recent and relevant responsibilities is that "climate risks increasingly pose legal liability risks for boards of directors" (Weber & Hösli, 2020, p. 1).

2002; Pugliese et al., 2015). Besides that, with the variety of legally obligated issues, BoD teams struggle to discuss more than compliance-related issues in regular BoD meetings and ensure time dedicated to strategizing. Bhagat et al. (2013) observed in their study that two-thirds of BoD members would like to spend more time strategizing, while 44 percent simply reviewed and approved strategies developed by the EM team.

This simple approval may also be a consequence of the different time horizons of EM and BoD. While BoDs should focus on long-term developments, the EM team might be more concerned about operations and short-term developments. Also, BoD members are dependent on a vast amount of information from the EM as decision support for their long-term planning (Bezemer et al., 2018). Thus, there might be a mismatch in the alignment of time horizons between these two organizational levels. This may cause the BoD not to perform well in monitoring and advising tasks (Bhagat et al., 2013). However, and in contrast to outsiders, such as consultants, BoDs might be more context-savvy and share the EM team's goal of long-term success (Vuori et al., 2018).

To conclude, from a practical perspective, several reasons appear to exist why BoD teams struggle to be the main strategizing actor of their organization. This struggle might be due to their composition not enabling them to contribute, due to the structure not allowing them to perform their strategizing tasks, due to dis-functional and ineffective BoD processes and interactions, or merely due to these part-time actors' time constraints.

## 1.2 Theoretical Background of the Problem

Based on corporate governance scholars, BoDs are nowadays experiencing a natural balancing act between monitoring and advising the EM team (Huse, 2007; Krause et al., 2013; Nordberg & Booth, 2019). To manage this balancing act, BoD members need to trust the EM team and delegate certain strategic activities and duties. At the same time, they need to manage the strategy process to be the key strategic actors they *should be*, due to legal duties and *can be* due to their resources and experience (e.g., Huse & Zattoni, 2008; Pugliese et al., 2015; Westphal & Zajac, 1995). Thus, scholars noted that the BoD team needs to be composed, to be structured, and to process content in a way that makes them an effective strategic decision-making team (Konrad et al., 2008; Nicholson et al., 2017; Pugliese et al., 2015). Regardless of the high amount of both BoD composition and structure research, the relationships between BoD composition or structure and strategic outcomes (e.g., strategic change, the entire strategy process) *remain inconclusive*. In the literature review in Chapter Two: Theoretical Background, I show that there is only one characteristic that has unequivocal results: *industry experience*. All other BoD characteristics and even their diversity measures have mixed results and remain mostly inconclusive. This might be due to several reasons I discuss in the following paragraphs.

### 1.2.1 Studying BoDs as Teams with Processes and Dynamics

First, previous research has almost solely focused on input-output studies to analyze the association between BoD composition or structure and organizational and strategic performance outcomes (Daily et al., 2003; Dalton et al., 1998; Johnson et al., 2013). These studies exhibited shortcomings in identifying substantive results (e.g., Dalton & Dalton, 2011; Johnson et al., 2013; Kakanda et al., 2016). This resulted in 'black box' problems: studies provided limited evidence on how BoDs affect organizational outcomes because they ignored underlying mechanisms (Conger & Lawler, 2009; Gabrielsson et al., 2007; Knockaert et al., 2015), avoid essential questions about the nature of the BoD as a team (Hatano, 1982; Westphal & Bednar, 2005; Zhu & Westphal, 2011), and do not provide direct evidence of the interdependent processes and mechanisms involved in BoD team functioning and interactions (Forbes & Milliken, 1999; Guerrero et al., 2017; Pettigrew & McNulty, 1995).

Secondly, these input-output studies *neglected BoD processes and dynamics* at the team level that may, for example, offer single BoD members or strategy actors superior influence on strategizing (Johnson et al., 2013; Lungeanu & Zajac, 2019). Therefore, based on Hambrick et al. (2008), the problem with such studies is that they tend "to treat the board as a homogenous unit" that shapes organizational process through "some statistical mean of the characteristics, backgrounds, and experiences of those involved. But logic, anecdotal evidence, and a considerable body of research on group processes all tend to suggest that some directors have far more influence than others" (p. 382). Moreover, the findings of Finkelstein and Mooney (2003) suggested that "the insight that boards are groups, and hence that such group processes as conflict, teamwork, and comprehensiveness are critical determinants of board effectiveness, opens up a new track on how to improve board effectiveness" (p. 103).

Also, the below quote of one of the most influential works in the BoD processes area outlines that BoDs are part of more general TMT research (He & Huang, 2011). He and Huang (2011) noted that their task performance and team effectiveness is highly dependent on the classical team and processual factors, such as group decision-making, social-psychological processes, and group dynamics, by referring to Forbes and Milliken (1999, p. 492):

> *"[Boards] of directors can be characterized as large, elite, and episodic decision-making groups that face complex tasks pertaining to strategic-issue processing ... they are particularly vulnerable to 'process losses' (Steiner, 1972) - the interaction difficulties that prevent groups from achieving their full poten-*

*tial ... the effectiveness of boards is likely to depend heavily on social-psychological processes, particularly those pertaining to group participation and interaction, the exchange of information, and critical discussion."*

More specifically for the strategy process, scholars have found that BoD teams are in an excellent position to contribute to strategizing (e.g., Carpenter & Westphal, 2001; Lombriser, 2018; Tricker & Tricker, 2015) and strategic change (e.g., Bhagat et al., 2013; Lungeanu & Zajac, 2019; Oehmichen et al., 2017b). While scholars and practitioners have generally acknowledged the relevance of BoD teams for strategizing (e.g., Baysinger & Hoskisson, 1990; Jensen & Zajac, 2004; McNulty & Pettigrew, 1999), their (lack of) involvement in the strategy process and their strategic role have been widely debated (e.g., Barroso-Castro et al., 2017; Hamidi & Gabrielsson, 2018; Zahra & Pearce, 1989). Previous literature concluded that BoDs should be involved in various phases of the strategy process and not only monitor the strategy (e.g., Brauer & Schmidt, 2008; Hendry et al., 2010; Henke, 1986). Nevertheless, in practice, as I highlighted in Chapter One (section 1.1), BoDs appear to be reluctant to get involved throughout the entire strategy process: They vary in their roles as well as in their level and type of involvement. Moreover, BoDs are accused of only passively monitoring strategy requests or concepts once a year in strategy workshops, instead of designing contributions literally as "board of trustees" or even "board of design" (Chadwick-Coule, 2011; Hilb, 2019). Therefore, many practice-oriented studies conclude that "too many boards just review and approve strategy" (Bhagat et al., 2013) or that "most boards engage in ways that are counter to how great strategies actually happen" (Favaro, 2016).

From a theoretical perspective, this lack of *strategizing involvement* is recently answered by studying BoD teams as decision-making teams. Thereby, these scholars argue that effective BoD teams contribute to better performance in monitoring and advising the EM team while positively impacting organizational outcomes (Krause et al., 2019; Krause et al., 2016; Withers & Fitza, 2017). Emphasizing that BoD team research is essential for strategizing, they analyzed BoD teams from different theoretical lenses: apart from classical agency theory (e.g., Chen et al., 2016b; Fama & Jensen, 1983; Jensen & Meckling, 1976) or stewardship theory (Arzubiaga et al., 2018; Zona, 2016). They have recently also applied behavioral theory of the firm (Lim & McCann, 2014; Souder & Bromiley, 2017), attention-based view (Kammerlander & Ganter, 2015; Koryak et al., 2018), resource dependence theory (Arzubiaga et al., 2018; Garg & Eisenhardt, 2017; Pugliese et al., 2014) or resource-based view (Åberg & Torchia, 2019; Muttakin et al., 2018; Zhu et al., 2016), and leadership theories (Nahum & Carmeli, 2020; Rhoades et al., 2001; Tang et al., 2011). These scholars discovered that the BoD's involvement in strategizing might be ambiguous and likely dependent on various other

factors exclusive to the BoD team and not only to individual BoD members and their characteristics (Judge & Talaulicar, 2017; Kurzhals et al., 2020).

### 1.2.2 Studying BoD's Strategy Interactions

In more basic strategic management research, there is still considerable ambiguity about strategizing (e.g., Burgelman et al., 2018; Rouleau, 2013; Whittington, 2017), especially how TMTs, and thus BoDs, shape strategic outcomes (Garg & Eisenhardt, 2017; Mantere & Whittington, 2020). One current focus is on *Strategy-as-Practice (SAP)* to understand TMT members as practitioners (Burgelman et al., 2018) as well as to analyze their real problems (Yamak et al., 2014) and doings (Jarzabkowski, 2004; Whittington, 2006) by asking how-questions in different contexts. These scholars have observed a crucial focus on the inter-relatedness of micro-level practices and macro-level phenomena (e.g., Jarzabkowski, 2004; Kouamé & Langley, 2018; Whittington, 2006).

Similarly, governance scholars tended to analyze the *how* of BoD processes and interactions to find what constitutes effective strategic outcomes (Concannon & Nordberg, 2018; Hoppmann et al., 2019; Oehmichen et al., 2017b). These studies implicitly and explicitly viewed organizational and BoD team processes as socially situated contexts conducted by human beings. Further, the interpretation and decision-making of these humans are socially constructed and constituted, too. Thus, these scholars moved from describing what might affect organizational outcomes to exploring what BoD teams do in their socially embedded processes and interactions and how BoD teams shape strategic outcomes (Bezemer et al., 2014; Hendry et al., 2010; Maitlis, 2004). They use a different approach to research the actual interactions at the BoD level: processual and behavioral perspectives (Hendry et al., 2010). Scholars of the *process* strand examine processes at the team level, including processes such as information sharing, discussions, or boardroom interactions in general (Bezemer et al., 2018; McNulty & Pettigrew, 1996; Roh et al., 2019). These BoD process scholars observed that socio-psychological processes, such as dissent, effort norms, critical debate, or human and social capital, affect BoD's task performance through interactions and discussions within or outside the boardroom (Bezemer et al., 2014; Forbes & Milliken, 1999; Pugliese et al., 2015). However, these first studies have been unsuccessful in finding consistent and conclusive, multi-level results. Therefore, other scholars concluded that it is worthwhile to use processual designs to combine processual factors with classical BoD composition or structure research to explore the BoD team's performance and links with strategic outcomes (Bezemer et al., 2014; Johnson et al., 2013; Van Ees et al., 2009).

Contrary, scholars of the *behavioral* strand tried to highlight the relevance of focusing on how BoD teams behave (Bezemer et al., 2014; McNulty et al., 2013a; Samra-Fredericks, 2000b). Scholars of this strand noticed that cognition, trust, emotions, and

power are important for the BoD team's effectiveness (Bailey & Peck, 2013; Brundin & Nordqvist, 2008; McNulty & Pettigrew, 1999). For example, the notion of bounded rationality stipulates that due to their limited cognitive capacity, BoDs do not have full information to solve problems arising (Gavetti et al., 2012; Khanna et al., 2014). Besides that, interpersonal dynamics and behaviors tend to influence the information processing ability of BoD members (Boivie et al., 2016). Therefore, Bezemer et al. (2018) emphasized how suboptimal decisions of the BoD might originate in the politicized nature of BoD teams. Others noted that BoD members might use information asymmetries to leverage self-interests, strengthening ineffectiveness and low performance of the BoD team and organization outcomes (Bailey & Peck, 2013; Maitlis, 2004; Pettigrew & McNulty, 1995). Thus, Khanna et al. (2014) concluded that scoring low on the BoD team's behavioral factors and processes can result in low organizational performance.

An underlying theme of these process and behavioral studies is that *relationships and interactions of the BoD team* are essential for the functioning of the BoD as a literal strategizing team (Bezemer et al., 2014; Stevenson & Radin, 2015). For example, Huse and Zattoni (2008) stated that "there is a need to devote more attention to the internal processes of the board, such as interactions" (p. 73). In addition, Hambrick et al. (2008) observed that anecdotal evidence shows that "controversial or candid discussions seldom occur in boardrooms" (p. 383).

Further, an essential notion of researching BoD teams and their processes is that BoD teams are similar to general working groups. For example, some BoDs may have limited knowledge of the organization or may have a limited time (e.g., because they are members of several BoD teams) and thus a different engagement level[11] (Hambrick et al., 2015; Pugliese et al., 2015). Also, to deal with strategic issues, BoD teams must make informed decisions. This requires a high degree of understanding of the organization and its environment (Makri et al., 2006). However, BoD teams meet less frequently than other working groups and must make decisions within a relatively short time frame (Pugliese et al., 2014). This makes it hard to BoDs to make informed and well-discussed decisions. Despite this, it is not exclusively about the diversity of views from different people that can lead to better results, but rather about BoD members communicating these views and exchanging ideas before making decisions in their oversight activities (Milliken & Vollrath, 1991; Pugliese et al., 2014). This observation is essential because of the notion of bounded rationality (i.e., having limited cognitive capacity or simply not enough time; Gavetti et al., 2012; Khanna et al., 2014), pluralistic ignorance (i.e., subgroups ruling the decision-making of the entire BoD team; Westphal & Bednar,

[11] Find also Chapter One (section 1.1) for a discussion of the BoD team.

2005; Zhu & Westphal, 2011), or groupthink (i.e., desire for harmony or conformity in the team leads to irrational or dysfunctional decision-making; Coles et al., 2015; Janis, 1989; Janis, 2008). Therefore, all BoD members must be involved and share their views. However, in practice, BoDs often "fail to ask the tough questions" (Hambrick et al., 2008, p. 383). As a result, BoD members are reluctant or fail to express their concerns about decisions made, thus relying on other BoD members' experience to make the best choices (Zhu & Westphal, 2011). Hence, it is important not to examine the dynamics and processes within the BoD in isolation but in combination with the interactions that BoD members take and perform as literal TMTs. Taking a closer look at what happens in boardrooms by focusing on the actual processes and interactions is necessary to understand how BoD members can perform their duties and tasks and be more effective as a team (Forbes & Milliken, 1999; Guerrero et al., 2017; Hambrick et al., 2008).

### 1.2.3 Studying BoD Teams in Times of Environmental Change

Moreover, scholars previously showed that dynamism and instability in *external environments* might prevent BoDs with their characteristics and composition to contribute to strategic decision-making and effective strategizing while also forcing them to promote strategic change (Hoppmann et al., 2019; Oehmichen et al., 2017a). Thereby, BoD's effectiveness depends on its understanding and addressing of the organizations' external environment and leveraging this for the organization's strategy (Golden & Zajac, 2001; Hambrick, 2015; Lungeanu & Zajac, 2019). For example, multiple studies found that environmental change positively moderates the relationship between strategic leaders' characteristics and organizational outcomes (Carpenter & Westphal, 2001; Finkelstein et al., 2009; Nielsen & Nielsen, 2013). More specifically, in a study of the airline industry, scholars emphasized that industry deregulation might lead to organizations promoting changes in their BoD composition and promoting strategic change (Cho & Hambrick, 2006). These findings pointed towards a more crucial role of BoDs in such changing environments. Consequently, Oehmichen et al. (2017b) noted that BoD members' experience and resources are positively related to the level of strategic change. However, Hoppmann et al. (2019) observed that BoDs might suffer from organizational inertia, do not adjust their composition to the new circumstances, and counteract effective strategizing through biased or outdated information.

Moreover, scholars such as Bennedsen et al. (2008) argued that the optimal structure, measured in BoD size, depends on the organization's external environment. Besides that, scholars showed that larger BoD teams create delays and disruptions in the decision-making process and conflicts of interests while demoralizing BoD members (Jensen, 1993; Yermack, 1996). Additionally, scholars found that larger BoD teams make less drastic decisions, which leads to less variety in performance (Cheng, 2008).

Additionally, in terms of BoD processes and dynamics, research suggested that the BoD team, especially Chairpersons, are vital for managing and reducing uncertainty from the external environment (Hillman et al., 2009; Krause et al., 2019). Organizations with a Chairperson who ensures and leads effective BoD processes will superiorly profit from the Chairperson's resources (Quigley & Hambrick, 2012; Withers & Fitza, 2017). Moreover, Withers and Fitza (2017) explained that "highly complex environments create an increase in the need for decision making and information processing" (p. 1347) for BoD teams. This finding suggests that BoD team processes are even more important in such environments to affect strategic outcomes positively. Hoppmann et al. (2019) argued that self-evaluation and self-reconfiguration activities of the BoD team are essential for the effectiveness of the BoD team in times of environmental change. They also noted that a lack of these activities stimulates organizational inertia and prevents the BoD team from effectively contributing to strategizing. Therefore, previous research emphasized the maintenance of openness and proactiveness as a BoD team are essential antecedents of the BoD's contribution to the strategic decision-making process (Bezemer et al., 2014; Pugliese et al., 2015; Zona & Zattoni, 2007).

Moreover, in terms of strategy interactions, scholars showed that BoDs focus too much on financial monitoring in changing environments, and thereby focus excessively on short-term performance in their strategy interactions while neglecting strategic issues (Cossin & Metayer, 2014; Markarian & Parbonetti, 2007). More practice-oriented studies highlighted that conducting frequent and open strategy interactions might promote strategic change and superior performance in organizational outcomes in times of environmental change (McKinsey, 2018; Reeves et al., 2018). Therefore, Ahtikari et al. (2017) stressed that they "continue to hear from boards, chairs and CEOs that having the right person in the boardroom – asking the right questions and challenging management – is a powerful catalyst for change." However, these practice-oriented scholars emphasize that many BoD teams do not conduct such strategy interactions, leading to the opposite, i.e., bad strategic performance and ineffective strategy processes (e.g., Erel et al., 2018; McKinsey, 2018; Reeves et al., 2018). Cossin and Metayer (2014) even stated that BoDs should "foster effective debates that result in good decisions and actions" (p. 43) in times of environmental change and high levels of complexity in the external environment. Despite, there is only limited evidence of how BoD processes and interactions interrelate with strategic outcomes in times of environmental change. Only a few scholars found more generally and not specific to environmental change, that BoD members "may become socialized into belief systems that take for granted the value of the current strategy" (Westphal & Bednar, 2005, p. 262). This may breed BoDs promoting the status quo instead of adapting to the new circumstances and strategically change (Milliken &

Vollrath, 1991; Starbuck et al., 1978; Tripsas & Gavetti, 2000). Scholars even explicitly called future research to ask questions such as "how meeting functions and practices influence the strategy process" in times of environmental change (Dittrich et al., 2011).

To conclude, acknowledging the BoD team as a social and strategic decision-making team and considering its strategy interactions in times of environmental change would enable researchers to explore exciting new avenues and advance a better understanding of the role and relevance of the BoD team in such circumstances. More specifically, addressing the *how* of BoD's strategizing and the underlying factors, processes, or interactions that constitute effective strategy processes would be valuable in answering the above-mentioned theoretical problems of BoD team research regarding strategizing in times of environmental change.

## 1.3 Research Gaps

Through conducting an extensive review of extant literature on BoD composition, structure, processes, single strategy interactions, and the entire strategy process in times of environmental change, I identify six research gaps that I aim to address in this dissertation: (1) focusing more strongly on the nature of the BoD as a literal strategizing team, (2) specifically researching BoD's single strategy interactions and their 'doings' in the strategy process, and (3) acknowledging the multi-level nature of the strategy process. Moreover, I find three additional research gaps: (4) lack of in-depth data through processual studies, (5) focus primarily on the U.S. national context and (6) lack of focus on environmental change as an empirical frame.

Firstly, previous research on the *BoD as a decision-making team* is inconclusive. This might be because the large majority of studies used an input-output research design to investigate the relationship between BoD composition or structure and organizational outcomes (Bezemer et al., 2014; Forbes & Milliken, 1999). In contrast, other scholars found that BoDs fail to use their characteristics or teamwork to create value for the organization due to processual and behavioral factors (Hillman et al., 2008; Huse et al., 2011). Therefore, future research is encouraged to study BoDs as a literal strategizing team with a team-production approach (Gabrielsson et al., 2007). Future research was also urged to explore intermediating processes and structures between BoD composition or BoD task performance and organizational outcomes, such as the strategy process (Forbes & Milliken, 1999; Huse et al., 2011; Zahra & Pearce, 1989). In doing so, researchers might align BoD and governance research with other theories of decision-making groups or basic SAP strategy research (Gabrielsson et al., 2007; Leblanc & Gillies, 2005; Whittington, 2017).

Secondly, considerable research gaps exist for *strategy interactions*. Based on the few existing studies, strategy interactions appear to be important for the functioning of the BoD as a decision-making team and organizational outcomes. Further, the way BoD teams interact appears to vary significantly among organizations (Bezemer et al., 2014; Concannon & Nordberg, 2018; Stevenson & Radin, 2015). The only existing studies did not satisfactorily address the underlying mechanisms of the relationship between strategy interactions and organizational outcomes (Bromiley & Johnson, 2005; Johnson et al., 2013; Pugliese et al., 2015). For example, Huse and Zattoni (2008) stated that "there is a need to devote more attention to the BoD's […] interactions" (p. 73) to find how BoD teams are related to each other. Also, Hambrick et al. (2008) noted that anecdotal evidence shows that "controversial or candid discussions seldom occur in boardrooms" (p. 383). Bridging this research gap may enable scholars to enhance the theory of BoDs and their strategizing while also shedding light on team processes, such as bounded rationality, satisficing as 'good-enough' thinking, rules, and routines, as well as BoD processes and behavior. In this regard, it may be exciting to research strategy interactions from a perspective of complex political systems, where agents organized in coalitions politically bargain and find resolutions for conflicts by interacting with each other. Thus, a more nuanced and explorative view of strategy interactions inside and outside regular BoD meetings is necessary to understand how BoD members can perform their duties and roles as a strategizing team more effectively (Forbes & Milliken, 1999; Guerrero et al., 2017; Hambrick, 2007).

Thirdly, and somewhat methodologically, scholars emphasized that BoD studies should consider different levels of the BoD team and their decision-making process to find more conclusive evidence for strategic outcomes (Åberg & Torchia, 2019; Pugliese et al., 2015). BoD teams appear to be a very complex research object, with behavioral and processual factors highly relevant for organizational outcomes (Bezemer et al., 2018; Dalton & Dalton, 2011; Westphal & Zajac, 2013). Therefore, the application of *multi-level techniques* appears to be a logical solution in overcoming standard limitations in BoD research (Cronin et al., 2011; Dalton & Dalton, 2011; Lungeanu & Zajac, 2019). Previous multi-level studies already revealed how factors at multiple levels interact with each other, thereby shaping BoD teams' effectiveness and strategic outcomes (Bezemer et al., 2014; Bromiley & Rau, 2016; Cho & Hambrick, 2006). Taking such a process turn to research strategizing, future research should follow researchers who pointed out that context, behavior, and the processes are important to be studied holistically and over time (Burgelman, 2020; Huse & Zattoni, 2008; Pettigrew, 1990). Thereby, scholars were explicitly encouraged to explore the dynamics of relationships at different levels of analysis to enhance research on BoDs (Lungeanu & Zajac, 2019; Pye & Pettigrew, 2006;

Samra-Fredericks, 2000b). More specifically, Hillman et al. (2011) highlighted that ignoring the multi-level nature of BoD teams will lead to biased empirical results.

Fourthly, most studies have focused on quantitative studies, accessing databases containing BoD information based on the transparency duties in many legal systems (Pugliese et al., 2015). Thus, *new sources of information* through in-depth studies and a more action-oriented approach towards researching BoD teams and their interactions and processes are relatively scarce (Concannon & Nordberg, 2018; Samra-Fredericks, 2000b). Future research could follow scholars, such as Hoppmann et al. (2019), Bezemer et al. (2018), Krause et al. (2019), and Garg and Eisenhardt (2017) in adopting qualitative research designs to explore Chairpersons, BoD members, and other actors that are relevant for the BoD's functioning. Such in-depth analyses would enhance our understanding of why and how BoDs interact with each other and other executives or outsiders. For example, applying the Eisenhardt-approach and triangulating qualitative data (e.g., interviews) with actual BoD data (e.g., meeting minutes), and observing formal and informal interactions might reduce the method bias often observed in quantitative BoD research (Johnson et al., 2013; Langley & Abdallah, 2011; Pugliese et al., 2015).

Fifthly, most studies on BoDs and their strategizing were conducted in the U.S., mainly due to reasons of data availability and access (Abatecola & Cristofaro, 2018; Huse et al., 2011; Pugliese et al., 2009). Therefore, researching *a different national context* appears fruitful in exploring BoD's strategizing and discovering new theoretical and empirical issues. Such studies might contribute to exploring the relationships of different BoD-characteristically or structural factors on strategic outcomes in different contexts, thus enhancing the knowledge on BoD teams and their strategizing (Hambrick et al., 2008; Volberda et al., 2001; Volberda & Lewin, 2003).

Finally, previous research has researched the environmental context only as a boundary condition without focusing on research settings. Whittington (2017) and Seidl and Whittington (2014) explicitly called for more research that considers the environmental context of strategizing. Additionally, previous research in the area of TMTs and BoDs has noted that the environmental context appears to influence the relationships of BoD composition, structure and processes, as well as strategy interactions with strategic outcomes (e.g., Cossin & Metayer, 2014; Grant, 2003; Richard et al., 2019). However, no research has been conducted in this area yet. Thus, combining the strategizing of BoDs with environmental change contexts offers exciting avenues for further research.

## 1.4 Research Questions

In the previous sections, I highlighted the relevance of the strategy process in the SAP literature and the importance of BoD's processes and strategy interactions for organizational outcomes. However, only a few studies combine these often-separated literature streams (e.g., Åberg & Shen, 2020; Bezemer et al., 2018; Concannon & Nordberg, 2018). Further, to the best of my knowledge, no study has so far analyzed the actual doings of the BoD in the strategy process, even though this has been explicitly highlighted as promising for future research by many recent governance reviews (Concannon & Nordberg, 2018; Johnson et al., 2013; Pugliese et al., 2009).

Moreover, BoDs in practice struggle in coming up with solutions for strategizing while time, composition, structure and processes appear to be contributing factors. This is further increased through high levels of complexity and time restrictions of part-time BoD members in times of environmental change (e.g., Cossin & Metayer, 2014).

Therefore, to explore this exciting field of research and help to solve BoD's strategizing problems in practice, I raise the following main research question:

*How do BoDs shape the strategy process in times of environmental change?*

To answer this main research question, I ask the following sub research questions:

- What role do *BoD characteristics* have in the strategy process in times of environmental change?
- What role do *BoD structures* have in the strategy process in times of environmental change?
- What role do the *BoD team and its processes* have in the strategy process in times of environmental change?
- What role do *single strategy interactions* have in the strategy process in times of environmental change?
- What factors contribute to an *effective strategy process* on the BoD level in times of environmental change?

Answering these questions should increase our understanding of the BoD's strategizing in times of environmental change. In answering these research questions, I contribute to recent strategic management and corporate governance literature and help to support BoDs in their actual strategizing practice.

# 2 Research Objectives

The research objectives of this dissertation are three-fold: First, I reflect and discuss theories and concepts of BoDs, their single strategy interactions, and the entire strategy process by reviewing extensive literature. The aim is to derive an exciting and relevant research question for my dissertation project.

Second, I explore BoD's actual doings in the strategy process through an in-depth and nuanced qualitative study of BoD teams and their strategizing. Thereby, I consciously distinguish myself from classical input-output studies of BoD composition and structure, which often take a quantitative approach to solving social problems. In doing so, I take a calculated risk of delving into the literature's depths on humans' social interactions while focusing on having explicit and measurable outcomes in terms of the strategy process. I follow prior studies of SAP and corporate governance research that acknowledges this exciting and relevant research field. Simultaneously, I investigate the actual practice and real-life of BoDs instead of just surveying them or using their compositional characteristics without even engaging with BoDs and their real practices.

Third, and besides these academic aspirations, I also aim to achieve high practical relevance. Therefore, I develop precise models and checklists for BoDs in practice. These will enable BoDs that face environmental change to improve advice and monitoring and promote an effective strategy process through more effective single strategy interactions.

Through these research objectives, I reflect, review, and contribute to existing literature. Besides that, by developing practical models and checklists, I support BoDs in coping with strategizing and environmental change. By focusing on these three research objectives, this dissertation achieves scientific and practical relevance.

# 3 Approach

## 3.1 Scientific Approach

I consider recent developments in several research areas, including 'corporate governance,' 'strategic management,' and 'Strategy-as-practice' for the scientific approach of this dissertation. Thereby, I identify relevant literature gaps, derive precise research questions, and use rich and unique data of BoD's strategizing. Besides, I conduct a multiple case study to gain deep insights while accounting for generalizable results through high viability and reliability of data, and the development of frameworks and checklists. Therefore, I address current theoretical and practical problems in a new way and with state-of-the-art methods, contributing to both research and practice.

In the following sections, I introduce my scientific approach in taking an SAP turn (section 3.1.1), describe my unique access and research setting (section 3.1.2), outline my

research method (section 3.1.3), and present my theoretical and practical contributions (section 3.1.4). In the last part of this section (section 3.1.5), I summarize the scientific approach illustratively.

### 3.1.1 Taking an SAP turn for researching BoD teams and their strategizing

Whereas research on strategic management is vast and diverse, considerable ambiguity about the actual doings of strategy and real-life practices of practitioners still exists (e.g., Burgelman et al., 2018; Golsorkhi et al., 2015; Whittington, 1996). Therefore, scholars defined strategizing as nexus between praxis, practices, and practitioners to focus more on exploring this exciting intersection (Concannon & Nordberg, 2018; Jarzabkowski, 2004; Whittington, 2003). The same holds for corporate governance research and, more specifically, research on BoDs (Concannon & Nordberg, 2018; Pugliese et al., 2015). Thus, taking an SAP turn to analyze TMT members' real problems and actions, BoD members offers vast potential as a scientific approach (Burgelman et al., 2018; Concannon & Nordberg, 2018; Jarzabkowski, 2004). Further, scholars explicitly call for asking how-questions in different contexts and considering the inter-relatedness of micro-level practices and macro-level outcomes to enhance our understanding of strategic outcomes (Abdallah et al., 2017; Kouamé & Langley, 2018; Whittington, 2017).

> *"From a strategy-as-practice perspective strategy is conceptualized as a situated, socially accomplished activity, while strategizing comprises those actions, interactions and negotiations multiple actors and the situated practices that they draw upon […]."* Jarzabkowski et al. (2007, pp. 7-8)

Accordingly, instead of investigating what the BoD *should do*, I aim to analyze what BoDs are actually *doing*, including their social processes and interactions. Thereby, I want to follow SAP and corporate governance scholars in going 'inside the process' to explore BoD's strategizing episodes, such as regular BoD meetings (e.g., Hendry et al., 2010; Samra-Fredericks, 2000b; Zhu et al., 2016) and strategy workshops (Concannon & Nordberg, 2018; Johnson et al., 2010; MacIntosh et al., 2010). Besides, I take a processual turn to bridge the gap between classical BoD composition and structure research and more recent processual, behavioral and strategy interaction research.[12]

To research interaction-based interpersonal routines and encounters of the BoD team, and to answer the main research questions of this dissertation, I refer to the ontological and epistemological foundations of Giddens (1976, 1984) and Turner (1988). Both scholars highlighted the reflexivity of action and structure in the interaction of managers. Further, I relate my work to SAP scholars who define *strategy practitioners*, and thus

[12] For a strong urge to do so, find Dalton and Dalton (2011), Johnson et al. (2013), McNulty et al. (2013b), Bezemer et al. (2014), and Concannon and Nordberg (2018).

BoDs, as "actors who shape the construction of practice through who they are, how they act and what resources they draw upon" (Jarzabkowski et al., 2007, p. 11). Thereby, SAP scholars also stressed that strategy practitioners, such as the BoD, are exposed and subject to ideology and power, among others (Ezzamel & Willmott, 2008, 2010; Grandy & Mills, 2004). They noted that strategy actors (i.e., BoDs) identify and promote particular issues (e.g., for the meeting agenda), and introduce practices (i.e., interactions) that enable or constrain the treatment of these issues (Burgelman et al., 2018; Liu & Maitlis, 2014; Ocasio, 1997). In identifying and promoting issues, actors relate to their cognitive schemes, sensemaking processes, and emotions (Balogun & Johnson, 2005; Liu & Maitlis, 2014; Vuori & Huy, 2016). Moreover, scholars emphasized that strategy actors use their social identities and roles to promote specific strategy interactions (Burgelman et al., 2018). For example, Jarzabkowski and Kaplan (2015) illustrated that strategy consultants often use strategy interactions that influence strategic issues' attention and management. In this dissertation, I view BoDs as strategy practitioners who shape the processes and interactions of the BoD team and the organization (i.e., the strategy process).

In terms of researching single *strategy interactions* and the *strategy process*, I also follow SAP and process scholars' research in studying strategizing (Pettigrew, 1992). I highlight strategy interactions' recursivity as the primary construct of practices embedded in a larger strategy praxis, the strategy process (Hendry & Seidl, 2003; Jarzabkowski & Seidl, 2008; Rouleau, 2005). I understand practice as an "accepted way of doing things" which are "embodied and materially mediated," as well as "shared between actors and routinized over time" (Vaara & Whittington, 2012, p. 287). Thereby, I follow SAP scholars who noted that such social and strategic interactions serve to stabilize the broader social system they are part of – the entire organization (Jarzabkowski & Seidl, 2008; Peck et al., 2004). These scholars emphasized that strategy interactions offer enormous possibilities for exchanging information, such as between the BoD and EM team, thus creating strategic ritualization practices (Johnson et al., 2010; MacIntosh et al., 2010). In taking such an approach to studying strategy interactions, I acknowledge that strategy interactions are multilevel while being "embodied in the routines, operating procedures, and cultures of organizations" (Burgelman et al., 2018, p. 537). Therefore, I view strategy interactions as a vital source for strategic discussions between the EM and the BoD (Hendry et al., 2010) and a crucial element of the strategy process in times of environmental change (Jarzabkowski & Seidl, 2008).

Moreover, I also take a scientific approach of the so-called *strategy process* turn. Therefore, I move away from investigating how organizations intend strategies, with single planning events at one specific point in time, towards actual strategizing that is formed by a variety of decisions and interactions on multiple levels of an organization

(Burgelman, 1983; Burgelman et al., 2018; Mintzberg et al., 1976). Thereby, I strive for an approach that was previously referred to as "outcome-driven narrative" (Kouamé & Langley, 2018, p. 565) in trying to understanding strategic successes and failures of particular organizations (Danneels, 2011; Eisenhardt, 1989c; Garg & Eisenhardt, 2017). As Kouamé and Langley (2018) noted, "historical forms of causal explanation expressing chains of events and their interaction are inherent to this genre" (p. 569).

In taking this SAP and process turn to study BoD's strategizing, my theoretical, epistemological foundations and key theoretical elements are strategy interactions as constitutive of the social world. Further, I see strategy practitioners (i.e., the BoD), strategy practices (i.e., strategy interactions), and strategy praxis (i.e., the strategy process) as my "primary object of study" (Rouse, 2007, p. 499). Therefore, I treat strategy interactions and processes "as the fundamental component of social life" (Schatzki, 1996, p. 12), and by doing so, "foreground the importance of activity, performance, and work in the creation and perpetuation of all aspects of social life" (Nicolini, 2012, p. 3). By taking this view and researching BoDs in times of environmental change, I align with scholars that spanned SAP with environmental factors (Whittington, 2017). Further, I also span levels with a so-called *progression-approach* (Kouamé & Langley, 2018, p. 565). Thereby, my concern is to show progress between micro and macro-level factors over time while acknowledging that micro and macro are recursively interconnected (Crossan & Berdrow, 2003; Jarzabkowski & Spee, 2009). Therefore, I aim to understand the usage and impacts of the BoD team, their processes, and their strategy interactions for the entire strategy process. Such analysis showed great potential in the area of BoDs to better understanding relationships between macro-, meso-, and micro-dynamics and how these factors mutually shape the link between BoD teams and strategizing (Hambrick et al., 2008; Johnson et al., 2013; Pugliese et al., 2009).

However, (Samra-Fredericks, 2000b) observed that researching this mutually constitutive nature of the structure, practice, and the process might be hard to track, illustrate, and explore in empirical studies. Other scholars agreed that since BoDs, their strategizing naturally entails high confidentiality and even legal accountability for single BoD members (Leblanc & Schwartz, 2007). Therefore, access is often not granted to researchers or restricted, such as through NDAs. Gaining access to BoD teams would offer vast potential to explore the areas mentioned above that remain largely unexplored.

### 3.1.2 Using a Unique Research Setting and Access to BoD's Strategizing

To address the research gaps mentioned above and answer the main research questions, I leveraged my Swiss aviation industry network. By having access to three Swiss organizations, I collect a unique data set on BoD's strategizing. As mentioned by many previous studies, while difficult to get, such access is crucial for taking such a scientific approach (e.g., Daily et al., 2003; Machold et al., 2011; Pugliese et al., 2015).

#### *3.1.2.2 The Swiss Aviation Industry: An Ideal Frame to Explore BoD's Strategizing*

The selection of the *Swiss aviation industry* appears to be rational when studying BoDs and their strategizing in times of environmental change.[13] First of all, the Swiss aviation industry is a highly relevant industry for Switzerland's economy and society, contributing to Switzerland's GDP with USD 27.2 billion (IATA, 2019). Air traffic is also essential for Switzerland's tourism and goods and resources: 40 percent of Swiss exports arrive in Switzerland via air, and up to 35 percent of foreign tourists travel via air to Switzerland (Swiss, 2019). Consequently, air transportation leads to indispensable social profits, contributes to economic welfare, supports an increasing cultural understanding and multicultural cooperation, resulting in improved Swiss society's living standards (Komitee Weltoffenes Zürich, 2020; Wittmer et al., 2011).

Besides the industry's relevance for the Swiss society and economy, the entire aviation industry is typically characterized as highly dynamic and complex, with high cyclicality and extensive vulnerability to external shocks[14] (Linden, 2021; Wittmer & Bieger, 2011). Further, in this dissertation's pre-studies[15], I find that there is an environmental change, which is objectively measurable. This environmental change is triggered by increasing regulation and rising information processing demand. Through conducting my pre-studies, I show that these two factors recently challenge Swiss aviation organizations strategically and in all segments. This is especially valid for aerodromes (commonly called airports) and Air Navigation Service Providers (ANSPs). Additionally, I conducted another preliminary study, which included an in-depth analysis of a BoD pack of one Swiss aviation organization and a subsequent survey with 43 BoD members. It shows that the amount of information processing demand on the BoD level is continuously increasing since 2000. I conclude this second pre-study in that BoDs of Swiss aviation organizations need to cope with larger BoD packs, more agenda items per regular BoD meeting and a longer preparation time for every single regular BoD meeting.

[13] For a definition of the Swiss aviation industry, refer to Chapter One (section 4.9).

[14] For more details on the aviation industry's characteristics, find Chapter Three (section 1).

[15] Find Chapter Three (section 1.1) for more details my pre-studies for this dissertation.

These aspects are important environmental factors that advances uncertainty and complexity for BoD's strategizing and challenge the performance of BoD teams, since BoDs naturally experience a shortage of time already, being only part-time in the organization.

The research setting is even more relevant when considering that scholars recommended that BoDs need to strategically change in times of environmental change (Hoppmann et al., 2019; Oehmichen et al., 2017b). Further, scholars noted that environmental change requires BoD teams to adjust their composition (Almandoz & Tilcsik, 2016; Boyd, 1990; Hillman et al., 2000), structure (Cheng, 2008; Jensen, 1993; Yermack, 1996), and processes (Hillman et al., 2009; Krause et al., 2019; Pye & Pettigrew, 2006) to achieve an effective strategy process (Grant, 2003). Therefore, the external environment appears to matter highly to researching BoDs and their strategizing, with the Swiss aviation industry offering an ideal frame to do so.

In terms of my research object BoD teams, rights, functions, and obligations differ, depending on the country and the governance system.[16] *BoDs in Switzerland* have inalienable and nontransferable obligations, based on Art. 716a OR. These obligations include, among others, organizational leadership, which in turn includes developing strategic goals, an outlook, and a strategic reflection (Lombriser, 2018; Müller et al., 2014). These obligations imply three aspects for BoD members: First, normative and strategic goals have to be met and actively lived by the management team (Müller et al., 2014). Second, any modifications of the decision-making process must be implemented on the various organizational levels (Hilb, 2019). Third, BoDs must raise concerns when perceiving deviations from the defined strategic goals (Hilb, 2019; Lombriser, 2018).

These obligations are not stated explicitly in Art. 716a OR. However, Art. 718 OR, Art. 716a (1) 3 OR, and SCBP IIb 12 indirectly outline that the BoD needs capabilities in the area of strategic monitoring and strategic planning (Müller-Chen & Furrer, 2018). Therefore, in Switzerland, based on Art. 716a OR, the BoD represents the organization's highest legal authority (Müller-Chen & Furrer, 2018; Müller et al., 2014). Additionally, based on Art. 716a OR, a member of the BoD needs a range of capabilities: strategic thinking, leadership skills, professional (i.e., functional and social skills), and general capabilities (e.g., loyalty and integrity: Müller et al., 2014). Besides these individual capabilities, the entire BoD team must possess economic, financial, legal, and industry-specific capabilities. In the context of specialization, these capabilities should be distributed across the BoD team.

[16] The differences and comparability are explained in Chapter One (section 4.1).

This national context of Switzerland, including the obligations and duties of BoDs in regards to strategizing, represents an ideal research frame for studying BoD's strategizing in times of environmental change.

#### *3.1.2.3 Unique Access to Strategy Actors of Swiss Aviation Organizations*

Besides the theoretical rationale outlined in the previous section, there is a more practical one to study the Swiss aviation industry. As previously emphasized, access to BoD teams and their strategizing is tough to gain due to confidentiality of the strategy process and legal accountability of BoD members (Bezemer et al., 2018; Leblanc & Gillies, 2005; Machold & Farquhar, 2013). My professional experience and associated network[17] allowed me to observe first-hand the previously described environmental change in the last years. On the other hand, it allowed me to be in close dialogue with various strategy actors of Swiss aviation organizations that have been facing the previously mentioned environmental change. In the following sections, I describe how I leveraged this access and network while combining this industry context with the previously outlined theoretical and practical problem as well as the scientific approach to study BoD's strategizing.

### 3.1.3 Research Method

#### *3.1.3.2 Multiple Case Study with Three Selected Organizations*

To investigate the relationship of BoD characteristics, structure and processes, and strategy interactions with organizational outcomes in times of environmental change, I choose a *multiple case study* design with low 'n.' Many strategy process and SAP scholars argued for the value of such a qualitative research method (Kouamé & Langley, 2018; Seidl, 2013; Whittington, 2017). Besides, various corporate governance scholars emphasize that to understand the BoD and their actions, researchers need to access new sources of information and conduct multiple case studies[18] (e.g., Bezemer et al., 2014, 2018; Concannon & Nordberg, 2018). Moreover, looking at my research question, the gaps in the literature and the immense opportunity I have with my access into the Swiss aviation industry, which is shaped by environmental change, it appears obvious to conduct an in-depth case study with multiple organizations for a more extended period. From a theoretical perspective, I shed light on a phenomenon that no one has seen in this detail ever before and deep-dive into the actual BoD processes and actions in such an exclusive and relevant environment. In doing so and searching for facts instead of assumptions, I aim to develop theory, frameworks and practical checklists. Thereby, I use

[17] I have been working in the aviation industry on a national (among others, Swiss Aerospace Cluster), supranational (Bodensee Aerospace Meeting), and international level (European Aerospace Cluster Partnership) for many years. Therefore, I was engaged in national and international associations and network organizations in the aviation industry for several years.

[18] Find a literature review on this matter in Chapter Two (section 5.4).

the benefit of a multiple case study to develop robust and reliable evidence while being aware that such an approach is incredibly time-consuming (Baxter & Jack, 2008).

In *selecting the organizations*, I followed the post-positivist Eisenhardt-approach (Langley & Abdallah, 2011, p. 109) and a classical SAP-profile (Vaara & Whittington, 2012) suggested by scholars of my field of study. Further, based on Kouamé and Langley (2018, p. 565), I focus on a progression-approach to research strategy processes. Overall, taking longitudinal, retrospective, and multiple case studies to study strategy processes is suited for analyzing patterns of success and failure (i.e., extreme cases) over time (Eisenhardt, 1989b; Yin, 2009). Therefore, I strived to select my cases based on objective measures to increase credibility of my empirical study and allow for more nuanced discussions. I selected my cases based on two factors: the *perceived effectiveness of the strategy* and the *industry experience* of the BoD. The first offered me to select for cases of success and failure (extreme cases) while the latter is the only BoD characteristic where researchers agreed that it positively influences strategic outcomes[19].

Further, I ensured that my cases are *comparable* in crucial areas, such as context, industry, and active engagement in the strategy process at the time of my study. This is necessary to compare and find patterns across cases (Abdallah et al., 2017; Garg & Eisenhardt, 2017; Pugliese et al., 2015). At the same time, I was eager to find cases that differ in my two selecting factors. Thus, the actual case selection was aimed at extreme cases. I outline this in the following.

In terms of the actual approach of selecting the cases, as outlined above, I was granted access to a BoD pack of one organization in the Swiss aviation industry for my pre-study. Subsequently, the organization also agreed to be one of my *actual cases* for the main empirical study (Organization A). Further, through my personal network and practice-oriented research at the CFAC-HSG, I was able to gain access to another Swiss aviation organization (Organization B). For these two organizations, I analyzed my selecting factors and found that the results are inconclusive. While Organization A had a BoD team with high industry experience and a relatively ineffective perceived strategy (contradicting previous research results), Organization B had a BoD team with high industry experience but a very effective perceived strategy (supporting previous research results). This was counterintuitive to previous research findings. Therefore, I searched for an organization with a BoD team with low industry experience but perceived to have an effective strategy. Fortunately, I discovered Organization C that had exactly such a BoD team and also granted me access to their BoD. Subsequently, I analyzed these three

[19] Refer to Chapter Three (section 2.2) for the case selection.

cases in greater depth by using several measurements for industry experience and conducting an own survey with 29 industry experts on the perceived effectiveness of these organizations' strategies. Overall, these additional analyses supported my initial assessments of the two selecting factors for the three organizations.

Through this exciting case selection, I was eager to explore how this case selection fits to BoD's strategizing and how these BoD's actually shaped their strategy process.

#### *3.1.3.3 Conducting Interviews and Using Various Sources of Archival and Observational Data*

My primary research method was semi-structured interviews with diverse informants of the three selected organizations' strategy process. I used closed questions to offer structure and guidance (Flick, 2018; Gläser & Laudel, 2009; Helfferich, 2019) and open questions to offer space for the interviewee to state the unexpected (Flick, 2018). I mainly conducted interviews with the BoDs of these organizations while also performing interviews with selected EM team members, external facilitators, and strategic leaders (if not part of the EM team). I developed a holistic interview script that helped me prepare, conduct, and debrief each interview. In total, I collected 36 interviews, which accounted for a total of 35.7 hours and 797 pages of interview transcripts. The interviews were different in length, ranging from 26 minutes to 122 minutes. Further, I conducted a total of 25 pre-interview and 50 post-interview talks about building trust in the research process, reconstructing the strategy process and strategy interactions, as well as to triangulate data, interpretations, themes, and patterns emerging from the interviews (Langley & Abdallah, 2011; Martin & Eisenhardt, 2010).

Additionally, I collected different types of *archival data*. These included organization-related documents, such as BoD meeting minutes, bylaws, organization charts and presentations, competence matrices of the BoD, press articles on strategizing, as well as annual reports. Moreover, where accessible, I collected strategy-related documents, such as final vision and strategy documents, CEO and BoD speeches, internal strategy presentations, workshop presentations, strategy interaction documentation, and the BoD committee and meeting minutes. I enhanced this collection with exclusive insights on the organization, the BoD team, and individual members from external sources through my industry and personal networks. I used these data sources to familiarize myself with the organizational context and its history, regulation, main actors, and dynamics. In the data analysis phase, I used this data to triangulate the interview data and reconstruct its strategy process and interactions.

Also, I collected *further observations* through participating in formal and informal strategy interactions of the BoD, visiting organizations on-site, and collecting field notes

from meeting attendance. This data was essential to familiarize with the context and the 'outside-view' of the strategy process and the perceptions of the organizations' middle managers and other employees. Further, it was key to increase trust in my research process. Moreover, it was important to triangulate further data, interpretations, themes, and patterns emerging from the interviews and data analysis.

This unique set of data on three cases of the Swiss aviation industry allowed me to offer exclusive and rich insights into the actual doings of BoD teams in the strategy process in times of environmental change.

#### *3.1.3.4* ***Data Analysis***

I transcribed all interviews within 24 hours to facilitate fast and systematic analysis of the raw data. Throughout the entire analysis process, I developed several detailed memos, such as 'key quotations,' 'what I know so far,' and 'methods' memos. This ensured objectivity and transparency in data, facilitated data triangulation, and enhanced my analysis process's efficiency and effectiveness (e.g., Strauss & Corbin, 1997). To allow for a smooth and high-standard analysis process, I worked with the qualitative analysis tool 'ATLAS.ti.' It allowed me to have one analysis platform for coding, memo writing, and within- and cross-case analysis of this rich and unique data set.

The actual data analysis followed a *five-step process* based on standard methods for grounded-theory building (Strauss & Corbin, 1967; Strauss & Corbin, 1997), comparative case analysis (Eisenhardt, 1989b), and recent work in strategic management research (Charmaz, 2014; Järvi et al., 2018). First, open and focused coding enabled me to conduct the within-case analysis (second step). Subsequently, I developed main themes with a grounded theory approach by identifying first and second-order themes and aggregated dimensions. This step enabled me to conduct the cross-case analysis (fourth step). The results of the cross-case analysis led to further development of the main themes, with focus on the main similarities and differences across cases. Both the main themes and the cross-case analysis enabled me to identify and develop patterns across themes and cases. In this final analysis step, I developed frameworks and checklists to make my research useful for practitioners of the Swiss aviation industry and beyond.

During the data analysis, I always made sure that my data is valid and reliable. Therefore, I specifically addressed the construct, internal, and external *validity* as well as *reliability*. For example, I triangulated the data or enhanced interview data quality with pre- and post-interview talks wherever possible. This approach enabled me to have a high level of *construct validity*. Additionally, the focus on one industry in one national context improved the alignment of data collection and analysis while also allowing to develop

practical frameworks and checklists. This matching served as an important basis for *internal validity*. Moreover, by conducting a multiple – and not single – case study and extensively reviewing previous literature, I enhanced my *external validity*. Further, I developed case study protocols to maximize my data collection and analysis transparency, and thus, my *data reliability*. This was further enhanced by transcribing interviews, iteration rounds of coding, and intensive memo writing. Overall, through the rich data set, diverse data sources from various informants, the extensive pre-studies and high levels of transparency, I tried to minimize the subjectivity and bias of my research data and enhance the practicability generalizability of my research results.

### 3.1.4 Contribution of This Dissertation

This dissertation offers important scientific and practical contributions, which I describe in the following two sections.

#### *3.1.4.2* ***Scientific Contribution***

I contribute to scholarly research on BoDs and strategizing during times of environmental change in five ways. First, in approaching the *BoD team as a literal strategizing team*, I explore and identify relationships between BoD composition, BoD structure, BoD task performance, and strategic outcomes, such as the strategy process. Thereby, I align recent attempts of BoD research with other theories of decision-making groups (Hambrick, 2015; Jehn et al., 1999) and strategy research in the area of SAP (Hendry et al., 2010; Jarzabkowski & Seidl, 2008; Whittington, 2017).

Second, I research the unexplored field of *BoD's formal and informal strategy interactions* (Concannon & Nordberg, 2018; Westphal & Zajac, 2013). I enhance the behavioral theory of BoD teams in exploring BoD's actual doings in the strategy process. Thereby, I shed light on unexplored factors on the BoD level, such as bounded rationality, satisficing, limited cognitive capacity, as well as rules and routines of process and behavior (e.g., Guerrero et al., 2017; Rindova, 1999; Westphal & Bednar, 2005).

Third, and more methodologically, through conducting a *multi-level study* on BoD's strategizing, I offer new insights into the actions of BoDs and span levels. Thus, I answer multiple recent calls of scholars (e.g., Concannon & Nordberg, 2018; Judge & Talaulicar, 2017). In particular, this allowed me to account for the hierarchical and nested nature of BoD composition, structure, processes, and social interactions of the BoD. In conducting a multi-level study, I contribute to the discussion on *BoD characteristics* and *BoD structure* (e.g., Johnson et al., 2013; Sun et al., 2020). I show that the BoD team needs to be composed diversely in terms of industry experience and tenure. Further, I find that clearly defining roles and responsibilities for every strategy actor

contributes to effective BoD processes, strategy interactions, strategic performance outcomes, such as BoD's task performance and strategy process's effectiveness.

Fourth, this work is contributing in terms of *processual research* in the domains of strategy (Burgelman et al., 2018; Kouamé & Langley, 2018; Pettigrew, 1992) and governance research (e.g., Hendry et al., 2010; Johnson et al., 2013; Pugliese et al., 2015). By investigating strategy processes, I emphasize context, behavior, and processes of the BoD team. I study these factors holistically over time while using and analyzing different data types to triangulate my findings. This triangulation helps to cope with the high complexity of data and reduces the method bias often found in BoD research.

Fifth, I present results in a yet *unexplored research context* in terms of geography (Switzerland) and industry (aviation). Thereby, I contribute to a better understanding of BoD's strategizing in one specific context, which mentioned as necessary in numerous studies (Abatecola & Cristofaro, 2018; Huse et al., 2011; Peck & Ruigrok, 2000).

Through these contributions, I offer new insights into the actions of BoDs while exploring new research fields and contexts and proposing relevant avenues for future research.

#### *3.1.4.3* ***Practical Contribution***

Besides my theoretical contributions, I was also eager to offer results that are useful for BoDs in practice. Therefore, I always emphasized my practical relevance and discussed the results with experts or actual BoDs themselves. Finally, I derived several practical contributions in checklists' form to improve BoD's strategizing performance in times of environmental change. I offer valuable insights into how BoDs should design and conduct effective strategy processes in times of increasing regulation and rising information processing demand. I was able to derive concrete checklists on how to compose and structure the BoD team, lead the BoD team and the organization, monitor and advise the EM team, and generally contribute to strategizing as Chairperson or BoD member.

Firstly, and more specifically, I offer practical checklists for the *Chairperson and the Chairperson-CEO relationship*. I suggest that the Chairperson balances involvement while being involved regularly and continuously. Also, I report that the Chairperson should be an integrative leader and moderator of the BoD team and strategy interactions while finding a balance of dominance in performing these tasks seems important. Also, I highlight that the Chairperson has to communicate regularly, and openly, and nurture a culture of feedback and fairness. Finally, the Chairperson is also responsible for leading an effective BoD team, and its composition, structure, processes, and interactions. The Chairperson has to be a role model in regards to time investment and involvement.

It is also the Chairperson who should proactively stimulate the *Chairperson-CEO relationship*, including effective interaction types and various interaction types in the strategy process to break with established routines. Besides, the Chairperson is responsible for informing other BoD members about these bilateral interactions to keep them engaged and motivated to contribute. The CEO has to strive for such a sparring relationship and shape an effective way of performing it. If this was not the CEO's goal, the CEO would probably advance a personal agenda which could be counter-effective to strategizing. Therefore, the Chairperson has to mentor the CEO through advising and monitoring while creating a Chairperson-CEO relationship based on trust and fairness.

Secondly, I offer new and unique insights into the *composition* and *structure* of BoD teams. I suggest that the BoD team needs to find a balance between industry experience and tenure. This will allow BoD teams to perform their tasks of advising and monitoring the EM team more effectively, to be open for strategic change, to keep blind spots in the strategy process to a minimum, while also reducing social biases and subgroup-building. In terms of structure, I suggest to define clear roles and responsibilities, and to have a medium-sized BoD team to further reduce social biases, subgroup-building, and foster more effective discussions, strategy interactions, and strategy processes.

Thirdly, I offer new insights and develop hands-on checklists for *ordinary BoD members*. I encourage them to define their strategic role and expectations, get involved regularly and continuously, and contribute resources and experience for an effective strategy process. They should also perform a sparring partner role with the EM team; at least they should advise and monitor them. Overall, they should stimulate a controversial debate, be strategic leaders and invest enough time and commitment in strategizing.

Fourthly, I offer insights and practical checklists on promoting *strategic change* in times of increasing regulation and rising information processing demand. I highlight that BoDs should promote and live a culture of feedback and fairness. Questions that might sound bold at the beginning can be valuable for the strategy process's effectiveness. Therefore, the BoD should promote open and regular BoD meetings and conducting at least one strategy workshop per year. Further, the BoD should install a BoD committee that promotes the BoD team's effectiveness rather than decentralizes strategizing.

Fifthly, and lastly, my dissertation offers valuable insights into *strategy interactions*. I developed practical checklists for the most crucial strategy interactions of the BoD: regular BoD meetings, strategy workshops, BoD committee meetings, and informal strategy interactions. Thereby, I emphasize that such interactions are important for the overall performance of the BoD team and the strategy process. I specifically highlight the different phases of interactions, i.e., preparing, conducting, and terminating them. In terms

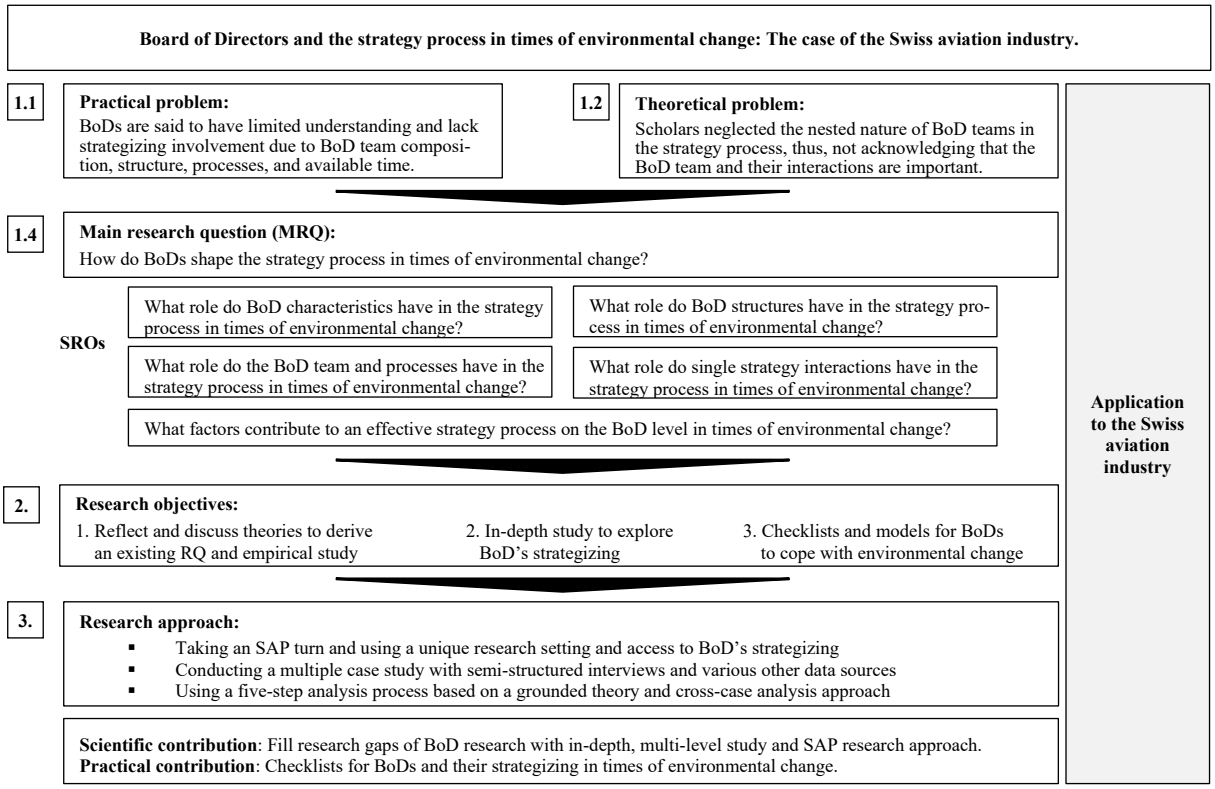
of informal strategy interactions, I conclude that they can be important to discuss disruptive and controversial strategic ideas and viewpoints. Therefore, I suggest that BoDs use these interactions as cognitive platforms for experience and information exchange.

Through these various practical contributions, I distinguish myself from more theoretical approaches in BoD and governance research. In doing so, I offer important and relevant insights into how BoDs might contribute and lead the strategy process in times of increasing regulation and information processing demand. Thus, I assist BoDs in fulfilling one of their most important non-delegable duties and one they struggle with in practice.[20]

### 3.1.5 Summary of Scientific Approach

The main research question, including its sub research questions (below: SRQs), was derived from current problems and existing research gaps in BoD's strategizing in times of environmental change. To answer these research questions, I developed three research objectives and a research approach, which I applied to the Swiss aviation industry. The findings are expected to contribute to both types of research and practice extensively. Figure 1 summarizes this scientific approach of this dissertation.

**Figure 1:**
**Summary of the Scientific Approach of This Dissertation**




*This figure shows the summary of the scientific approach of this dissertation, including the practical and theoretical problem, and the main as well as sub research questions. In addition, the figure shows my research objectives and approach, including its application to the Swiss aviation industry and its scientific and practical contributions. Source: Own illustration.*

[20] Find Chapter One (section 1.1) for BoD's practical struggles with strategizing.

## 3.2 Structural Approach

Overall, this dissertation is structured as follows: In *Chapter One*, I introduce the research problem, research objectives, the overall scientific and structural approach, and define and describe key concepts of this dissertation. In *Chapter Two*, I review literature and derive research gaps in several research areas: BoD composition, structure, and processes, as well as strategy interactions and the strategy process. In *Chapter Three*, I apply these areas to the Swiss aviation industry – an industry in which organizations and BoDs are challenged with environmental change. I also outline my research methodology and procedure with data collection and data analysis, explain essential quality measures, and present my research findings. In an extensive discussion section, I bring together my extensive literature review and my own research findings, discuss them in detail, and derive my theoretical model and practical conclusions in the form of checklists. I complete my dissertation with *Chapter Four* in deriving my conclusions, contributions, and overall limitations of this dissertation. Also, in the *Appendix*, the reader finds details on my methodology and the developed checklists for BoDs in practice in a condensed form.

# 4 Definition and Description of Key Concepts

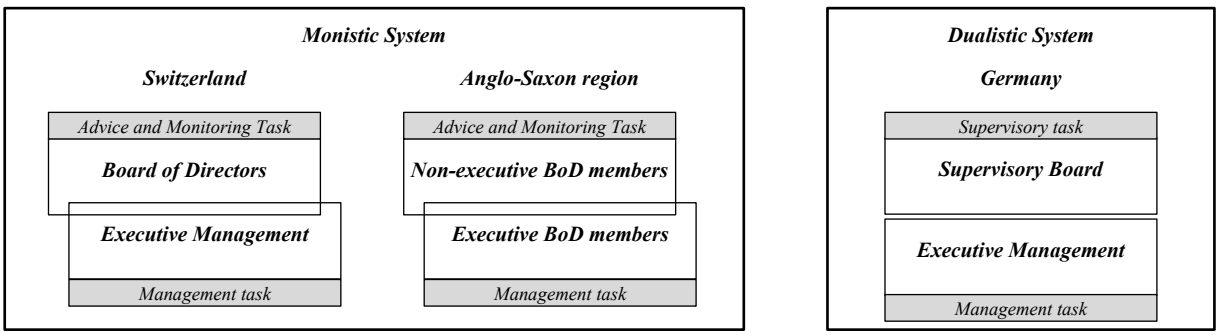
The following definition and descriptions are key concepts of this dissertation. The reader also finds more definitions of key terms in my codebook in 'Appendix D.'

## 4.1 BoDs in Switzerland

> *Board of Directors are defined as an organization's highest legal authority, among other duties, responsible for strategy (based on Art. 716 OR cont.)*

I specifically demarcate BoDs in this dissertation from similar terms, such as 'executive board,' and 'management board.' Further, I research the BoD and their strategizing and neglect aspects of legal and financial accountability and liability of the BoD team. The following figure shows the different systems of BoDs, whereas I research BoD's strategizing of the monistic system in Switzerland (see left-hand side of Figure 2).

**Figure 2:**
**Overview: Different Governance Systems**




*This figure gives an overview of different governance systems and the role of the BoD in these systems. Source: Own illustration.*

In Switzerland, based on Art. 716a Abs.1 OR, the BoD is obliged to manage the overall organization strategically[21] (Hilb, 2019; Müller et al., 2014). Therefore, the BoD is the apex of the organization and the strategy process. A BoD in Switzerland is comparable to a 'non-executive BoD member' in the Anglo-Saxon region regarding its status and role within the organization. However, in contrast to the Anglo-Saxon region, BoD members in Switzerland are personally liable if they neglect their legal duties. This level of responsibility was advantageous for my dissertation, as it increases the importance and visibility of BoD processes and interactions in the strategy process.[22]

## 4.2 BoD Composition

*BoD composition is defined as the characteristics of individual BoD members.*

In this dissertation, the term *BoD composition* relates to the characteristics of individual BoD members: demographics, human capital, social capital, and busyness. Scholars of BoD composition usually treated BoD characteristics as a proxy "for underlying individual and group cognitions and behaviors" (Carpenter et al., 2004, p. 749). Upper Echelons Theory (UET; Hambrick, 2007; Hambrick & Mason, 1984) and agency theory (Eisenhardt, 1989a; Jensen & Meckling, 1976) are the primary theories in this domain.[23]

## 4.3 BoD Structure

*BoD structure is defined as BoD's role structure and BoD size, independently of individual BoD member characteristics.*

Research on *BoD structure* focuses on BoD's roles and BoD size independently of individual characteristics. TMT studies have previously defined structure as "the structure of a top group [referring] to the roles of members and the relationships among those roles" (Hambrick, 1994, p. 178). In this dissertation, I extend this notion and add BoD size, which was studied extensively in recent years (for recent reviews, find Kakanda et al., 2016; Orozco et al., 2018).[24]

## 4.4 BoD Processes and Dynamics

*BoD processes and dynamics are defined as the socio-psychological processes of the BoD team inside or outside of the boardroom.*

[21] This includes, among other duties: organizational leadership, setting of normative and strategic goals, and raising concerns when perceiving deviations from the defined strategic goals. For a more distinctive review of BoDs in Switzerland, find Chapter One (section 3.1.2.2).

[22] For a more distinctive review of BoDs in Switzerland, refer to Chapter Two (section 1.1).

[23] For a more distinctive review of the BoD composition, refer to Chapter Two (section 1.1).

[24] For a more distinctive review of BoD structure, please refer to Chapter Two (section 1.1.2). BoD team role structure and BoD team size are discussed in more detail in Chapter Two (sections 1.1.2.2 and 1.1.2.3).

In recent years, researchers have devoted increasing attention to BoD team processes and dynamics (Bezemer et al., 2014; Pugliese et al., 2015). They focused not on when the BoD gets involved or what characteristics and structures the BoD has, but on *how* the BoD should get involved. Further, they were interested in the execution and relations of BoD processes and interactions with BoD characteristics, structure, and organizational outcomes, such as the strategy process. For example, Finkelstein and Mooney (2003) noted that "the insight that boards are groups, and hence that such group processes as conflict, teamwork, and comprehensiveness are critical determinants of board effectiveness, opens up a new track on how to improve board effectiveness" (p. 103) BoD process scholars stipulated that to understand how the BoD monitors *and* advises the EM team, researchers need to view the BoD team as situated in a social context and research their micro-processes rooted in socio-psychology (Dalton & Dalton, 2011; He & Huang, 2011). These scholars noted that factors, such as effort norm, cognitive conflict, and biases affect BoD's task performance through interactions and discussions within or outside the boardroom (e.g., Bezemer et al., 2014; Pugliese et al., 2015).[25]

## 4.5 Strategy-as-Practice (SAP)

*Strategy-as-practice is defined as the in-depth analysis of what actually occurs in strategy formulation, planning, implementation, and other activities that deal with the development and acting of strategy.*

The research area of SAP focuses on organizational and institutional practices that enable and constrain strategic action (Jarzabkowski, 2004; Whittington, 2006, 2017). Further, researchers of SAP asked how organizational practices can result from activities implemented by institutions or individuals (Whittington, 2017). Therefore, this research area investigated how structure and agents interact, combining the micro- with the macro-level in organizations (Jarzabkowski & Spee, 2009; Kouamé & Langley, 2018). Since the initial study of (Whittington, 1996), the SAP literature has been outlined by many scholars as a valid research area to analyze different levels of an organization (e.g., Jarzabkowski et al., 2007; Johnson et al., 2003). In recent years, SAP research has confirmed its vitality and fulfilled its promise offering tremendous insights into the actual practice of strategy-making, into decision-making in strategy processes, or into strategy meetings (e.g., Johnson et al., 2010; Seidl & Guérard, 2015).[26]

[25] For a more distinctive review of BoD processes and dynamics, refer to Chapter Two (section 1.3).

[26] For a review of SAP literature, find Chapter One (section 3.1.1) and Chapter Three (section 1.2.2).

## 4.6 Strategizing

*Strategizing is defined as nexus between strategy praxis, strategy practices, and strategy practitioners.*

In my dissertation, *praxis* is defined as the strategy process, *practices* are the strategy interactions with the BoD, and *practitioners* are strategy actors, in my case, the BoD.

Also, in organizations, there is often made a separation of owner and corporate strategy. In this dissertation, I only address strategizing in the context of the corporate strategy.[27]

## 4.7 Entire Strategy Process as Strategy Praxis

*The strategy process is defined as strategy praxis that is a fragmented, periodic, situated, and socially accomplished flow of activity to formal and structured strategy development, implementation, and monitoring. It is also defined as a longer episode that is compiled of a continuous series of smaller episodes.*

Through defining the strategy process in this way, I take a procedural perspective on an organizations' strategy and define the strategy process based on scholars in the field of SAP and general strategy process research (e.g., Hendry & Seidl, 2003; Pettigrew, 1992; Vaara & Whittington, 2012). Thereby, I do not view the strategy process as a rational decision of a series of steps but as dynamic and deeply rooted in the social practices of an organization (e.g., Burgelman, 1983; Giddens, 1976; Whittington, 2007a). This definition of a strategy process is in line with more general process scholars, such as Bryson and Alston (2011). They define the strategy process as "a deliberate, disciplined effort to produce fundamental decisions and actions that shape and guide what an organization (or other entity) is, what it does, and why it does it" (p. 1). I view the strategy process based on Pettigrew (2012), who emphasized the duality of the environment and strategic action based on the structuration theory of Giddens (1976), thus emerging from social encounters in formal or informal interactions over time. I also see the outcome of the strategy process depending to a large extent on "who talks to whom, why they talk, what they talk about, and when these conversations take place" (Roos et al., 1996, p. 55). Thereby, I deviate from the definition that the strategy process is something an organization *has* to do and focus on researching what people actually *do* in the strategy process (Jarzabkowski & Spee, 2009; Kouamé & Langley, 2018; Seidl & Whittington, 2014).[28]

[27] For a more distinctive literature review, find a discussion in Chapter One (sections 1.2 and 3.1.1).

[28] For a literature review on the strategy process, find Chapter One (section 3.1.1) and Chapter Two (section 3).

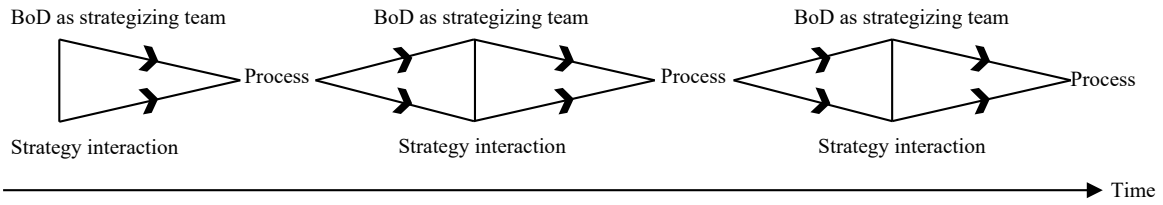
## 4.8 Single Strategy Interactions as Strategy Practices

*A strategy interaction is defined as a strategy practice and smaller strategic episode that is a communicative event, which involves at least one BoD member collocated in the same space and whose purpose is related to strategizing.*

For this dissertation's purpose, I argue that at least one BoD member has to be part of the strategy interaction. These strategy interactions are social practices that impact the strategy process by stabilizing or destabilizing the flow of activity (Jarzabkowski & Seidl, 2006; Seidl, 2013; Seidl & Guérard, 2015). This definition is rooted in the structuration theory of Giddens (1976, 1984), who defined *interactions* as "the fitful yet routinized occurrence of encounters, fading away in time and space, yet constantly reconstituted within different areas of time-space" (p. 86). Thus, I care about *how* strategy is shaped using strategy interactions (Jarzabkowski & Seidl, 2008; Whittington, 2007b).[29]

To illustrate this triad of terms including 'BoD as strategizing team,' single 'strategy interactions,' and the entire 'strategy process,' I created the following Figure 3.

**Figure 3:**
**BoDs in the Strategy Process**




*This figure illustrates the nexus of BoDs as strategizing team, their single strategy interactions, and the entire strategy process over an extended period of time. Source: Own illustration.*

## 4.9 Swiss Aviation Industry

*The Swiss aviation industry refers to the activities of mechanical flight, airports, airlines, and the aircraft system within the segments of civil and general aviation and aviation safety in Switzerland.*

The Swiss aviation industry is a highly complex (Wittmer et al., 2011) and regulated industry (Flessati & Linden, 2018; Müller, 2011a). The industry has various specific characteristics, such as the dependency on environmental changes and actors' interrelatedness. Besides other general trends[30], Swiss aviation organizations recently face two significant changes: increasing regulation and rising information processing demand.[31] For this dissertation, the segment of military aviation is excluded.

[29] For a more distinctive review, refer to Chapter Two (section 2).

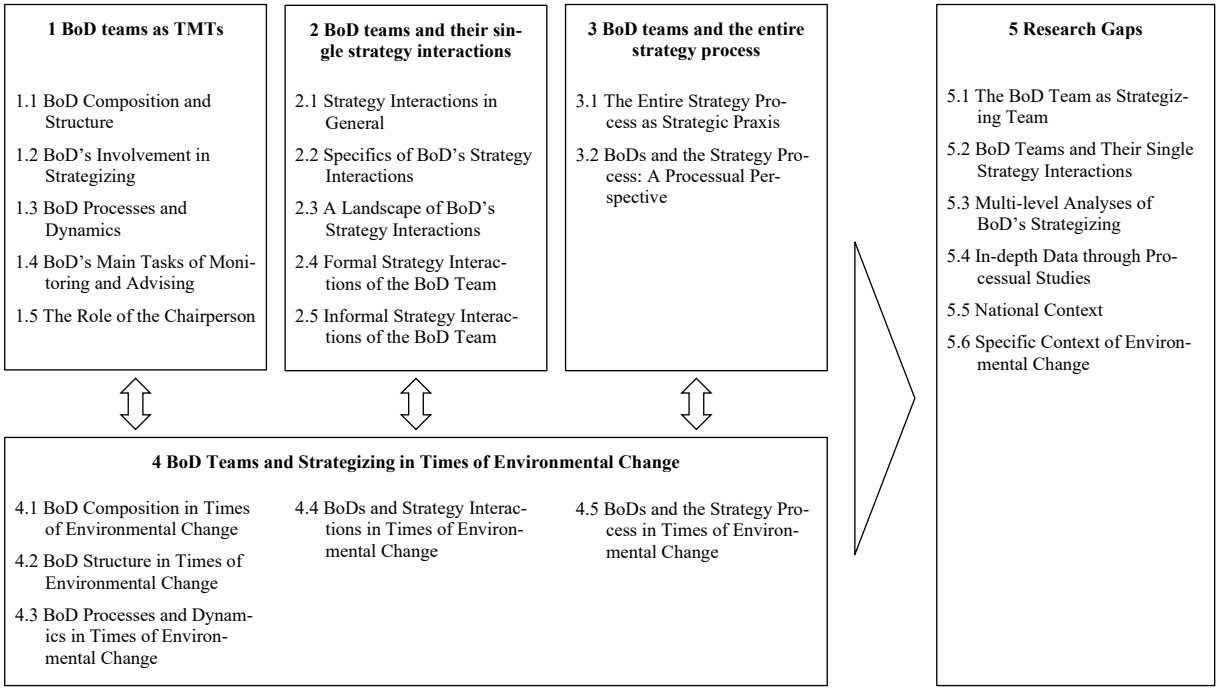
[30] For reviews of trends, please find Airbus (2019) and KPMG (2019), and my own discussion of recent developments in the industry in Chapter Three (section 1.1.1).

[31] Find more details on the industry in Chapter One (section 3.1.2.2) and Chapter Three (section 1.1).

# CHAPTER TWO: THEORETICAL BACKGROUND

In Chapter Two of this dissertation, I review the extant literature on BoDs as Top Management Teams (TMT) (section 1), their single strategy interactions (section 2), and their entire strategy process (section 3). Further, I discuss the links of these factors in times of environmental change (section 4) to derive existing research gaps (section 5). Figure 4 summarizes this structural approach for Chapter Two of this dissertation.

**Figure 4:**
**Theoretical Background of This Dissertation**




*This figure gives an overview of the structural approach of this dissertation. It shows how BoD teams, their single strategy interactions, and the entire strategy process are related to environmental change. Further, it outlines the six research gaps in this strand of research. Source: Own illustration.*

## 1 BoD Teams as Top Management Teams

The Upper Echelons Theory (UET) has been the predominant theoretical framework in the top management team literature in general for understanding the relationship between BoD composition and strategic decision-making (recent reviews: Abatecola & Cristofaro, 2018; Hambrick, 2007; Joshi et al., 2010). UET, developed by Hambrick and Mason (1984), generally links TMT characteristics to strategic outcomes and organizational performance. TMT composition is said to influence various factors, such as organizational attention, resource utilization, strategic decisions, and implementation strategies (Carpenter et al., 2004; Gerstner et al., 2013; Kaplan, 2008). This notion was further enhanced by a panel study of the TMT literature showing that TMT composition impacts various organizational outcomes (Hambrick, 2007). The value of UET continues

to be significant even today in providing theoretical insight into the impact of TMT composition on organizational performance. However, recent work has suggested that researchers should pay more attention to subgroups within the TMT and the environment rather than team diversity in understanding team dynamics (e.g., Cooper et al., 2014; Eisenhardt et al., 1997; Gibson & Vermeulen, 2003).

For the BoD, particularly, there is a long debate about its role and contributions to strategizing (e.g., Hendry & Kiel, 2004; Judge & Talaulicar, 2017; McNulty & Pettigrew, 1999). Understanding how and why a BoD team is composed in a certain way, how it is structured, what its tasks are, and how it is involved is crucial to explore the impact of BoD teams on an organization's strategy process. Therefore, it is evident that research to date has devoted considerable attention to understanding what makes a BoD team effective in terms of performing its tasks, including its composition and structure (e.g., Dalton et al., 1998; Johnson et al., 2013; Withers et al., 2012). In BoD research, recently, 'boards in action' research – researching BoDs through seeing, hearing and interacting – gained much attraction in bridging the gaps between BoD composition, BoD structure, and BoD processes, as well as BoD strategy interactions (Bezemer et al., 2018; Pugliese et al., 2015; Samra-Fredericks, 2000b). Further, scholars noted that researching BoD characteristics and their impact on organizational outcomes does not fully explain what happens on the BoD level, why BoDs take individual strategic decisions, and what this means for the entire organization and its processes (Bezemer et al., 2014; Pugliese et al., 2015). Thereby, BoD research is moving towards understanding socio-psychological factors and group functioning, and their link to organizational and strategic outcomes.

*BoD characteristics* are the BoD's background and experiences, such as tenure, industry, or specific experience. In contrast, the *BoD structure* includes the arrangement of and relations between BoD team elements, such as the size and the role structure of the BoD team. Further, *BoD processes and dynamics* are the BoD proceedings and behavioral or human aspects to the BoD team's functioning, such as power, dominance, emotions, or decision-making processes. In the following, the state of research of these often separately researched traditions is introduced. This includes a presentation of their impact on organizational outcomes and existing research gaps to explore avenues to bridge these gaps and new research fields.

Moreover, the BoD has two *main tasks*: monitor and advise of the EM team. I discuss these two tasks and their current state of research in section 1.4 of this Chapter. In this section, I focus on the relationships between these two tasks and the factors mentioned before and their link to organizational and strategic outcomes. Further, in section 1.5 of this Chapter, I offer a dedicated view of the *Chairperson* as one of the strategy process's

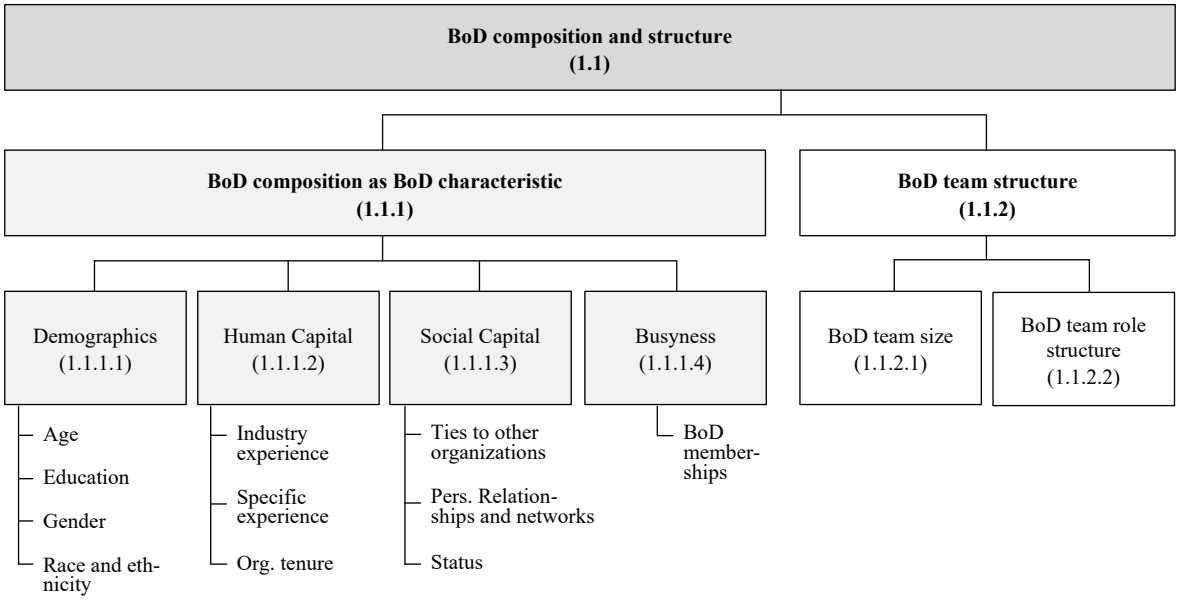
main strategizing actors. I review recent findings of the important role and the power and responsibilities the Chairperson has in strategizing.

## 1.1 BoD Composition and Structure

In this dissertation, the term *BoD composition* relates to the characteristics of individual BoD members (demographics, human capital, social capital and busyness) or groups of individuals. Scholars of BoD composition usually treat BoD characteristics as a proxy "for underlying individual and group cognitions and behaviors" (Carpenter et al., 2004, p. 749). UET (Hambrick, 2007; Hambrick & Mason, 1984) and agency theory (Jensen & Meckling, 1976) are the primary theory in this domain, whereas more recent studies tried to find empirical evidence for the impact of specific characteristics on organizational and strategic outcomes (Johnson et al., 2013; Pugliese et al., 2015).

On the other side, research on *BoD structure* examines BoD's roles independently of characteristics. Previous research has defined this term as "the structure of a top group [referring] to the roles of members and the relationships among those roles" (Hambrick, 1994, p. 178). I expand this definition by adding BoD size because the latter is a key element often directly linked to the role structure and the relationship between roles, as highlighted by recent reviews of Kakanda et al. (2016) and Orozco et al. (2018). The reader finds an illustration of the structural approach for this section in Figure 5 below.

**Figure 5:**
**BoD Composition and Structure**




*This figure classifies the different elements included in the literature of this section, in particular the differentiation between BoD composition (as characteristics) and BoD structure. It gives an overview of the types of characteristics and classifies them into demographics (i.e., age, education, gender, and race and ethnicity), human capital (i.e., industry and specific experience, and organizational tenure), social capital (i.e., ties to other organizations, personal relationships and networks, and status), and busyness (i.e., BoD memberships). Also, this figure shows that BoD structure is split into BoD team size and BoD team role structure. Source: Own illustration.*

### 1.1.1 BoD Composition as BoD Characteristics

Research on BoD characteristics was sparked by the seminal article of Hambrick and Mason (1984) rooting strategic decisions in the characteristics of upper-echelon managers, which is commonly called Upper Echelons Theory (UET): "The central premise of upper echelons theory is that executives' experiences, values, and personalities greatly influence their interpretations of the situations they face and, in turn, affect their choices" (Hambrick, 2007, p. 334). UET research has generally focused on how TMTs' characteristics influence strategic decisions and organizational performance. Specifically, for the BoD, researchers assumed these characteristics affect BoD's cognition, behaviors, and decision-making as well as subsequently impacting organizational-level outcomes (Forbes & Milliken, 1999; Pugliese et al., 2009; Pugliese et al., 2015), such as strategies, structures, and policies (Dalziel et al., 2011). Consequently, BoD members and BoD teams who possess higher levels of BoD characteristics have more relevant experiences and can generate abstract principles from specific situations (Dalziel et al., 2011). Also, such higher levels help them perform more effectively their monitoring and advising task (Carpenter & Westphal, 2001).

For this dissertation, I distinguish between four characteristics: demographics, human capital, social capital, and other characteristics. This differentiation is based on previous research and recent review articles of the large variety of BoD characteristics research (Johnson et al., 2013). BoD *demographics* include age, education, gender, as well as race and ethnicity. *Human capital* is split into industry and specific experience, and organizational tenure. *Social capital* contains ties to other organizations, personal relationships and networks, as well as status. The last characteristic is the *busyness* of the BoD, defined by the total number of BoD memberships.

In the subsequent sections, I discuss these characteristics in more detail to offer a more comprehensive picture of the state of research on these factors and their empirical relationship with BoD teams' strategizing.

#### *1.1.1.2* ***Demographics***

The first type of BoD characteristics, *demographics*, can be sub-divided into age, education, gender, and race and ethnicity.

##### ***Age***

In this section, I review previous studies of the BoD characteristic *age* and its relationships with organizational outcomes.

The BoD characteristic age was researched intensively in recent decades and from various angles. In more general TMT research, higher mean TMT age can have *positive*

*effects* and aggravate the negative effect of a CEO's short career horizon on R&D intensity (Heyden et al., 2017). In more specific BoD research, scholars emphasized that older BoD members are likely to have experience in more areas (Adams et al., 2018). Therefore, scholars noted that older BoD teams significantly lower the risk for bankruptcy, possibly because of their experience, social ties, or substantial social resources (Hsu et al., 2019; Platt & Platt, 2012). Others observed that CEO compensation is positively related to BoD member age (Core et al., 1999), while Hafsi and Turgut (2013) found a positive relation of BoD age with CSR. In terms of organizational performance, Kim and Lim (2010) discovered that greater age diversity on the BoD level is positively related to higher organizational value, operationalized by Tobin's Q.

However, scholars noticed a *negative relationship* of BoD age in emphasizing that older BoD members are less active in monitoring EM's performance (Core et al., 1999). This was highlighted to have a negative association with market value (Livnat et al., 2019) and market performance (Rose, 2005). Scholars noted that old BoD teams are risk-averse, rather support the status quo and avoid risky decisions (Bertrand & Schoar, 2003; Hambrick & Mason, 1984; Wiersema & Bantel, 1992). Further, older BoD teams were said to have less energy and poorer stamina, while this affects the ability to collect and process information (Chen, 2011; Herrmann & Datta, 2005; Hsu et al., 2019).

Further, scholars *did not find conclusive evidence* of either a positive or negative relationship towards organizational outcomes, such as strategic change. Some scholars found that younger BoD teams are associated with greater strategic change (Ahn & Walker, 2007). Others supported this notion by stressing that older BoD teams are less likely to initiate strategic change because of older BoD teams being too advanced in age and detached from current realities of the organization and the practical problems increasingly relevant for their operations (Bantel & Jackson, 1989; Sonnenfeld, 2004; Wiersema & Bantel, 1992). However, others reported that age-diverse teams lead to lower strategic change initiated (Tarus & Aime, 2014).

Also, in terms of performance, there are *inconclusive results*. Some studies suggested positive effects of age on performance (Ferrero-Ferrero et al., 2012; Kagzi & Guha, 2018; Kilduff et al., 2000). On the contrary, others reported no significant effects of age on performance (Bunderson & Sutcliffe, 2002; Hsu et al., 2019; Simons et al., 1999), but rather a double-edged sword, demonstrating valuable experience but also higher risk aversion of old BoD teams (Miller, 1991; Platt & Platt, 2012). More recent studies found that age diversity might be positively related to portfolio risks (Berger et al., 2014), addressing specific customer segments (Tasheva & Hillman, 2019), the number of donations and improved decision-making (Mahadeo et al., 2012; Siciliano, 1996b). Moreover, scholars associated BoD age with higher organizational value (Kim & Lim, 2010).

However, other scholars argued that age diversity leads to lower bank profitability (Talavera et al., 2018), low corporate social performance (Hafsi & Turgut, 2013), as well as varying values and beliefs (Hsu et al., 2019), resulting in different preferences and behaviors (Li et al., 2011), and emotional conflict (Pelled, 1996).

Due to these mixed results, scholars noted that the effect of BoD member's age on organizational outcomes is equivocal (Platt & Platt, 2012). These mixed results indicate that BoD member's age may be related to underlying constructs and depend on its context and goals. Other, more recent BoD age reviews suggested that BoD age alone is an insufficient measure since it might be dependent on processes and interactions of BoDs (Bezemer et al., 2014; Johnson et al., 2013). These scholars called for a clarification of these relationships in future research. They recommended exploring more detailed measures of BoD age, relations of BoD age to other BoD characteristics, and the relationship of BoD age with BoD processes and interactions in multi-level studies.

### *Education*

In the following paragraphs, I study prior scholarly research on *BoD education* and its relationships with BoD team processes, BoD interaction and organizational outcomes

BoD's education has been studied extensively in previous research, while review articles have highlighted that it might affect BoD's *cognition and strategic decision-making* (Johnson et al., 2013). For example, general TMT researchers have argued that TMT members with high levels of education "are likely to engage in boundary spanning, tolerate ambiguity, and show an ability for 'integrative complexity'" (Wiersema & Bantel, 1992, p. 99). Despite the large number of studies, scholars did not find conclusive evidence and suggested to take more nuanced turns in researching this BoD characteristic.

For example, scholars showed that BoDs with advanced degree-holders influence organizational capital structure by promoting *R&D spending* on valuable *innovation* (Gittelman & Kogut, 2003). Dalziel et al. (2011) found that higher educational degrees of outside BoD members have a negative relationship with R&D expenditures, while the number of Ivy League degrees on the BoD team has a positive relationship with R&D expenditures. Other studies noted that BoD member's education affects *innovation* in a similar vein, such as science or engineering degrees (Scherer & Huh, 1992). Moreover, Wincent et al. (2013) reported a positive impact of BoD education level on innovative performance. Similarly, Wincent et al. (2010) discovered that the total number of college degrees on the BoD team complements innovative performance. Kirca (2012) further observed that higher education levels lead to better receptivity to innovation, openness to change, and tolerance for ambiguity. However, Barker III and Mueller (2002) argued no significant association between education level and R&D spending. Deeds et al.

(2000) even stated a negative relation between TMT members' share with doctoral degrees and the number of new products developed. This stresses that it might be problematic when technical talents move from the laboratory to TMT positions.

In terms of *strategizing*, scholars expressed that education positively impacts the strategic portfolio performance (Norburn & Birley, 1988), the development of strategic initiatives (Finkelstein et al., 1996), and strategic change (Wiersema & Bantel, 1992), especially in deregulated environments (Yang & Wang, 2014). Also, in terms of strategic risk-taking, Bertrand and Schoar (2003) reported a positive relation towards more aggressive business strategies. Scholars discovered that BoD education is reducing constraints of the environment on strategy (Ding, 2011). Thus, BoDs are said to enhance organizations' competitive advantage and support higher ethical and social standards, positively affecting organizational performance (Cho et al., 2017). Additionally, in more general TMT research, Tihanyi et al. (2000) showed that TMT education heterogeneity is positively associated with global strategic posture. Carpenter and Westphal (2001) reported similar results for TMT education. Also, some scholars noted that BoD teams with high education may heighten BoD's awareness of international issues (Hitt et al., 2006) and prepare them to deal with strategic change (Barroso et al., 2011). However, Chen (2014) observed that BoD educational level is not significantly linked to internationalization, thereby questioning the previous results' distinctiveness of the relationship between BoD education and strategic outcomes. Also, Berger et al. (2014) suggested that TMTs with higher levels of education are more conservative than less educated ones.

Moreover, scholars highlighted ambiguous results for the effect of education on *information processing.* Higher levels of education are characterized by a higher breadth of human capital (Haynes & Hillman, 2010), greater cognitive complexity (Hitt & Tyler, 1991; Johnson et al., 2013), and even higher intelligence (Gottesman & Morey, 2006), leading to a better ability to process information and absorb new ideas (Hsu et al., 2013), as well as a better ability to acquire, use and master the knowledge and find creative solutions (Barroso et al., 2011). Gittelman and Kogut (2003) argued that well-educated BoD members placed in knowledge networks translate specialized science into valuable knowledge. The educational background provides BoDs with a cognitive resource base that shapes the team's interpretation of situations and facilitates the formulation of appropriate strategic alternatives (Carpenter et al., 2004; Hambrick & Mason, 1984), possibly enabling them to make better decisions (Carpenter & Westphal, 2001; Johnson et al., 2013; Joshi et al., 2010). On the contrary, Khanna et al. (2014) noted that when information processing demands are high, higher BoD education levels negatively impact organizational performance. They argued that even the highest educated BoDs may

be overwhelmed by high information processing demand, making them less able to provide effective advice and monitoring.

More *generally*, and in contrast to positive findings for the relationship between education and organizational outcomes, Heyden et al. (2017) interestingly discovered that a higher educational level of the TMT does not alleviate CEO horizon problems. They concluded that BoD education should not be researched in isolation but also incorporate BoD processes and interactions. Further, Kagzi and Guha (2018) and Mahadeo et al. (2012) found that BoDs with higher educational diversity negatively impact organizational performance. Therefore, findings are mixed for the diversity attribute education (Carpenter & Westphal, 2001; Johnson et al., 2013). This was also supported by Daily and Dalton (1994) and Rose (2007), who showed that educational backgrounds could not affect organizational value, questioning previous, somewhat positive results.

To conclude, the variety of findings in this area suggests that BoD's education may represent or be affected by underlying cognitive constructs, such as friendship ties of cognitive similarity. Thus, while data on BoD's education is easy to collect, further studies are required to explore the link between BoD's education and underlying social and cognitive factors or their correlation with other BoD characteristics. For example, Johnson et al. (2013) noted that education is positively correlated with human or social capital variables. Thus, they suggested researching the interrelation of education with other measures, such as human capital. Measuring BoD education alone does not seem sufficient to find unambiguous associations with organizational outcomes or performance. Research on BoD education would highly benefit from more action-oriented research of BoD processes, dynamics, and interactions, such as in a longitudinal setting.

### *Gender*

In this section, I look at prior scholarly research on *BoD gender* and its relationships with BoD team processes, BoD interaction and organizational outcomes.

A considerable number of studies have researched the effects of BoD gender and gender diversity. Scholars suggested that gender diversity *positively* affects BoD cognition, dynamics, decision-making and, thus, organizational-level outcomes (e.g., Furlotti et al., 2019; Larkin et al., 2012; Ye et al., 2019). For example, scholars found that women on the BoD team benefit from implementing gender policies, caring about gender equality, and spreading that information to their stakeholders through CSR reporting (Furlotti et al., 2019). Also, scholars reported a positive relation of gender diverse BoD teams with dividend payouts (Ye et al., 2019), innovation (Miller & Del Carmen Triana, 2009), better reputation of the organization (Brammer et al., 2009; Larkin et al., 2012), and CSR outcomes (e.g., Adams et al., 2011; Yasser et al., 2017; Zhang, 2012).

On the other side, scholars also observed *negative associations* of BoD gender and organizational outcomes. For example, Terjesen et al. (2009) argued that female BoD members are less likely to have experience as business experts. Hillman (2015) also suggested that investors' perception negatively impacts financial performance due to women being part of the BoD team. This is due to these women being perceived as negatively impacting the organization's potential because of the historical imbalance in gender diversity in the investment profession. Further, these scholars highlighted that BoD gender diversity may cultivate social categorization that can be expected to disrupt BoD dynamics (Terjesen et al., 2009) and BoD effectiveness (Adams et al., 2015a).

Gender diversity of BoD teams was also said to *create conflict* that may have adverse effects for BoD teams (Mannix & Neale, 2005), their decision-making (Horwitz & Horwitz, 2007; Webber & Donahue, 2001), and even performance, such as cash holdings (Atif et al., 2019) or future stock prices (Dobbin & Jung, 2010). Again, this is due to investors' negative response to female BoD members' appointment. For example, Miller et al. (1998) noted that cognitive heterogeneity based on gender diversity inhibited rather than promoted long-term planning, while Triana et al. (2013) discovered a negative effect of BoD gender diversity on promoting strategic change in times of low organizational performance. Triana et al. (2013) emphasized that "when the board is threatened by low firm performance and women directors have high power, the relationship between board gender diversity and amount of strategic change is the most negative" (p.2).

Some scholars stressed that the results of gender are *inconclusive*. For example, in terms of risk-taking, scholars claimed that women are more risk-averse (e.g., Jianakoplos & Bernasek, 1998; Sapienza et al., 2009). However, Adams and Funk (2012) reported that female BoD members are more risk-loving than male BoD members. Moreover, in terms of market performance effects, some studies found positive relationships (e.g., Terjesen et al., 2015). Despite, others observed negative relationships (e.g., Adams & Ferreira, 2009), no relationships (Chapple & Humphrey, 2014), or both (e.g., Matsa & Miller, 2013) for the same relationship. These inconclusive results are supported by Terjesen et al. (2009) in their review. They discovered that gender diversity impacts BoD dynamics but not organizational performance. Therefore, Bøhren and Strøm (2010) noted that the "evidence on gender diversity is scant and conflicting" (p. 1290). These inconclusive results might be rooted in endogenous drivers of BoD composition (Adams & Ferreira, 2009) or the research designs of these studies, which are input-output oriented studies that do not consider BoD processes, dynamics, or interactions of BoDs.

Recently, scholars started to explore the link between gender diversity and organizational outcomes by using more *team-oriented variables* and more *immediate outcomes*

than organizational performance. Interestingly, some scholars argued that gender diversity might improve BoD functioning (Hillman, 2015) and practices (Adams & Ferreira, 2009; Kakabadse et al., 2018) while suggesting that male and female BoD members differ in their ethical behavior (Dawson, 1997). Also, in terms of strategizing, scholars found the value of women in their ability to generate more effective debate and viewpoints (Bilimoria, 2006) because of a participative management style (Pearce & Zahra, 1991), sensitivity (Bradshaw & Wicks, 2000), and asking questions more openly (Bilimoria, 2000, 2006). Nielsen and Huse (2010) argued that gender diverse BoD teams have less conflict in the BoD team and positively impact the strategic task performance of monitoring the EM team. Also, scholars suggested that gender diversity promotes a clearer picture of female customers' needs with ensuing effects on competitive advantage and performance (Daily & Dalton, 2003). Moreover, Ararat et al. (2015) stressed that gender diversity positively affects BoD monitoring intensity.

Despite these first empirical results, the relationship between BoD gender and strategic outcomes, such as the strategy process or single strategy interactions, remains largely unexplored. This provides room for future research to analyze these outcomes and research this characteristic in a more processual and interaction-focused way.

***Race and ethnicity***

In the following section, I review previous studies on BoD's race and ethnicity and its relationships with BoD team processes, BoD interaction and organizational outcomes.

Compared to the other demographic BoD characteristics of age, education and gender, little emphasis was placed on racial and ethnic aspects of the BoD team. Van der Walt and Ingley (2003) proposed that this is due to the general lack of diversity in boardrooms. The rare studies in this strand of research mainly emphasized that racial and ethnic diversity on BoD level allows for different viewpoints and influences group dynamics and decision-making, which in turn affects organizational outcomes (e.g., Miller & Del Carmen Triana, 2009; Post et al., 2011; Staples & Webster, 2008). This was said to be *positively associated with strategic decisions*, such as global takeovers (Staples & Webster, 2008), CSR (e.g., Post et al., 2011), and organizational value (e.g., Daniel et al., 2013; Estélyi & Nisar, 2016). Moreover, scholars showed that diversity in race and ethnicity on the BoD level can serve as a sign of social justice to a broader public (Miller & Del Carmen Triana, 2009). This might impact the public's perception of the organization's social performance positively (Bilimoria, 2000).

However, other scholars, such as Carter et al. (2010) found *no evidence* that ethnically diverse BoD teams impact their organization's financial performance, with Tsui and O'reilly III (1989) even reporting a *negative association*. In line with this notion, more

general research on BoD diversity suggests that diversity might be counterproductive since the loss in processual performance cannot be compensated by superior performance in BoD characteristics (Milliken & Martins, 1996). In a more recent study, Zhang (2012) discovered that BoD racial diversity is positively associated with the organization's legitimacy from an institutional stakeholder perspective but negatively to technical weakness. This suggests that racial diversity might promote diverse viewpoints. However, others noted that minority BoD members in terms of race and ethnicity have to think and act more strategically and politically to show a sustained record of solid performance, which negatively impact team dynamics (Thomas, 2001).

In summary, BoD research on race and ethnicity runs alongside research on other demographic characteristics: The impact on BoD team processes and organizational performance is mixed. More direct and causal links and more nuanced measures might provide valuable insights into race and ethnicity's relevance and relationships with organizational performance measures and with those of the BoD team's processes.

#### *1.1.1.3* ***Human Capital***

The second type of BoD characteristics, *human capital*, incorporates industry experience, specific experience and organizational tenure.

##### ***Industry Experience***

In this section, I show the results of empirical research on *industry experience* and its relationships with BoD team processes, BoD interaction and organizational outcomes.

The BoD characteristic of industry experience refers to the human capital specific to an industry, gathered through previous employment or practice in that industry. This may include the experience of competitive, technological, regulatory, and supply chain management or personal engagement that is specific to a particular industry (Kor & Misangyi, 2008). In recent research, scholars agreed that industry familiarity positively impacts *organizational performance*. Scholars reported that the industry experience of BoDs has positive effects on sales growth (Kor & Sundaramurthy, 2009), innovation activities (e.g., Kurzhals et al., 2020), as well as stock market reactions following both acquisitions (Walters et al., 2008) and CEO successions (Tian et al., 2011). In this regard, von Meyerinck et al. (2016) discovered significantly higher announcement returns upon appointments of industry experienced versus inexperienced BoD members.

Besides, scholars found that industry familiarity of BoD teams enables *better information access* (Faleye et al., 2014) and *information processing* (Johnson et al., 2013) and offers a better understanding of the risks and opportunities of the organization's industry. This enables BoD members to apply the insights better to derive actions and reduce the internal information asymmetry between the EM and BoD teams (Faleye et

al., 2018; Rajagopalan & Spreitzer, 1997). Thus, industry experienced BoD teams "may be better at both providing resources and monitoring" (Hillman & Dalziel, 2003, p. 384).

Additionally, scholars argued that industry experienced BoD members might be important counselors (Kor & Misangyi, 2008) because of source credibility theory (Birnbaum & Stegner, 1979). This theory stipulates that if a BoD member has previous experience in an industry, the EM team or other BoD members might seek advice from these BoD members more often. However, successful *monitoring* that aims to initiate strategic change demands identifying and prioritizing threats and opportunities (Rajagopalan & Spreitzer, 1997). Again, industry experienced BoD members were found to provide more insightful information for this strategic sensing of the environment and exceptional industry network ties, which enables these BoD members to collect more reliable and insider information (Kor & Sundaramurthy, 2009). Also, industry experience is said to enhance BoD members' ability to assess strategy-related topics of the industry, such as business model or systemic changes (Åberg & Torchia, 2019; Oehmichen et al., 2017b). Therefore, scholars noted that industry experts on the BoD score higher in monitoring the EM team (Oehmichen et al., 2017b). Industry experience enables these BoD members to perceive the strategic weaknesses of the organization due to better within-industry assessments that can help to identify how effectively and successfully the organization currently operates in its external environment.

In sum, scholars agree that industry experience has a positive effect on several organizational outcomes. This differentiates industry experience from the other characteristics reviewed. However, there is also potential to explore the context and conditions of this effect in more detail. Neglecting this perspective provides a less than complete picture of how BoD composition can be an important source of superior strategic performance.

### *Specific experience*

In the following section, I study prior research on *specific experience* and its relations with BoD team processes, interaction and organizational outcomes.

This BoD characteristic was previously measured in terms of BoD's experience in M&A activities, firing a CEO, and specific functional experience (e.g., finance or strategy), and having prior experience as CEO (Johnson et al., 2013). Overall, scholars attributed the specific experience to a *somewhat positive effect* on organizational outcomes (Johnson et al., 2013). For example, scholars reported that the level of prior acquisition experience on the BoD team positively impacts post-acquisition performance (Kroll et al., 2008; McDonald et al., 2008). Moreover, De Villiers et al. (2011) suggested that performance is higher when more legal experts are on the BoD team, possibly due to

paying more attention to liability and costs associated with bad organizational and strategic performance. In this regard, scholars found that organizations perform better in the area of innovation when they have the higher functional experience, as in a higher number of outside BoD members with work experience in patent-intensive organizations (Balsmeier et al., 2014) or with more technical or research-related experience (Dalziel et al., 2011; Haneda & Ito, 2018). Other scholars noted that financial experience positively affects a range of organizational factors, including debt strategies (Mizruchi & Stearns, 1994) and the decision to dismiss auditing organizations (Chen & Zhou, 2007).

More specifically, for strategizing, specific experience is said to improve advice and *positively influence* public organizations and ventures (Garg & Eisenhardt, 2017; Kor & Misangyi, 2008; Rindova, 1999). Also, Fahlenbrach et al. (2010) stressed that when CEOs are appointed as members of the BoD team, the organization receives a positive stock market reaction. Platt and Platt (2012) supported them by showing that non-bankrupt organizations typically have more CEOs in the BoD team than bankrupt organizations. Further, Dahl (1994) discovered that BoD members that had previously fired a CEO are more likely to fire CEOs again in the future. Johnson et al. (2013) even suggested that the previous specific experience in such activities "sway[s] decisions related to those experiences and their subsequent outcomes" (p. 242) and might enable BoD members to manage such future situations better.

On the contrary, Jensen and Zajac (2004) noted that the effect of BoD members' specific financial experience on organizational diversification and acquisition strategies is related to how this experience is measured and suggesting that there might be a *negative link*, especially with strategy outcomes. Also, other scholars supported this notion and argued that BoD's strategic advice is not always available, even when expertise exists (Hillman et al., 2008; Shropshire, 2010). For example, BoD members may not be motivated to help (Garg et al., 2018) or may have conflicts of interest (Diestre et al., 2015; Forbes et al., 2010; Garg, 2013). Thus, scholars emphasized that BoD's strategic advice can also harm strategic outcomes (Pahnke et al., 2015).

Besides this somewhat positive association of specific experience with performance outcomes, there are also scholars who discovered negative links, especially with strategic outcomes. Also, no studies have yet looked at the relation of specific experience with BoD processes or strategy interactions of the BoD team. This particular area has been very input-output oriented with mainly quantitative studies. Thus, research on the BoD characteristic of specific experience would benefit from more explorative, longitudinal, and processual studies. These could investigate how specific experiences interrelate with other BoD characteristics and influence boardroom discussions, the effectiveness of strategy interactions, BoD team processes, and the strategy process.

### *Organizational Tenure*

In this section, I summarize the existing studies on *organizational tenure* of BoDs and its links with BoD team processes, BoD interaction and strategic outcomes, such as BoD's task performance and strategic change.

Prior research argued that there is a *positive relationship* between tenure and strategic performance. Golden and Zajac (2001) suggested that a higher BoD member's tenure enhances the experience a BoD member has of the focal organization. Also, Vafeas (1999) highlighted that tenured BoD members positively impact BoD member's commitment and competence. Other scholars found that when BoD members' tenure increases, more organization-specific experience helps these BoD members reach long-term conclusions rather than rely on EM input (Donoher et al., 2007).

Scholars argued that this results in positive effects for monitoring and advising the EM team. For example scholars noted that as BoD tenure increases, BoD members will be less vulnerable to power from EM and expected to bound opportunistic behavior, resulting in *longer-tenured BoD members being better monitors* of the EM team (e.g., Beasley, 1996; Byrd et al., 2010; Dou et al., 2015). Further, BoD members with higher tenure were said to have more extensive BoD experience and may carry out their monitoring tasks with more competence, resulting in more corporate strategizing (Ben-Amar et al., 2013). Besides, Dou et al. (2015) reported that longer-tenured BoD members are better at monitoring CEO turnover and CEO pay, have an overall higher level of commitment for the mandate, and a lower likelihood of intentionally misreporting earnings. Therefore, scholars argued that the improved monitoring task performance results in positive performance outcomes, such as dividend payouts (Sharma & Iselin, 2012), market value (Bonini et al., 2015), or future stock returns (Livnat et al., 2019).

Prior research also emphasized that there might be a *positive relationship* for *advising* the EM team when BoD tenure is high. BoDs are said to enhance their organization-specific knowledge and understanding of how their experience can maximize their performance over time (Sundaramurthy et al., 2014). These BoD members know the organization's core capabilities better, enabling them to provide excellent strategic advice (Campbell et al., 2012; Muller-Kahle & Lewellyn, 2011). For instance, Muller-Kahle and Lewellyn (2011) noted that successful organizations who avoided risky business practices had longer-tenured BoD members. This might be because longer-tenured BoD members identify with their organizations over time, positively impacting resource provisioning and providing advice (Hillman et al., 2008). Tenured BoD members are progressively able to identify sources of growth and strategic issues for the organization and

make these thoughts available to the EM team through their internal social network (Brown et al., 2017; Westphal, 1999).

More team-oriented studies reported *general, negative effects of longer-tenured team members*, such as cognitive rigidities and an increased commitment to routinized processes and practices over time (Hambrick et al., 1993; Katz & Allen, 1982)[32]. This can cause BoD teams to become "stale-in-the-saddle," ineffective (Miller, 1991), thus reversing positive effects after one decade, very recent research found (Brown et al., 2017; Huang & Hilary, 2018; Livnat et al., 2019). Cognition theory suggested that BoD members become "psychologically hamstrung" by a commitment to the status quo (Hambrick et al., 1993, p. 402), making it hard for them to consider alternative viewpoints (Brown et al., 2017). Other scholars argued that longer-tenured BoD members promote CEOs' overconfidence and complacency, thereby compromising organizational performance (Chen, 2014; Miller, 1991). Strategic alternatives might also be prejudiced by longer-tenured BoD members due to their previous experiences with the organization's strategizing (Westphal & Fredrickson, 2001), resulting in less openness towards strategic alternatives (Brown et al., 2017). Long-tenured BoD members may also be motivated by these prejudices and a general concern of their personal reputation, resulting in a more protective behavior towards promoting the status quo and somewhat risk-averse towards new strategic initiatives, scholars argued (Shen & Cannella, 2002). Also adding value through network access may change over time if the social relationships and networks are not continuously renewed. The result might be restricted information flow (Oh et al., 2006), less communication and openness to information from outside (Katz & Allen, 1982), groupthink (Coles et al., 2015), and resistance to strategic change (Golden & Zajac, 2001), which can impinge effective advice and monitoring (Miller, 1991).

On this basis, scholars noted a *specific*, *negative impact of longer-tenured BoD members* on the *BoD team's monitoring-function* (Huang & Hilary, 2018). Increased knowledge of, and trust in, the EM team may result in bad monitoring of EM members' actions and higher salaries for CEOs (Vafeas, 2003). Also, a BoD member may be unable or unwilling to discipline EM team members when agency costs increase (Jensen & Meckling, 1976) and less likely to reach outside the organization for information and viewpoints (Miller, 1991). This was argued to result in bad monitoring of the EM team (Brown et al., 2017; Hambrick et al., 1993) and shareholders disconnect with the monitoring performance of the BoD team (Hillman et al., 2000).

Also, in terms of *BoD processes*, scholars found *negative effects of shorter and longer tenured BoD members*. If friendship and loyalty develop between BoD members and the

[32] Find recent work on cognitive rigidity and tenure of CEOs in Graf-Vlachy et al. (2020).

CEO (Wade et al., 1990; Walsh & Seward, 1990), longer-tenure BoD members avoid critical debate, possibly leading to groupthink (Forbes & Milliken, 1999; Katz & Allen, 1982). These costs of social capital (Kor & Sundaramurthy, 2009) can further reduce the depth and breadth of a BoD's monitoring (Brown et al., 2017) and limit BoD's time and attention, scholars stressed (Carpenter & Westphal, 2001). This, in turn, might reduce information processing capabilities (Hillman et al., 2008) and critical thinking (Coles et al., 2015), resulting in governance problems and bad strategic performance (Berberich & Niu, 2011; Kor & Sundaramurthy, 2009). In regards of shorter-tenured BoD members, scholars reported an acclimatization period (Demb & Neubauer, 1992), which might cause shorter-tenured BoDs to hold back their opinion (Brown et al., 2017). This may limit their ability to be effective monitors (Brown et al., 2017).

These ambiguous results led to scholars arguing that the relationship between BoD tenure and performance outcomes is *more nuanced*. Jia (2017) and Kim et al. (2014) suggested that long-tenured BoDs hinders innovation activities but reduces over-investment. This is also in line with several codices on good corporate governance.[33] Also, Kosnik (1990) argued that short-tenured BoD members might theoretically provide new viewpoints to the BoD team but find it hard to influence the decision-making due to their lack of organization-specific knowledge. Vandenbroucke et al. (2016) showed that outsiders' BoD tenure is positively linked to technological performance while its relation to market performance is more nuanced: BoD tenure positively impacts the number of products being developed, but not directly the speed to the first product. More generally, Keck (1997) showed that short tenured teams would be most effective in complex environments, while in stable environments, long-tenured teams would be most effective.

Therefore, scholars proposed an *inverted U-shape* for the relationship between BoD tenure and organizational performance. For example, Golden and Zajac (2001) proposed such a link for the relationship of BoD tenure with strategic change. Accordingly, Castro et al. (2009) argued that organizations promote strategic change if BoD has a very short and very long tenure. Katz and Allen (1982) also argued in this view suggesting that BoDs with long tenure become self-satisfied about external issues and pledge to remain in the status quo. More recent work also confirmed this inverted U-shaped relationship. Brown et al. (2017) reported this relationship between the assessed value of BoD members and tenure, while finding support by Patro et al. (2018), arguing for this link between BoD tenure and CSR performance. Moreover, Huang and Hilary (2018) agreed by indicating that BoD members' "on-the-job learning improves firm value up to a

[33] For example, in the new UK Corporate Governance Code, Chairpersons should not exceed a tenure of nine years (Council, 2018).

threshold, at which point entrenchment dominates and firm performance suffers" (p. 1285). They highlighted that with short-tenured BoDs, "the marginal effect of board learning dominates the entrenchment effect, whereas for firms with long-tenured boards, the entrenchment effect dominates the learning effect" (p. 1320). Further, also very recently, Livnat et al. (2019) stressed that effectiveness of BoD members measured as monitoring and advising the EM team peaks at average tenure of roughly nine years. At nine years of tenure, BoD members begin to become a liability for the organization's value, which appeared to be especially true for high-growth organizations. In a very recent review article, this relationship found support by Sun and Bhuiyan (2020).

To conclude, one can observe that results on BoD tenure are inconclusive. Here again, future research exploring these inconclusive results is needed. Research studying BoD members over their tenure appeared to offer a promising avenue with taking multi-level research approaches (Johnson et al., 2013; Lynall et al., 2003; Shen, 2003). Based on the above discussion, it is interesting to explore the processes through which BoD members deploy their tenure to advise and monitor the EM team and thus, possibly enhance strategic performance. Therefore, very recent work on BoD tenure called for future studies taking qualitative research approaches to uncover underlying factors of BoD tenure (e.g., nature of communication in BoD meetings; Sun & Bhuiyan, 2020).

#### *1.1.1.4* ***Social Capital***

The third type of BoD characteristics, *social capital*, includes ties to other organizations, personal relationships and networks, and status.

##### ***Ties to other organizations***

In the following section, I review literature on *ties to other organizations*, including its relationships with BoD team processes, BoD interaction and organizational outcomes.

In most cases, BoD members are part of another organization in which they have full-time or part-time employment (Johnson et al., 2013). This is commonly called a 'single tie.' This single tie links the individual's organization to the focal organization, where they have a BoD membership. A 'double tie' (or 'interlock') exists when the focal organization's CEO is also part of the organization's BoD team, i.e., the organization where he or she is employed (Müller et al., 2014). Through these ties, information and resources may flow between several organizations, impacting the organization positively and negatively.

In their influential research on BoD ties, Carpenter and Westphal (2001) reported that the "behavior of directors depends on the strategic perspective and base of expertise provided by their appointments to other boards" (p. 653). BoD members' ties can provide a form of indirect experience for the focal organization. Therefore, on the one side,

several studies concluded that BoD members' ties impact the focal organization *positively*. Stuart and Yim (2010) found that BoD teams with many ties to private equity organizations positively impact the probability of private equity deals at the focal organization. For example, Connelly et al. (2011) discovered that BoDs with ties to organizations expanding into China positively impact expansion into this region. BoDs from established industries are also important in linking and legitimizing ventures in new markets (Certo, 2003; Hillman & Dalziel, 2003). Besides, external network ties might help new entrants form partnerships with established and well-reputed organizations (Beckman et al., 2014) or expand their customer base beyond the new market (Bailey & Helfat, 2003). Others scholars argued for a positive relationship between BoD members with extensive network ties and both organizational value (Bøhren & Strøm, 2010) and higher rates of sales growth (Kor & Sundaramurthy, 2009).

Furthermore, BoD members with double ties might influence organizational capital structure by promoting R&D spending on valuable innovation (Chuluun et al., 2017; Helmers et al., 2017). Hence, high-tech organizations with such BoD members are likely to recommend higher cash holding to support R&D investment and improve creditworthiness. Therefore, Larcker et al. (2013) and Iyer et al. (2020) recommended shareholders in non-high-tech organizations elect BoD members with multiple ties because they provide intelligence gathered from their connections in credit markets, thereby mitigating agency costs. Besides, Intintoli et al. (2018) suggested that independent audit committee members' network ties positively impact financial reporting quality and accounting conservatism. Also, and more specifically for strategizing, tied BoD members were found to serve as conduits of strategic information and favorably impact innovation output (Chuluun et al., 2017; Helmers et al., 2017).

Contrary, other studies discovered that BoD members' ties can *negatively* impact the focal organization. For example, it might lead to coordinated action among BoD members (Johnson et al., 2013), such as when BoDs vote to raise the focal organization's CEO's salary. Thus, interlocked BoD members "may not be sufficiently independent" (Ruigrok et al., 2006, p. 1211), which negatively impacts their effectiveness and primes them to favor EM over shareholder interests (Johnson et al., 2013). Other scholars noted that shareholders react negatively to BoD interlocks (Devos et al., 2009; Hillman et al., 2011). This may be justified by the previously mentioned interlocked BoD's tendencies to engage in actions beneficial to EM but harmful to shareholders (Bizjak et al., 2009; Frankforter et al., 2000).

Overall, the results of existing studies on BoD's ties to other organizations are mixed. Therefore, scholars call for a more nuanced approach, including multi-level studies, to

find relations between ties to other organizations and other characteristics, BoD processes, interactions of the BoD team, or strategic outcomes (Johnson et al., 2013).

### *Personal relationships and networks*

In the following section, I study the extent of scholarly research on *personal relationships and networks* and its links with BoD team processes, BoD interaction and organizational outcomes.

Some scholars highlighted a *positive impact* of personal relationships and networks on organizational performance. For example, Johnson et al. (2013) noted that personal or loyalty relationships may facilitate more open communication in the boardroom. Inline, Westphal and Bednar (2005) concluded that BoD members with friendship ties are more likely to raise their concerns with its strategy. Scholars also suggested that these relationships might be valuable because they enable BoD members to access information in their social network (Bjørnskov & Sønderskov, 2013) and generate power in the boardroom (Adler & Kwon, 2002). Therefore, BoD members with strong personal relationships and networks were found to be more influential in the BoD team than BoD members without these relationships (Stevenson & Radin, 2009). Based on Hillman (2005), these BoD members have even more influence when the CEO is also the Chairperson of the BoD team since this facilitates the transmission of knowledge, information, and ideas. This information advantage allows networked BoD members to provide deeper insights into evolving market conditions (Coles et al., 2012), predict upcoming trends (Mizruchi, 1996), and reduce the information gap among different stakeholders (Schoorman et al., 1981). Therefore, well-connected BoD members of acquiring organizations have access to valuable market- and industry-wide information (e.g., Cohen et al., 2008; Huang et al., 2014). This enables them to assess better target organizational value and potential synergies between acquirers and targets.

Further, personal relationships between BoD members and the CEO may influence the advisory and access of these BoD members *positively* (Jones et al., 2008). Research also discovered a positive link between these relationships and BoD task performance in advising and monitoring the EM team on strategic issues (Westphal, 1999). On the other hand, personal or loyalty relationships can affect BoD members' incentives (Adler & Kwon, 2002; Westphal, 1999). Moreover, BoD members with personal relationships are more willing to dismiss the CEO of a poorly performing organization (Boeker, 1992) and impact financial reporting quality (Hoitash, 2011). These findings suggested that personal relationships and networks act as conduits for information, with close personal friendships strengthening that information's acceptability.

However, research also discovered *negative effects* of personal relationships and networks in the boardroom. The recent work of Tao et al. (2019) even called it "the dark side of board network." For example, personal relationships appear to negatively affect the adoption of anti-takeover initiatives (Frankforter et al., 2000; Sundaramurthy, 1996) and bankruptcy (Daily & Dalton, 1994; Platt & Platt, 2012). In their literature review, Dalton et al. (2007) stressed that personal relationships and networks harm BoD's monitoring task, leading to increased agency costs and reduced performance. Based on this theory, BoD members with many personal relationships and networks are more likely to promote the CEO in developing establishment-policies, such as golden parachutes (Wade et al., 1990). Other scholars argued that personal or loyal relationships may compromise the independence of BoDs (Johnson et al., 2013).

Moreover, other scholars found *inconclusive results* or no relationship between personal relationships and networks and organizational performance. For example, Daily et al. (1998) concluded that BoD's relationships have no impact on CEO compensation. Others argued that BoD's relationships and networks do not influence the rate of CEO turnover (Ocasio, 1994) and the likelihood and type of bankruptcy filing (Daily, 1996). Wincent et al. (2010) reported that personal relationships may not be directly related to organizational performance, while Renneboog and Zhao (2014) failed to discover an effect of BoD members' network and announcement returns. Moreover, Amin et al. (2020) suggested that well-connected BoD members positively affect corporate social responsibility activities. However, they highlighted that this relationship might be more pronounced for complex organizations and organizations with advisory-focused BoD teams because these organizations benefit from the critical resources, such as information. Others, in a similar vein, showed that well-connected BoD members might also use their superior power in a counterproductive way for organizational outcomes, possibly fulfilling their interests or owing to the CEO a favor (Jones et al., 2008; Rhee & Lee, 2008). This might be explained by an integrated agency-resource dependence view on BoD members: BoD members could be less motivated to monitor other managers to whom they are connected (e.g., Fracassi & Tate, 2012).

As for the characteristic of ties to other organizations, the above literature review shows inconclusive results. Thus, it seems promising to take a multi-level approach towards researching this BoD characteristic and combine it with more team-oriented research approaches. This might enable researchers to explore links between this characteristic and other characteristics, BoD processes, strategy interactions of the BoD team, and organizational or strategic outcomes, such as the strategy process.

### *Status*

The BoD characteristic of status is the most under-researched of all social capital BoD characteristics. There are not many and somewhat conflicting studies on the effect of status on performance outcomes.

For example, Certo (2003) argued that BoD members' status might be a *positive indicator* for external stakeholders' organization, leading to superior performance. Others showed that BoD members with higher status are likely to seek to maintain or even enhance their social standing (Johnson et al., 2011). This would mean that these BoD members might get involved more often or be motivated to contribute to organizational performance since this is be related to their social standing.

However, other scholars reported *negative effects*, such as BoDs with high status lack the monitoring performance of the EM team, to preserve their social status and network ties and minimize social sanctions from the BoD network. Based on the agency theory, these scholars suggested that this behavior might lead to low effectiveness due to agency costs (Mizruchi, 1996; Westphal & Khanna, 2003). Moreover, Kang (2008) found a negative relationship between status and fraudulent organizations. Fich and Shivdasani (2007) showed organizational-level increases when these individuals quit the BoD team, suggesting that these BoD members' status sends strong signals to the market.

In a more recent study, Lebron and Arora (2017) discovered that the relationship might be *more nuanced*. Among other findings, they reported that BoD's status and monitoring effectiveness is contextual and based on BoD and organizational characteristics, such as the type of power, power concentration, and organizational structure. Also, scholars suggested that status might reverse the positive effect of other characteristics, such as ties to other organizations or experience (Hunton & Rose, 2008; Johnson et al., 2011). However, scholars did not find conclusive evidence for this claim (Johnson et al., 2013).

Similar to the other social capital BoD characteristics, the effect of status on organizational outcomes is inconclusive. This suggests that researchers take a different approach and research this characteristic from a more diverse angle. This may, for example, include taking a multi-level perspective that explores the relationship between BoD status and other characteristics, processes and dynamics, BoD interactions, and organizational outcomes, such as the strategy process.

#### *1.1.1.5* ***Busyness***

The fourth type of BoD characteristics, *busyness*, entails one characteristic, BoD memberships.

***BoD memberships***

The following paragraphs show my review of previous research on BoD memberships and its relationships with BoD team processes, BoD interaction and organizational outcomes. The number of mandates a BoD member has is recently discussed in scholarly research under the term 'busyness debate' (Ferris et al., 2003).

On the one hand, scholars concluded that BoD busyness has *positive effects*. Based on the resource dependency theory, scholars claimed that a 'busy' BoD can provide valuable access to information and resources from the environment, thereby enhancing its value and performance. For example, Dass et al. (2014) showed that BoD members with other mandates in the same industry bring valuable knowledge to their organization and facilitate the organization's access to contacts in the respective industry. Thus, scholars argued that busy BoD members may be perceived positively from the outside since they facilitate exchanging vital information for the focal organization (Connelly & Van Slyke, 2012). Besides, Khurana (2001) noted that BoD members with multiple external BoD memberships gather more information regarding potential CEOs. Zhang (2008) concluded that these connections decrease the probability of dismissing a newly hired CEO faster because the initial scanning process was better. Besides, Hillman et al. (2007) discovered that busy BoD members have a better understanding of the organization's business environment and outlined that busy BoD members may have skills or industry-specific experience that could benefit the organization.

On the contrary, scholars also found a *negative impact* of busy BoD members on organizational performance. Kor and Sundaramurthy (2009) introduced the term "overboarding," describing a BoD member with too many BoD seats simultaneously, harming organizational outcomes. Further, too busy BoD members might also compromise BoD members' independence (Ruigrok et al., 2006). This leads to busy BoD members abandoning their role as monitors of the EM team (Andres et al., 2013; Ferris et al., 2003; Jackling & Johl, 2009). This is in line with scholars finding that busy BoD members have more significant attendance problems at regular BoD meetings (Adams & Ferreira, 2009). Thus, these studies suggested that busy BoD members are less effective as monitoring and management advisers. Justifiably, some scholars also attributed this to the lack the time caused by their multiple time-consuming (Jiraporn et al., 2009; Liu & Paul,

2015; Muller-Kahle & Lewellyn, 2011). For example, Beasley (1996) argued that a reduction in BoD memberships lowers the probability of financial statement fraud due to the respective BoD member's increased monitoring.

Similarly, Muller-Kahle and Lewellyn (2011) concluded that busy BoDs are less effective in overseeing risky strategic initiatives, such as subprime lending. Accordingly, BoD busyness is *negatively associated* with the strength of corporate governance and profitability as measured by the market-to-book ratio of Fich and Shivdasani (2007), with organizational value of Jiraporn et al. (2008) and with market performance of Jackling and Johl (2009). Moreover, Ahn et al. (2010) concluded that busy BoD members promoted value-destroying acquisitions. Bennouri et al. (2018) suggested that the number of female busy BoD members is negatively related to accounting measures of performance (i.e., ROA and ROE). Further, Falato et al. (2014) showed an adverse market reaction to appointing busy BoD members, while Nguyen et al. (2015) stressed that investors expect banks that appoint more focused BoD members to outperform banks that appoint busy BoD members. Lastly, scholars stated that busy BoD members are related to excessive CEO pay (Core et al., 1999).

This notion of *inconclusive results* is also explicitly outlined by several scholars. For example, Ferris et al. (2003) found no effect on BoD members' performance sitting on other BoD teams. They noted that stakeholders do not react negatively to the appointment of a busy BoD member. Further, they reported that there is no evidence that busy BoD members avoid their responsibility in BoD committees. Also, they argued that there is no evidence of an association between busy BoD members and the probability that the organization will be named in a securities fraud lawsuit. Cashman et al. (2012) merged previous studies' conflicting results, stressing that there are no conclusive results for the link between BoD's busyness and organizational performance by presenting positive and negative results for two samples of U.S. organizations. Besides, De Haan and Vlahu (2016) pointed out in their review article that there are no significant effects for the relationship of busyness and organizational outcomes.

Therefore, also for the BoD characteristic of BoD memberships, results are inconclusive and mixed. Further research might take this finding into account and design new research studies, and identify settings to explore this BoD characteristic with a more nuanced and team-oriented approach to find causal links of it with BoD processes, strategy interactions, and organizational or strategic outcomes, such as the strategy process.

#### *1.1.1.6* ***Summary on BoD characteristics***

As noted in the literature review on BoD characteristics, only one BoD characteristic has unequivocal results for organizational and strategic outcomes, namely industry experience. All other BoD characteristics measures have mixed effects and remain inconclusive. Thus, the literature on these measures is far from being conclusive and extensive.

What appears to be evident is that BoD's characteristics, especially human capital, affect BoD's processes and interactions since they impact BoD's cognitions and decisions. However, scholars found mixed results for nearly every BoD characteristic, sometimes due to possible interrelatedness with other characteristics and methodological constraints. Thus, considering BoD characteristics alone may offer an incomplete picture of BoD's potential to be a competitive advantage source. Therefore, I suggest the following steps to enhance our understanding of BoD characteristics and their effects in terms of organizational outcomes:

1. *Conducting in-depth analyses of relationships between the different BoD characteristics*. Existing research suggested that overlap between some characteristics exists, which decreases the effect of individual BoD characteristics (e.g., Johnson et al., 2013). For example, sharing an industry background might make demographic characteristics, such as gender or age, less important. These interrelations between characteristics offer promising avenues for future research.
2. *Making use of multi-level analyses between theoretical and organizational levels.* Dalton and Dalton (2011), Johnson et al. (2013), Bezemer et al. (2014), Judge and Talaulicar (2017) and Tasheva and Hillman (2019) called for future studies to incorporate multi-level analyses to explore BoD teams and the relationship of their characteristics with organizational outcomes. Also, while some studies already shed light on the role of BoD characteristics in interaction with the CEO (e.g., Haynes & Hillman, 2010; Ma et al., 2019; Zhu & Chen, 2015) or TMT characteristics (e.g., Kang et al., 2018; Kor, 2006), the interface of BoD and EM teams remains under-researched. Especially the characteristics of both teams and their interplay deserve higher academic attention.
3. *Adopting qualitative research approaches, such as case studies.* A qualitative approach helps to collect data and explore links between characteristics and organizational outcomes that are impossible through quantitative or secondary data, such as surveys or regression analyses (e.g., Finkelstein et al., 2009; Hambrick, 2007; Joshi et al., 2011). In particular, Finkelstein et al. (2009) noted that "the greatest research breakthroughs will come from studies that adopt qualitative methodologies" (p. 290).

### 1.1.2 BoD Team structure

Compared to BoD composition, BoD team structure is concerned with the antecedents and outcomes of BoD size and BoD role structure, including the presence and interdependence of BoD member roles. More specifically, BoD team structure was previously defined as "the structure of a top group [referring] to the roles of members and the relationships among those roles" (Hambrick, 1994, p. 178). Further, by adding team size, I enhance this definition of BoD team structure. Thus, compared to the previous section on BoD characteristics, the BoD team structure focuses on the team as a group of people and not the individual and its characteristics. Overall, decisions on the BoD structure are decisions on key organizational designs. These might positively or negatively, and directly or indirectly impact BoD processes and organizational outcomes, for example, through their interplay with BoD composition (Hambrick, 2015; Hambrick et al., 2015).

#### *1.1.2.2* ***BoD Team Size***

BoD team size is the total number of BoD members serving on the BoD team of an organization. In recent years, the size of BoD teams has received much attention. This is due to practitioners calling for smaller BoD teams (e.g., Lublin, 2014; Sonnenfeld, 2002) and scholars devoting the topic much attention (e.g., Kakanda et al., 2016; Sun et al., 2020; Yermack, 1996). In particular, the relationship between the size of the BoD team and BoD processes, interactions, and organizational performance plays a crucial role in corporate governance research. Scholars agreed that the BoD size mainly affects BoD processes, dynamics, interactions, and various organizational outcomes. However, the relationship between BoD size and organizational outcomes is *ambiguous*: Research has found both positive and negative correlations, which I discuss in the following.

On the one hand, several studies reported a *positive association* between BoD size and organizational outcomes. In general TMT research, Radek and Menz (2020) concluded that larger TMTs positively influence their team's decision-making processes because they can better capture and distribute information and have more resources available. More specifically for BoD teams, recent studies argued that larger BoD teams can better access information and resources, increase the level of perspectives, and enhance strategic decision-making (De Villiers et al., 2011; Orozco et al., 2018). Also, the EM team might also use the BoD members' higher human capital to leverage other forms of capital, such as social capital (Adler & Kwon, 2002; Ucbasaran et al., 2003).

In a similar vein, BoD team scholars argued that the overall level of human capital – measured as quantity and quality of human capital of each BoD member (Ucbasaran et al., 2003) – is higher for organizations with larger BoD teams (Hellmann & Puri, 2002). This means that the respective teams solve problems more effectively and adapt to changes in the environment more smoothly (Ucbasaran et al., 2003; Wright et al., 2007).

Moreover, Van den Berghe and Levrau (2004) stressed that larger BoD teams have a higher level of expertise, thus having more knowledge and skills than smaller BoDs. This can result in stakeholders evaluating the EM and BoD team as legitimate (Foo, 2010; Navis & Glynn, 2011).

Further, scholars noted that size is also positively associated with cognitive and affective conflict (Amason & Sapienza, 1997). Both aspects can improve the monitoring role, which might have a positive influence on organizational performance (Kakanda et al., 2016). Interestingly, previous studies also highlighted that the CEO's dominance might be reduced in larger BoD teams (Forbes & Milliken, 1999; Goodstein et al., 1994). Additionally, the individual BoD member's position is strengthened, which gives the BoD team more power in shaping the organization.

More generally, scholars highlighted a positive relationship between BoD size and performance outcomes. For example, Yasser et al. (2011) discovered that BoD size is positively related to ROE and profit margin. By measuring the ROA of Oman organizations and earnings per share in listed Malaysian organizations, Al-Matari et al. (2014) and Marn and Romuald (2012) supported this notion. In more general TMT research, the size is also positively associated with organizational performance in terms of organizational growth (Eisenhardt & Schoonhoven, 1990), alliance formations (Eisenhardt & Schoonhoven, 1990), and multi-nationality (Kirca, 2012).

On the other hand, and in contrast to these positive associations, scholars also reported *negative relationships* between BoD size and organizational outcomes. In general TMT research, the team's size is negatively related to social integration, informal communication (Smith et al., 1994), and behavioral integration (Simsek et al., 2005). These findings are consistent with more specific BoD team research on the BoD size and are very close to the agency problem. These agency costs become more intense if the BoD becomes more extensive and the BoD team becomes less effective, including coordination or communication issues, ultimately negating the positive relationships described in the paragraphs above (Jensen, 1993). Supporting this notion, scholars assumed that smaller BoD teams are more effective: Monitoring tasks are reduced, and efficiency, coordination, and communication are increased (Kakanda et al., 2016). With larger BoD teams, the demand for increased coordination and communication delays, and disrupts the decision-making process, causes conflicts of interests and demoralizes BoD members (Jensen, 1993; Yermack, 1996).

Based on scholars of general team decision-making, a larger group takes more time and energy to reach consensus, while this might result in more compromises, fewer extreme decisions, social loafing, and less variable organizational performance (Cheng, 2008;

Haug, 2019; Sah & Stiglitz, 1991). Therefore, and contrary to what has been said before, scholars argued that if the BoD team becomes larger, it is easier for the CEO to influence and monitor the BoD's decision-making process (Jensen, 1993). In other words, larger BoD teams do rely more on the CEO and his or her recommendations, making the CEO, such as in the strategy process, more powerful and dominant in having the possibility to influence BoD's decisions.

Also, and in contrast to the studies outlined above, which reported positive effects, several BoD-level studies highlighted a negative relationship between BoD size and *organizational outcomes*, such as in the U.S. (Gill & Obradovich, 2012; Lehn et al., 2009; Yermack, 1996), the UK (Guest, 2009), France, Holland, and Italy (Conyon & Peck, 1998), Denmark (Bennedsen et al., 2008), Singapore and Malaysia (Mak & Kusnadi, 2005), India (Chatterjee, 2011; Kumar & Singh, 2013), Switzerland (Loderer & Peyer, 2002), and Colombia (Orozco et al., 2018).

Further, other scholars reported a negative relationship between BoD team size and *financial performance*, such as in the UK (Guest, 2009), Japan (Xie & Fukumoto, 2013), Japan and Australia (Bonn et al., 2004), India (Jackling & Johl, 2009; Palaniappan, 2017; Sarpal & Singh, 2013), Malaysia (Shukeri et al., 2012), Thailand (Glaewketgarn, 2013), China (Chen & Al-Najjar, 2012; Liang et al., 2013), and Pakistan (Yasser et al., 2017).

Moreover, scholars have devoted their attention to study the optimal number of BoD members and its relationship with organizational outcomes. For example, Lipton and Lorsch (1992) demonstrated that an optimal BoD size is between seven and eight BoD members. Accordingly, BoD teams with eight or fewer members can keep focus, stimulate meaningful discussions, and promote effective interactions. However, more recently, Bennedsen et al. (2008) acknowledged that the relationship between BoD size and organizational performance is moderated by various organizational factors, such as size, age, and industry, as well as by unobserved factors, such as the organizational environment. In line with that, more general TMT research highlighted that TMT size relationships differ depending on the environmental context (Certo et al., 2006; Fraile & Fradejas, 2014; Haleblian & Finkelstein, 1993) and the industry (Adams & Mehran, 2003; Ali, 2018; Henderson & Fredrickson, 1996). Other scholars stressed that the relationship might be in the form of an inverted U-shape. For example, Yermack (1996) found such a relationship for market valuation in the U.S., while others reported similar results in the European context (Van den Berghe & Levrau, 2004).

To conclude, research on the relationship between BoD size and organizational outcomes have not produced conclusive results. In contrast to BoD composition, however, more nuanced and qualitative studies were able to already show that the relationship

between BoD size and organizational performance might be closely related to BoD processes and interactions. Thus, studying more in-depth and qualitatively what BoD team size means for BoD processes and strategy interactions and organizational outcomes, such as the strategy process, might help scholars paint a richer picture of the relevance and functioning of BoD team size.

#### *1.1.2.3* ***BoD Team Role Structure***

In recent years, there has been a growing interest in TMT role structure in general and in BoD role structure in specific. These scholars raised questions such as 'is it worthwhile to have a CSO?' and more specifically for the BoD, 'which functional roles should be included in the BoD team?' or 'should one have a subgroup for strategizing, such as a strategy committee?' Thus, the BoD role structures' definitions reflect essential design choices for the BoD team and might also influence organizational outcomes.

Studying role structures entails four areas. Firstly, scholars studied the existence of specific roles, such as the Chairperson (e.g., Bezemer et al., 2012; Kakabadse & Kakabadse, 2007; Krause et al., 2019) or the Chair of BoD committees (e.g., Chiu et al., 2013) and in more general in TMT research, the COO (e.g., Hambrick & Cannella, 2004; Krause et al., 2013; Marcel, 2009), CSO (e.g., Breene et al., 2007; Menz & Scheef, 2014; Powell & Angwin, 2012), supply chain management executive (Hendricks et al., 2015), new roles (Ferguson, 2015), and more functional roles (e.g., Guadalupe et al., 2014).

Secondly, scholars have researched the moderating role of role structures in the characteristics-outcome relationship. Here, in the area of BoD research, especially the independence of BoD members has been studied intensely (e.g., Coles et al., 2006; Rao & Tilt, 2016; Yermack, 1996).

Thirdly, scholars studied subgroups and roles in terms of their antecedents and outcomes (Beckman & Burton, 2008; Eesley et al., 2014; Ma & Seidl, 2018). Here, and in the area of BoD level research, there have been many studies on BoD committees, their role and their outcomes.[34] For example, very recently, BoD research scholars noted that an organization's environment might be an important antecedent for role structure on the BoD level, making the BoD more relevant for strategizing and organizational outcomes (Cossin & Metayer, 2014; Reeves et al., 2018).

Whereas scholars appeared to agree that these role structures have a certain influence on organizational outcomes, this relationship's exact direction remains somewhat blurry and inconclusive. The main insights from a recent review of more general TMT role structure are that "composition and structure are interrelated, and previous studies show

[34] For recent literature reviews, find Kolev et al. (2019) and Velte (2017). Also find Chapter Two (section 2.4.3) for a more nuanced discussion on BoD committee research.

the benefits of studying [… them …] together" (Radek & Menz, 2020, p. 15). Among others, Beckman and Burton (2008) and Ferguson (2015) noted that the approach of studying the composition and structure of TMTs together is fruitful. This appears to be a fertile ground for future research to enhance the understanding of BoD role structures, their functioning, their relation with BoD characteristics and BoD processes, and their impact on performance outcomes, such as the strategy process.

## 1.2 BoD's Involvement in Strategizing

This section deals with BoD's involvement in strategizing by introducing BoD's legal role, reviewing previous research on strategic involvement, and analyzing avenues for future research.

In terms of their position in the organization, scholars agreed that BoDs are legally responsible for strategizing in their organization and that BoDs are in an excellent position to contribute to strategy (e.g., Machold et al., 2011; Rosenstein, 1988; Zahra, 1990). In almost all governance systems, the BoD is legally required to set the strategic course and ensure the organization's long-term success (Judge & Talaulicar, 2017). Therefore, there was broad consensus in this research tradition that BoDs should be involved in strategizing, and thus, the strategy process (e.g., Pugliese et al., 2015; Rindova, 1999; Stiles, 2001). However, despite a reasonable consensus on the role of the BoD for getting involved in strategizing, it has *remained unclear how BoDs should fulfills the urge to get involved* (Hendry & Kiel, 2004; Pugliese et al., 2015; Stiles, 2001). At first, there is little consensus on the nature of this involvement (Concannon & Nordberg, 2018; Hendry & Kiel, 2004; Huse et al., 2011). For example, in practice, the BoD delegates main parts of strategy development and implementation to the EM team (Hilb, 2019; Lombriser, 2018; Useem & Zelleke, 2006). The main reasons are time restrictions, information asymmetries, and the fact that BoDs are relatively far away from the organizations' daily operations (Charan, 1998; Hendry & Kiel, 2004; Judge & Talaulicar, 2017).

The debate on the *involvement* of BoD members in strategizing dates back to the 1970s. During this decade, several U.S. companies went bankrupt. At the same time, scholars and practitioners observed that their BoDs were behaving somewhat passively. They concluded that a more substantial commitment and desirability were needed to restore public confidence in the BoD as strategizing team (Clendenin, 1972; Mace, 1971). A growing theoretical debate was fueled by the groundbreaking work of Fama and Jensen (1983). They distinguished between advice and monitoring tasks[35] and assigned these two tasks to the BoD. Since then, BoD teams appeared to started to get involved more

[35] For a more nuanced discussion, please refer to the previous sections of this dissertation.

intensely and more often in strategizing, which was historically a task exclusively fulfilled by the CEO (Monks & Minow, 2011; Ruigrok et al., 2006).

Based on these developments and the previously described UET of general TMT research, research on BoD's strategy involvement has increased significantly over the past decades (e.g., Bezemer et al., 2014; Garg & Eisenhardt, 2017; Stiles, 2001). Scholars agreed that BoD members appear to be increasingly aware of their *role* in strategizing (Finkelstein & Mooney, 2003; McKinsey, 2018). Also, BoD teams are under increasing pressure to get more actively involved in the daily routines of their respective organizations due to their increased legal and accountable duties and responsibilities (Finkelstein et al., 2009; Lombriser, 2018; Müller et al., 2014). Consequently, the BoD team's adequate role in developing and implementing the strategy has long been discussed (Judge & Talaulicar, 2017; Judge & Zeithaml, 1992; Klarner et al., 2020).

These scholars considered BoD teams as *rubberstamps* (Gabrielsson & Huse, 2004; Stiles, 2001) or *tools* of the EM team (Pfeffer, 1972, p. 219): They rely or must rely heavily on the EM team for leadership, direction, and information to strategize (Federo & Saz-Carranza, 2018; Hendry & Kiel, 2004; Judge & Talaulicar, 2017). This research line was dominated by scholars who thematized power in organizations (Haynes & Hillman, 2010; Westphal & Zajac, 2013; Zajac & Westphal, 1996) and relationships with agents (Jensen, 1993; Jensen & Meckling, 1976). These scholars outlined how CEOs use their power to ensure that BoD has essentially no impact on an organization's strategy (Kosnik, 1990; Lorsch & Young, 1990; Mace, 1971). In this line of thought, BoD involvement in strategizing appears to be conflicting, as it would make BoD members co-responsible for strategizing and threaten the required detachment between the BoD and EM team (Boyd, 1990; Huse, 1995; Sundaramurthy & Lewis, 2003).

Another strand of research attributes the BoD to a *passive role* in the strategy process. Early studies reported that BoD teams are passive and dominated by the CEO and EM team (Kosnik, 1990; Lorsch & Young, 1990; Mace, 1971). These scholars highlighted that the only task of the BoD team is to satisfy the shareholders and bylaws of the organization (Hendry & Kiel, 2004). Moreover, scholars also pointed towards the harmful effects of BoD's active involvement in the strategy process. For example, they argued that previously passive BoD teams might even destroy value when they become actively involved in strategic topics, such as M&A activities (Fulghieri & Hodrick, 2006; Hitt et al., 2001; Jensen, 1993). Adams and Ferreira (2007) noted that BoD teams involved heavily might not trust the EM team to shape the strategy, impose their opinion on them, and thus, undermine their authority.

Despite, and very interestingly, Charan et al. (2013) showed that out of half of all Fortune 500 organizations' BoDs, there is at least one BoD member serving on the BoD team micromanages the EM team, harming the strategizing of this organization. Judge and Talaulicar (2017) outlined that the reason for the *active involvement* of the BoD might be two-fold: First, environments get more complex, and BoDs need to get involved more often. Second, actively strategizing might be more rewarding than other BoD tasks, such as monitoring or waiting to approve EM's decisions. Therefore, it is not surprising that consulting surveys discovered that BoD members spend more time strategizing in recent years (Bhagat et al., 2013; ICSA & Board Intelligence, 2017; McKinsey, 2018).

Thus, there is a third strand of research on BoD's strategy involvement: An increasing number of scholars see BoDs as independent actors who generally play an *active role* in shaping the strategy of their organization through being a steward or having superior resources (Davis & Thompson, 1994; Finkelstein et al., 1996; Walsh & Seward, 1990). This thought line was fueled by stewardship (Bernstein et al., 2016; Chrisman, 2019; Davis et al., 1997) and resource dependence theories (Åberg & Shen, 2020; Arzubiaga et al., 2018; Chen, 2014). These studies concluded that BoD teams are becoming more actively involved in strategizing in recent years (e.g., Ingley & Van Der Walt, 2005; Judge & Talaulicar, 2017; Schmidt & Brauer, 2006). They perceived BoD teams as independent actors who actively shape their organizations' strategy (e.g., Hendry et al., 2010; Lombriser, 2018; Zhu et al., 2016). They highlighted that BoDs might support empowered EM members in strategizing (Bezemer et al., 2007; Huse, 2007). Therefore, these theories negated agency theory while the EM and BoD team might also have common interests (Davis et al., 1997; Muth & Donaldson, 1998).

Thus, the divided strands of research on BoD's strategic involvement has led to very different conclusions both in terms of regulations and in the description of BoD members' strategic behavior, team dynamics, or processes[36] (e.g., Boivie et al., 2016; Guerrero et al., 2017; Pugliese et al., 2015). More generally, the involvement of BoDs in strategizing and the desirability, motivation, or commitment of such involvement is still a subject of discussion in the literature (Daily et al., 2003; Golden & Zajac, 2001; Pugliese et al., 2009). The observation of Zahra and Pearce (1989) that "there is controversy over the nature of directors' strategic role" (p. 328) still seems relevant after more than 30 years of research. This is partly due to the fact that the actual doings of the BoD in the strategy process are still an empirically *under-researched phenomenon* (Bezemer et al., 2014; Concannon & Nordberg, 2018; Hendry & Kiel, 2004). Therefore, Daily et al. (2003) continued to rank this topic among the most promising for future research in

[36] For more details, find the subsequent section 1.3 on BoD processes and dynamics.

a review and explicitly called for more focused studies on the role of BoDs in strategy development. Similarly, Pye and Pettigrew (2005) considered further research on the process of integrating BoDs into strategizing to be indispensable, while Samra-Fredericks (2000b, 2003) even called for more action-oriented BoD research to examine the doings of BoDs. Furthermore, in this research tradition of investigating BoD's involvement, the actual behavior of BoDs is still considered a 'black box' (e.g., Daily et al., 2003; Hambrick et al., 2008; Leblanc & Schwartz, 2007), with recent studies highlighting the considerable benefit of having such a discussion (Bezemer et al., 2014; He & Huang, 2011; Pugliese et al., 2015) and trying to open it up (Concannon & Nordberg, 2018; Klarner et al., 2020; Roh et al., 2019).

Therefore, recent studies showed that the BoD's strategizing involvement might be ambiguous and depend on, such as external contingencies (Judge & Talaulicar, 2017). Based on strategy process scholars, initially intended strategies may remain unrealized while new unforeseen factors emerge and change the strategy development process (e.g., Burgelman et al., 2018; Mintzberg et al., 1976; Pettigrew, 1992). This would mean that strategy forms "a pattern in a stream of resource allocation decisions" over time (Mintzberg, 1979, p. 934). The investigation of BoD members' contribution during their interactions appears to be a promising avenue to explore, develop concepts, and build theory on this relevant research matter. Also, considering this more emergent nature of strategies and taking a processual perspective on the involvement of the BoD in terms of strategizing also appears to be promising for future research.

## 1.3 BoD Processes and Dynamics

The objective of this section is to explain why the under-researched phenomenon of BoD processes and dynamics deserves more attention, as well as to shed light on existing research in this area.

As already highlighted in the previous sections of this dissertation, BoD studies have increasingly focused on BoD processes and dynamics in recent years. Moreover, scholars are even encouraged to take a turn to conduct *boards-in-action research* (Bezemer et al., 2014; Samra-Fredericks, 2000b). The underlying idea is to research when the BoD gets involved or what characteristics and structures the BoD has. For scholars of this area, it is more important to research the *how* of getting involved. Further, they are interested in the execution and relations of BoD processes and interactions with BoD characteristics, structure, and organizational outcomes, such as the strategy process.

In many studies on BoD teams, assumptions were made, and conclusions were drawn based on the BoD composition or structure as input variables in order to measure possible output variables like organization performance, without taking into account possible

effects of processes and dynamics (e.g., Guerrero et al., 2017; Keemink, 2020; Westphal & Zajac, 2013). Despite, in previous literature based on UET, it was often concluded that BoD composition and structure could influence cognition, behavior, and the decision-making process of BoD teams, thereby also affecting BoD team effectiveness (Boivie et al., 2016; Forbes & Milliken, 1999). Therefore, these findings have been mostly inconclusive (see literature review in the previous section; also, Dalton et al., 1998; Johnson et al., 2013; Pugliese et al., 2015). Based on more process-oriented scholars, these previous studies provided limited views in terms of how BoD composition and structure really affect organization outcomes (Pelled et al., 1999; Westphal & Zajac, 2013; Zona & Zattoni, 2007). This is why Hambrick et al. (2008) noted that

> *"most current research tends to treat the board as a homogenous unit, taking actions as a group on the basis of some statistical mean of the characteristics, backgrounds, and experiences of those involved. But logic, anecdotal evidence, and a considerable body of research on group processes all tend to suggest that some directors have far more influence than others"* (p. 382).

Thus, these process scholars see the BoD in an excellent position to monitor EM, limit agency costs and as essential to the overall functioning and performance of the BoD team and the respective organization.

Process scholars implicitly and explicitly perceive organizational and BoD team processes as socially situated contexts. These processes are conducted by human beings whose interpretation and decision-making are socially constructed or constituted, too. An early proponent of more process-oriented and socially embedded TMT studies was Useem (1986). He suggested that large organizations' CEOs were socially embedded in a group and related to one another as fellow organizational leaders, which promoted cooperative behavior. It took more than two decades until Forbes and Milliken (1999) made another valuable contribution to this line of theorizing by emphasizing that BoD's task performance monitoring and advising the EM team depends on more than BoD characteristics. They highlighted that socio-psychological processes, such as effort norm and cognitive conflict, affect BoD's task performance through interactions and discussions within or outside the boardroom. Many scholars followed their work and devoted more time and consideration to the processes, behaviors, and contexts affecting BoD's interactions and organizational outcomes (e.g., Gabrielsson & Huse, 2004; Leblanc & Schwartz, 2007). Thus, these studies moved from describing what might affect outcomes to unveiling what BoD teams do in their socially embedded processes and to researching interactions that occur on the BoD level and how these shape BoD processes and organizational or strategic outcomes (He & Huang, 2011; Hendry et al., 2010; Maitlis, 2004).

Two streams nurtured this line of theorizing BoD teams and their processes: the processual and behavioral perspectives. Scholars of the *processual perspective* tried to find intermediate steps between BoD characteristics, BoD structure, and organizational performance, mainly examining the BoD task performance of monitoring and advising (Huse, 2007). They considered BoD characteristics and structure and combine both with more socially embedded constructs, such as conflict, effort norms or controversial debate, to determine how BoD teams perform their tasks (Hillman & Dalziel, 2003; Nicholson & Newton, 2010). These scholars used both qualitative and quantitative methods (for a review, find Bezemer et al., 2014). The contexts covered in these studies range in size and geography, from the U.S. (Stevenson & Radin, 2009), to Norway (Machold et al., 2011), Italy (Minichilli et al., 2009), and Singapore (Wan & Ong, 2005). While these early studies' results are somewhat inconsistent, they all highlight the value of combining more processual factors with BoD composition or structure in future studies to paint a clearer picture of how BoD teams fulfill their duties (Van Ees et al., 2009).

Scholars of the *behavioral perspective* tried to open up the often referred to 'black box' of BoD behavior. These scholars highlighted the importance of researching how BoD teams behave through using qualitative research methods, such as observations or interviews (Bezemer et al., 2014; McNulty et al., 2013b). In these studies, scholars stressed that certain factors, such as cognition, trust, emotions, and power, are vital for the BoD team's effectiveness (Bailey & Peck, 2013; Brundin & Nordqvist, 2008; McNulty & Pettigrew, 1999). These scholars raised awareness for the impact single BoD member have on boardroom dynamics and strategizing (Pettigrew, 1992; Pye & Camm, 2003; Rindova, 1999). Often, researchers used communication and information exchange, task-related discussions, and emergent cognitive or affective states as input variables for their research designs (Ilgen et al., 2005; Roh et al., 2019). In this vein, scholars argued that regular and intense communication reduces negative factors, such as bounded rationality and limited cognitive capacity (Gavetti et al., 2012; Khanna et al., 2014). Further, they noted that behavioral factors of the team appear to be important as well, such as for information-processing (Boivie et al., 2016), effort norm or cognitive conflict (Forbes & Milliken, 1999). Scoring low on these behavioral factors can result in low organizational performance (Khanna et al., 2014). Khanna et al. (2014) showed that "high levels of information processing demands outside the focal organization may overwhelm even the most highly educated BoD members and render them less able to provide quality monitoring and meaningful advice" (p. 566). They explained how BoD characteristics interplay with more behavioral aspects of individual BoD members, before analyzing their effect on organizational outcomes.

Through this lacking in-depth analysis of the BoD team, the theory on BoD teams stands in contrast to the nature of the same. More general research on decision-making groups argued that the dynamic factors of group behavior are important when assessing group's task performance. For example, studies pointed towards the significance of participation (Huisman, 2001), consensus building (Jehn et al., 1999), or cognition at the group level (Kilduff et al., 2000) being essential for group effectiveness. Thus, they noted that it is important to directly study the object of interest, i.e., the BoD team, to uncover the relationships of BoD dynamics and BoD team task performance or effectiveness (Cohen et al., 2011; Leach et al., 2009). Justifiably, BoD research scholars called for more research on BoD effectiveness that draws on group dynamics research and group decision-making processes (Boivie et al., 2016; Forbes & Milliken, 1999). They argued that BoD teams have many similarities with more general decision-making teams and workgroup's social structures (Forbes & Milliken, 1999; Payne et al., 2009). In particular, Payne et al. (2009) noted that BoD teams have identical conditions as workgroups since both need to fulfill their duty and perform their tasks through being effective as a group.

However, even if BoD teams have many similarities with *workgroups* in general, the differences need to be considered when researching BoD teams. For example, BoD members might have time limitations as part-time BoD members, differ in their human and social capital, or their level of commitment while possibly being too busy with other BoD mandates (Hambrick et al., 2015; Johnson et al., 2013; Pugliese et al., 2015). Further and compared to other workgroups, BoD teams meet on a less frequent basis and have to make decisions within a relatively short time frame with little time for consensus-building (Keemink, 2020; Pugliese et al., 2014). Despite this, BoD teams need to shape strategy and discuss strategic issues. This is why they need to have a good understanding of the organization (i.e., organization-specific human capital; Krause et al., 2016) and its external environment (Åberg & Shen, 2020; Kor & Misangyi, 2008; Makri et al., 2006). BoD team scholars also emphasized that a team's superior performance is not only due to more and better information, enabled through its composition or structure. The monitoring and advising tasks' effective performance may also be achieved through cognitive processes in interactions and exchanging views (Gavetti et al., 2012; Khanna et al., 2014; Milliken & Vollrath, 1991). Therefore, scholars expressed that BoD members have to become or stay involved in processes (Vafeas, 1999; Zhu & Westphal, 2011). Otherwise, BoD team members might hold back their concerns, relying on other BoD members to make the decisions for them (Zhu & Westphal, 2011).

In sum, scholars of this strand of research of BoD processes argued that the BoD team has a prominent role at the organization's apex. They noted that its processes and dynamics are relevant because they are a decision-making team that shapes strategy. Thus,

understanding BoD processes and dynamics appears important if one intends to explain why some organizations are more successful than others (Goodstein et al., 1994). Accordingly, Huse and Zattoni (2008) highlighted that "there is a need to devote more attention to the internal processes of the board" (p. 73), such as BoD interpersonal processes, dynamics or even interactions. Further, Hambrick et al. (2008) stated that "controversial or candid discussions seldom occur in boardrooms." This might nurture negative group processes. This appears to be a somewhat open field for future studies to explore. However, one needs to keep in mind that access to BoD teams and their processes is tough to gain and make empirical and practical use of (e.g., Daily et al., 2003; Machold & Farquhar, 2013; Pugliese et al., 2015).

## 1.4 BoD's Main Tasks of Monitoring and Advice

In this section, I aim to introduce the two primary tasks of BoDs in strategizing: Monitoring and advising the EM team. After explaining these two tasks in more detail, I summarize existing research on BoD's execution of both tasks in the next two sub-sections.

From a theoretical perspective, BoD members offer *monitoring* in agency theory (Fama & Jensen, 1983; Jensen & Meckling, 1976) and *advice* in stewardship or resource dependence theory (Davis, 1991; Davis et al., 1997). Therefore, while the number of functional roles BoD members have to fulfill varies and is discussed intensely, there are two tasks BoD members have to perform in strategizing – monitoring and advising (Judge & Talaulicar, 2017). This is also the foundation of corporate governance research, the leading theory of BoDs, in that the BoD is mainly responsible for the "management and supervision of organizations" (Müller et al., 2014, p. 696).

The first, and most discussed task, is the BoD's *monitoring* task (also called the controlling task). This task is mainly based on agency theory (Fama & Jensen, 1983; Jensen & Meckling, 1976). The BoD needs to stay informed and involved to satisfy the shareholders or the organization's owner to perform this task. The monitoring task might occur ex-post or ex-ante, scholars discovered (Dalton et al., 2007; Jensen & Meckling, 1976). Thus, the BoD team has to monitor if the responsible actors, mainly the CEO and EM team, achieve the set goals and strategic plans (ex-post). The BoD also has to monitor the EM team in their decision-making processes in terms of setting valuable and achievable organizational goals and plans (ex-post).

The second, and much less investigated task, is the board's *advising* task (also called service task; Hillman & Dalziel, 2003; Johnson et al., 2013; Judge & Talaulicar, 2017). This task is mainly based on stewardship (Chrisman, 2019; Davis, 1991; Davis et al., 1997) and resource dependence theory (e.g., Boyd, 1990; Dalziel et al., 2011; Zona et al., 2018). To perform this task, the BoD may be directly involved in and responsible for

strategic decisions. Performing this task might be crucial in crisis times or when being confronted with CEO succession (Cossin & Metayer, 2014; Hillman et al., 2000; Mace, 1971). On the other side, an indirect performance of this task might also be possible. In this case, the BoD instructs the EM team with strategic guidelines and observes them closely (Adams & Ferreira, 2007). In this case, the BoD team acts as 'Coach' or 'Mentor' for the EM team (Hilb, 2019; Müller et al., 2014).

To conclude, the task of monitoring refers to notions of monitoring and tends to constrain the organization's EM team in order to reduce agency costs. On the other side, the advice task is concerned with supporting and aims at strengthening strategic decision-making. BoD members operate in a liminal space, neither inside nor outside (Concannon & Nordberg, 2018). This stimulates uncertainty in their advice and monitors tasks, and promotes its tolerance (Hillman et al., 2008). Therefore, one can observe that the BoD team needs to take a delicate balance as to how much of each task is fruitful for their organization. To offer some insights into this discussion, the latest results of empirical studies on both tasks are presented in detail in the following.

### 1.4.1 The Monitoring Task

Research on BoD teams argued that BoDs are in an excellent position to perform the vital task of counteracting EM's tendencies to dominate strategizing or persisting with weak strategies (McDonald & Westphal, 2003; Sundaramurthy & Lewis, 2003). Theories have highlighted that BoDs can objectively monitor the EM team on behalf of shareholders or the owner (e.g., agency theory; Beatty & Zajac, 1994; Fama & Jensen, 1983; Jensen & Meckling, 1976).

This monitoring task is mainly based on *agency theory*, which posits that BoD teams influence strategic decisions by preventing the EM team from acting opportunistically at the expense of shareholders or the owner (Mizruchi, 1983). These agency costs increase when the agent can make decisions and take actions on behalf of the principal, which might also influence its actions (e.g., Eisenhardt, 1989a; Pugliese et al., 2014). In the case of BoDs and EMs, this occurs if strategizing is delegated to the EM team and the BoD is responsible for monitoring their actions. In this case, the EM is motivated to maximize their personal value, while EM's motivations might be contrary to those of the BoD. If BoDs are then dis-incentivized to monitor, possibly through structure or friendship ties with the CEO, the monitoring task's performance can strongly (e.g., Frankforter et al., 2000; Zona et al., 2015). To conclude, in this view of the agency theory, BoD members are not expected to develop strategies alone or by themselves, but to contribute to strategizing through monitoring the EM team (Fama & Jensen, 1983; Goodstein et al., 1994).

The agency problem raises issues for the monitoring task in terms of classical agency theory and indirectly through the *nature of BoDs being insiders or outsiders* in the respective organization. Insiders responsible for strategizing (i.e., full-time employees, such as EM team members) are part of the strategic decision-making process daily and have excellent access to detailed information (Khanna et al., 2014; Zhu et al., 2016). Therefore, they are better positioned to make strategic decisions or more powerful through superior access to information (Westphal & Zajac, 1995). Research showed that this might also be true for BoD insiders through having superior BoD characteristics, such as industry experience, tenure, and other BoD characteristics[37]. These characteristics might enable insiders on the BoD team to have superior knowledge of the organization and its environment, thus creating fewer agency costs. They are more familiar with what they are monitoring and might have adequate access to information. Therefore, scholars argued that these insiders on the BoD team might perform their monitoring tasks better than outsiders on the BoD team (Haynes & Hillman, 2010; Khanna et al., 2014).

In contrast, outside BoD members have less access to information and typically limited contact with day-to-day decision processes, sparingly interacting with the EM team (Bezemer et al., 2014; Khanna et al., 2014; Vafeas, 1999). These factors negatively affect outside BoD members' task-performance in monitoring the EM team strategically. Thus, their ability to assess the quality of the decision-making process is constrained. In contrast, inside BoD members tend to be better suited to perform the monitoring task.

Nevertheless, and based on Blair and Stout (2001), Daily et al. (2003) proposed that BoD outsiders might also be critical in BoD team processes and interactions. Introducing a team production approach, they viewed BoDs as "'mediating hierarchs' charged with balancing the sometimes competing interests of a variety of groups that participate in public corporations" (Blair & Stout, 2001, p. 409). In this case, BoD outsiders can bring new perspectives and viewpoints that might reduce blind spots both in terms of strategic outcomes and strategy interactions. Thus, they have indirect effects on strategic outcomes without having characteristics that enable them to monitor EM's actions directly.

Researching this task of monitoring and the relationship with BoD processes, strategy interactions, and strategic outcomes appears to be very promising avenue. For example, investigating if insider BoD teams are better strategic monitors for the EM team than outsider BoD teams, and if outsider BoD teams are able to monitor the EM team at all, are fertile grounds for future research.

[37] Find the previous sections for a discussion of these characteristics' impact on the BoD task of monitoring.

### 1.4.2 The Advice Task

Scholars highlight that BoD teams' tasks should not be limited to monitoring (Hillman & Dalziel, 2003; Hung, 1998). Considering BoD characteristics and legal duties of BoDs, the BoD team is in an excellent position to share their variety of experiences (Lungeanu & Zajac, 2019; Müller et al., 2014).

This advising function is mainly based on *stewardship* and *resource dependence theory* (Davis et al., 1997): The BoD team provides input from its experience and acts as boundary spanner in terms of resources outside of the focal organization (Barney, 1991; Geletkanycz & Hambrick, 1997; Lungeanu & Zajac, 2019). In line with this, studies on BoD's advising the EM team reported that BoDs are intermediaries between the focal organization, the focal organization's stakeholders, and other external parties (Hambrick, 2015; Keemink, 2020). Therefore, the BoD's task is to provide information and resources for connecting these actors to strategizing (Hillman et al., 2008). Thus, it is not surprising that scholars argued that outside BoD members are deeply engaged in advising tasks (Zhang et al., 2011). CEOs even perceived the advising task as more relevant for organizational success than the monitoring task (Van den Heuvel et al., 2006).

Moreover, BoD members can also be valuable advisors through their *superior resource base* (Gulati & Westphal, 1999; Kor & Sundaramurthy, 2009; Machold & Farquhar, 2013). In this regard, especially the dynamic capabilities of BoD members was found to be vital for organizational performance (Åberg & Shen, 2020; Helfat & Martin, 2015; Teece et al., 1997). There appears to be a consensus that BoD members with superior human capital specific BoD characteristics, such as industry experience or tenure, are more effective advisors for the EM team (Kor & Sundaramurthy, 2009). For example, the BoD might be a superior boundary spanner of the environment and the changes and gain exclusive insights, such as through their network or ties (Helfat & Peteraf, 2015; Markarian & Parbonetti, 2007; Smircich & Stubbart, 1985). Thereby, BoDs might provide information necessary to the EM team in interpreting their external environment and help assess characteristics of strategic issues (Jackson & Dutton, 1988; Markarian & Parbonetti, 2007). Scholars noted that through active involvement, BoD members might contribute to strategic change by bringing to the attention of the entire BoD team relevant strategic actions and resource significances (Beck & Wiersema, 2013; Finkelstein & Mooney, 2003; Teece, 2007)[38]. Other scholars reported that superior human capital BoD characteristics might enable the organization to perform more effectively in terms of sensing, seizing, and transforming the organization – vital factors to be strategically successful in quickly changing and more dynamic environments (Åberg

[38] For more details on BoDs and their involvement in strategizing, refer to Chapter Two (section 1.2).

& Shen, 2020; Asija & Ringov, 2020; Withers & Fitza, 2017). Therefore, scholars have argued that for effectively performing the advising task, BoDs need to be open and proactive. In addition, they need to focus on joint value creation in setting BoD agendas and chairing meetings to contribute to strategizing (Machold et al., 2011; Roberts et al., 2005; Zona & Zattoni, 2007).

Also, to perform this task, scholars emphasized that *strategy interactions* between BoD members and the EM team are essential (Concannon & Nordberg, 2018). These interactions allow EM members to exploit information and knowledge to consider in the decision-making process (Concannon & Nordberg, 2018; Hilb, 2019). Also, it allows BoD members to gain inside information to build consensus and make strategic decisions themselves (Boivie et al., 2016; Johnson et al., 1996).

Nevertheless, other scholars ascribed BoD members a *limited role in strategizing*. They see BoDs as monitoring and authorizing strategizing but rarely as advising the EM team strategically (Pye, 2002; Sonnenfeld et al., 2013; Stiles, 2001). More recently, scholars highlighted that BoD members might be dissatisfied with the amount of advice-giving themselves (find recent reviews of Bezemer et al., 2018; Concannon & Nordberg, 2018; Pugliese et al., 2009). These scholars argued that BoDs who perform their monitoring task intensively do not have sufficient time to perform their advising task anymore. Therefore, Fram (2005) noted that part-time BoD members would phase out in larger organizations. Instead, organizations should rather focus on full-time BoD members. Keys and Li (2005) also suggested that full-time BoD members might be more effective than their part-time colleagues.

In the previous section, I showed that the agency theory alone is insufficient for describing BoD's monitoring task. Similarly, several scholars doubted that stewardship or resource dependence theory is sufficient to explain why some BoDs are better at advising and monitoring the EM team (Wijethilake & Ekanayake, 2019). Aguilera et al. (2008) highlighted that "stewardship and stakeholder theory remove some restrictive assumptions of the agency approach, yet do not provide a comprehensive research framework that links corporate governance with the broader context of different organizational environments" (p. 478). In a similar vein, Chrisman (2019) argued that although these theories are used as an alternative to the agency theory, they do not consider more socially embedded constructs, deeper rooted in psychological, processual, and team research. Neglecting such important factors for assessing organizational outcomes' performance or effectiveness might reduce such work's relevance. Increasing the closeness to reality might be done by researching the root causes and effects of such theories and factors for team processes and interactions to find relations and draw more realistic pictures of what happens on the BoD level in terms of performing the advising task.

## 1.5 The Role of the Chairperson

The Chairperson[39] is the leader of the BoD team and, if there is no separation of power, can also be the CEO (then: dual role). Depending on the governance system, the Chairperson has special duties under the law: Convening a BoD meeting at the request of a BoD member, signing BoD minutes, assessing a request for information, a hearing or an inspection, and casting the deciding vote on BoD proposals, unless the bylaws provide otherwise (e.g., Kakabadse et al., 2018; Krause, 2017; Morais et al., 2019; Müller, 2008). Clear responsibilities of the Chairperson can be derived from this: proper functioning of the BoD, compliance with the law, the bylaws and regulations, provision of information for BoD members, main contact point for the EM team, chairing the General Assembly, representation of the organization internally and externally (e.g., Guerrero et al., 2015; Krause et al., 2016; Müller et al., 2014).

Besides, the Chairperson has an important role in terms of contributing to strategizing. Therefore, researchers agreed that the Chairperson is one of the most influential actors in the strategy process (Krause et al., 2019; Müller et al., 2014; Withers & Fitza, 2017). For example, Machold et al. (2011) outlined that the Chairperson "is the most critical person in the boardroom who integrates knowledge and develops initiatives to engage board members in team dynamics" (p. 378). Recent empirical research of Krause (2017); Krause et al. (2019), Oliver et al. (2018), Kakabadse (2010); Kakabadse and Kakabadse (2007), and Withers and Fitza (2017) demonstrated that Chairpersons differ in how they approach corporate governance: Some pay more attention to the monitoring-task and others more to advising the EM team (as well as other BoD members), while each side has a different impact on organizational outcomes. Also, with the separation of the dual role of CEOs and Chairpersons and connecting this strand with corporate governance and leadership theory, research on Chairpersons experienced a boost. In the following, these two aspects are discussed in more detail.

With a greater *separation of the dual role of being Chairperson and CEO* at the same time, scholars advocated for a better understanding of the Chairperson's impact on organizational performance (e.g., Coles & Hesterly, 2000; Krause & Semadeni, 2013; Quigley & Hambrick, 2012). Academics agreed that the Chairperson holds a position through which he or she can influence the engagement and effectiveness of other BoD members (Knockaert et al., 2015; Krause et al., 2016). Others even stated that the Chairperson is in a perfect position to influence BoD leadership (Åberg & Shen, 2020;

[39] When I address the position of the Chairperson in this dissertation, I am always inclusive and mean the person chairing the BoD team, without specifically addressing the gender of this person. The term 'Chairperson' includes all related terms, such as 'Chair,' 'Chairman,' 'Chairwoman,' 'President,' 'President of the Board,' or other terms for the person chairing the BoD team.

Machold et al., 2011; Roberts et al., 2005). Therefore, scholars highlighted that the Chairperson has a substantial impact on the BoD team's effectiveness and organizational outcomes (Bezemer et al., 2018; Kakabadse & Kakabadse, 2007; Levrau & Van den Berghe, 2013). Some even argued that the Chairperson is one of the most vital actors for organizational performance (Conger & Lawler, 2009; Krause et al., 2016; Withers & Fitza, 2017). This links back to the initial quote of Machold et al. (2011), who stated that the Chairperson is the central actor in BoD processes and BoD team dynamics.

Despite this crucial role for an effective BoD task performance and strategic outcomes, academic literature on Chairpersons is still scarce and inconclusive, with room for "further examining the board chair–firm performance relationship" (Withers & Fitza, 2017, p. 1352). This research gap may be due to the nature of the Chairperson's role. The Chairperson is exclusively positioned as 'first among equals' (Pick, 2009). At the same time, this person has to lead the entire BoD team (Åberg & Shen, 2020; Furr & Furr, 2005; Garratt, 1999), organize and oversee the decision-making process (Kakabadse et al., 2006; Useem & Zelleke, 2006; Withers & Fitza, 2017), and is responsible for effectively monitoring and advising the EM team (Kakabadse & Kakabadse, 2007; Levrau & Van den Berghe, 2013; Yar Hamidi, 2016).

In the vein of leadership theory and somewhat counterintuitively, Withers and Fitza (2017) discovered that active leadership through balancing between advising and monitoring results in a higher impact of the Chairperson on organizational performance. This notion was supported by Krause et al. (2019), Krause (2017) and Oliver et al. (2018), who reported that there might be a difference in how Chairpersons approach their role – from being monitoring to being advice-focused. This can be explained through the Chairperson advising the EM team or enabling effective processing of information in the BoD team in times of information overload, such as through developing and overseeing the agenda of regular BoD meetings (Harrison et al., 2013; Kakabadse et al., 2006; Leblanc & Gillies, 2005). Also, the Chairperson might manage relationships inside and outside regular BoD meetings to, such as monitor the implementation of the strategy (Leblanc & Gillies, 2005; Yar Hamidi, 2016). In informal interactions, the discussion is managed between participants, and, as the name suggests, the discussion is relatively informal and unstructured (Concannon & Nordberg, 2018; Sacks et al., 1978). However, in formal interactions, the Chairperson can influence the flow of the discussion by coordinating, moderating, and even shortening the discussion (Bezemer et al., 2018; Bilbow, 1998; Guerrero et al., 2017), for example, through questioning (Boden, 1997). Therefore, the Chairperson has the power to structure the discussion of interactions on the BoD level (Angouri & Marra, 2010; Seidl & Guérard, 2015).

Despite the vital role and relevance for organizational performance and interactions, few studies research the actual doings of a Chairperson in the boardroom (exceptions are recent studies of Bezemer et al., 2018; Krause et al., 2019). This might be due to difficulties in obtaining access (Leblanc & Gillies, 2005; Machold & Farquhar, 2013). Therefore, scholars have highlighted that there might be an "[overreliance] on assumptions about board processes" (Krause & Semadeni, 2014, p. 270) rather than researching BoDs in action (Krause & Semadeni, 2014; Lorsch, 2017; Tuggle et al., 2010).

However, researching this area in more detail is of high relevance due to the given responsibilities of the Chairperson: At a minimum, the Chairperson is responsible for setting the agenda of regular BoD meetings (Kakabadse et al., 2006; Pettigrew & McNulty, 1995; Roberts, 2002), for facilitating an effective decision-making process, and for overseeing and monitoring the performance of individual BoD members (Bezemer et al., 2018; Guerrero et al., 2017; Withers & Fitza, 2017). Effective Chairpersons are said to create a predictable boardroom for other BoD members to get involved more intensely and often, thereby decreasing uncertainties and ambiguities around the decision-making process (Parker, 2007; Roberts et al., 2005). To develop a deeper understanding of how Chairpersons shape the strategizing of organizations, future research is encouraged to apply qualitative approaches "to measure directly how board chairs interact with other directors and executives" (Krause et al., 2019, p. 1588). These future "in-depth qualitative studies of corporate governance, and specifically of the role of the board chair" (Krause & Semadeni, 2014, p. 281) may focus on the Chairperson's role outside of the boardroom (Huse, 2005; Kakabadse et al., 2006), on the Chairperson-CEO relationship (Kakabadse et al., 2006; Krause & Semadeni, 2014), or even on informal interactions of the Chairperson with BoD or EM members (Vandewaerde et al., 2011).

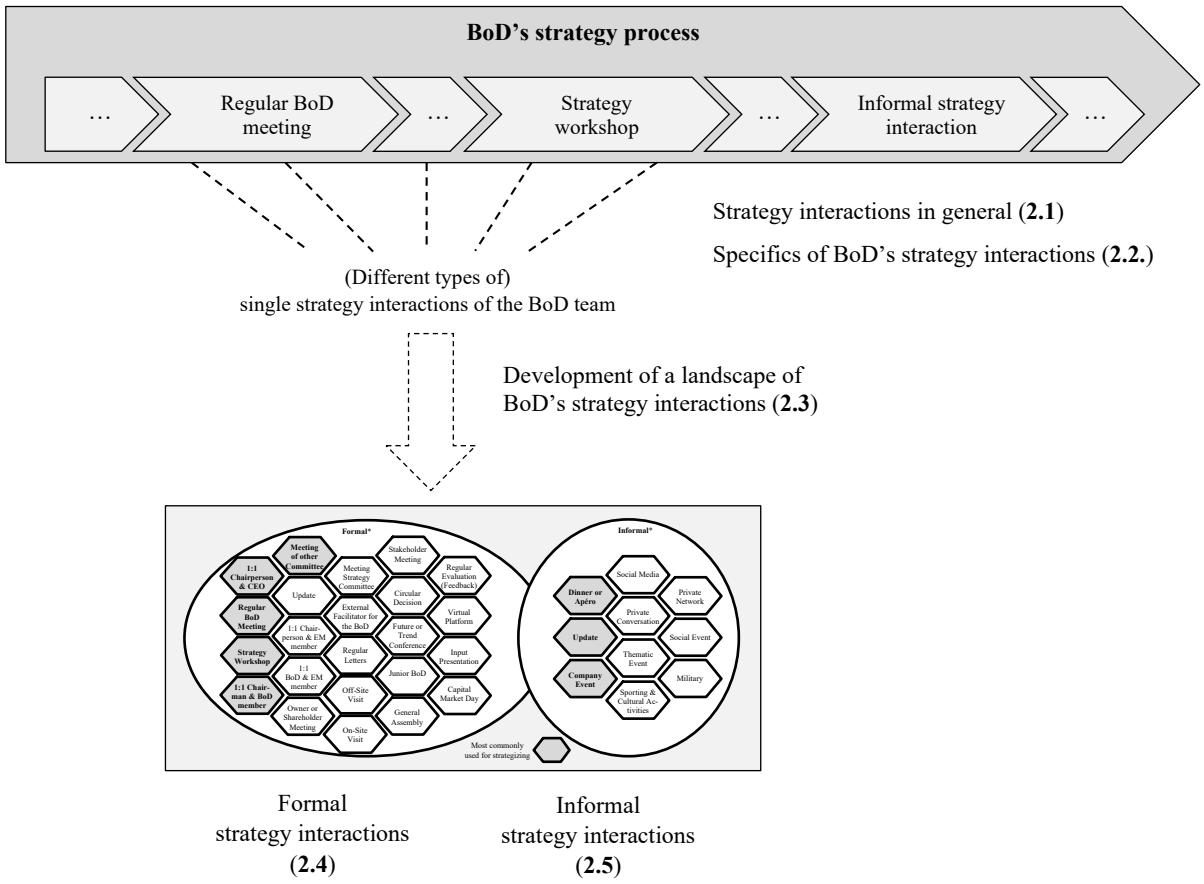
# 2 BoD Teams and Their Single Strategy Interactions

What BoDs actually do in regards to their interactions appear to be of utmost importance for BoD's task performance and strategic outcomes. As defined in Chapter One (section 4.8), a *strategy interaction* refers to a strategy practice and a smaller strategic episode that is a communicative event, which involves strategic actors collocated in the same (physical or virtual) space whose purpose is related to strategizing.

This section is devoted to explore these single strategy interactions of the BoD team. Therefore, I present a literature review of general strategy interactions (section 2.1) and BoD's specifics for these types of interactions (section 2.2). Thereafter, I illustrate my comprehensive landscape of strategy interactions for the BoD while also reporting my methodology to develop it (section 2.3). After introducing this landscape, I conduct a

literature review of the most important formal and informal BoD strategy interactions in sections 2.4 and 2.5. This structure for this section is illustrated in Figure 6.

**Figure 6:**
**Structure: BoD Teams and Their Single Strategy Interactions**




*This figure illustrates the structure of this chapter: The first section (2.1) addresses strategy interactions in general, making up the strategy process of an organization. The subsequent section (2.2) further outlines the specifics of BoD's strategy interactions, before a comprehensive landscape of BoD's strategy interactions is developed in section 2.3. To provide further details on the interactions included in the framework, sections 2.4 and 2.5 are dedicated to formal and informal strategy interactions. Source: Own illustration.*

## 2.1 Strategy Interactions in General

Recently, there has been much research specifically on *meetings*[40] *of TMTs* – the most routinized and formalized form of strategy interaction (Concannon & Nordberg, 2018). However, less work and mainstream studies have been done on informal interactions.

A particular emphasis of this research on meetings and formal strategy interactions lies in conducting a meeting and what this means for team and overall organizational processes, such as the strategy process. Scholars found that on average, managers spend roughly 70 percent of their time in meetings (Mintzberg, 1973; Porter & Nohria, 2018; Seidl & Guérard, 2015). Furthermore, it was estimated that meetings' total cost went up

[40] Meetings are part of formal strategy interactions, whereas not every formal strategy interaction has to be a meeting. For example, strategy workshops are not meetings due to often enabling strategy actors liminal space and antistructure (e.g., Johnson et al., 2010; MacIntosh et al., 2010).

to 8.2 of the total U.S. GDP in 2014 (Rogelberg, 2018). The overuse of meetings might be due to personal proclivities or changing societal and organizational zeitgeist (Rogelberg, 2018). Focusing on the execution of meetings, scholars argued that meetings are sometimes not designed well enough to meet their goals – if there are any goals at all. Scholars agreed that meetings are perceived as inefficient or as a waste of time (Krattenmaker, 2000; Mankins, 2004; Rogelberg et al., 2006). Further, scholars stressed that it is hard to translate the outcomes of meetings into the larger organizational context due to their episodical character (Johnson et al., 2006; Johnson et al., 2010; Schwartzman, 1989). Drucker (2018) even claimed that meetings are a necessary evil in organizations, and if organizations worked perfectly, meetings would not be required. However, he stressed that if managers really needed meetings, they should make them effective in preparing, conducting, and terminating them (Drucker, 2018; Drucker, 2004). Other scholars supported this notion and proposed to make them more effective instead of canceling them or just stating "that they stink" (Rogelberg, 2019). They see interactions and meetings as vital for stabilizing the entire social system of which social actors are part of (Haug, 2013; Peck et al., 2004), for setting agendas (Adams, 2004; Tepper, 2004), for building engagement (Allen & Rogelberg, 2013; Nadler, 2004; Wodak et al., 2011), and for providing information to decision-makers (Adams, 2004).

As highlighted in Chapter One of this dissertation, the SAP perspective is concerned with what people strategically *do* in organizations (e.g., Jarzabkowski et al., 2007; Vaara & Whittington, 2012; Whittington, 2006). One thing people tend to do when strategizing is conducting and participating in strategy interactions. In this section, I aim to introduce strategy interactions in general by distinguishing between formal and informal strategy interactions, introducing six functions of strategy interactions, and outlining the different phases of strategy interactions.

### 2.1.1 Formal and Informal Strategy Interactions

Strategy interactions can be classified into formal and informal interactions. *Formal strategy interactions* are routinized types of behavior (Jarzabkowski & Seidl, 2008) that are part of the larger strategizing episode – the strategy process (Hendry & Seidl, 2003; Jarzabkowski & Seidl, 2006). Such formal strategy interactions were found to be planned events, often having a fixed agenda with specific rules and responsibilities in place (Seidl & Guérard, 2015). In the case of BoDs, formal strategy interactions entail regular BoD meetings, BoD committee meetings, owner, shareholder or stakeholder meetings, or one-on-one feedback meetings of the Chairperson with other BoD members (Concannon & Nordberg, 2018). On the other hand, a strategy workshop is also a formal interaction

of the strategy process, but not a meeting, since the format is more open and less formalized (Johnson et al., 2010; MacIntosh et al., 2010). This is also true for, such as off- or on-site visits and capital market days (Linden, 2019).

Further, *informal strategy interactions* are spontaneous encounters that might also happen bilaterally and relatively informal through not having any fixed agenda or another type of formalization. In the case of BoDs, these might be encounters via mail or telephone, social interactions at dinners, apéros, or other social events. Sometimes drawing this line between formal and informal is somewhat blurry. For example, updates of the CEO or the Chairperson, such as done via mail, might happen somewhat irregularly and not previously planned. However, they might have a formal, more routinized nature if done regularly and if BoD members expect it to happen in certain situations.

Previous research noted that in *strategy interactions*, different views are being shared and discussed (Galbraith, 2008; Kwon et al., 2014; Mintzberg, 1973). Therefore, researchers recently began to research how interactions affect organizations' strategizing (Hodgkinson et al., 2006; Jarzabkowski & Seidl, 2006, 2008). What has been a significant source of interest is how strategy interactions relate to developing shared views on strategy (Clarke et al., 2012; Kwon et al., 2014; Wodak et al., 2011), and how they allow strategic discussions (Spee & Jarzabkowski, 2011). Also of particular interest was the role of emotions in strategy discussions and evaluations (Liu & Maitlis, 2014), how strategy interactions bring together different organization levels and enable them to build consensus (Hoon, 2007). Further, it was discovered that they are essential for strategic decision-making (McNulty & Pettigrew, 1999). Other scholars explored how ritualization of strategy interactions affect organizational outcomes (Johnson et al., 2010), and how strategic change or stabilization might be promoted through them (Hendry & Seidl, 2003; Jarzabkowski & Seidl, 2008; Johnson et al., 2010). These studies highlighted that researching strategy interactions have become a relevant research area for SAP scholars and organizations' strategizing.

### 2.1.2 Phases of Strategy Interactions

Strategy interactions can be divided into three different phases: initiation (incl. invitation and preparation), conduct, and termination (incl. terminating and protocol) (Dubs, 2019; Hendry & Seidl, 2003; Müller, 2011b). In the *initiation* phase, participants need to decide how an interaction is set up, thus, deciding on participants and discussing issues. More systematically, it defines the process that determines the degree of decoupling between the interaction structures and those of the organization. More practically, it is about setting the agenda, selecting the Chair (not mandatory for informal interactions, or even pre-selected by legal duties or bylaws of the organization), and setting the loca-

tion (Jarzabkowski & Seidl, 2008). Jarzabkowski and Seidl (2008) showed that conducting a strategy interaction within the focal organization's premises promotes the perception of hierarchies. Also, Johnson et al. (2010) noted that a strategy workshop conducted off-site nurture building antistructure and break with established routines. Also, part of this phase is the invitation (only for formal interactions) and the preparation phase[41]. There is an important distinction to be made here between preparation and planning an interaction, as mentioned by Haug (2019):

> *"A meeting that is so well planned that you know what the output is going to be it is not really a meeting. In order to be a real meeting, there needs to be an element of uncertainty, a possibility for surprise. (… However,) it is good if people know where and at what time the meeting starts and having an agenda certainly helps."*

The preparation phase can be done by all participants of the interaction, whereas the Chairperson does planning with the support of a BoD secretary, the CEO, individual BoD or EM members, or the like (Müller, 2015a, 2015b). For BoD members, it is similar to preparing for a sports match – you cannot plan a match, but you can prepare for it. This preparation might be done individually, bilaterally, or via informal interactions. The latter entails that different participants discuss the invitation documents bilaterally in one-on-one sessions, or BoD committees pick up agenda items to discuss them in detail to prepare the regular BoD meeting. For example, Hoon (2007) reported that informal interactions outside formal interactions create an alignment on strategic issues and provide opportunities for building informal consensus for the formal meeting. Other scholars noted that this whole initiation phase might shape power dynamics in meeting discussions since pre-BoD meeting talks might enable BoD members to increase the chance of acceptance of their proposals (McNulty & Pettigrew, 1999). Previous research also found that preparation documents might influence the involvement, motivation, and other more cognitive aspects of participants (Rogelberg, 2018). Clarifying which documents might be important could certainly also help to focus (Haug, 2019), especially for BoD members who are not involved in daily operations and have specific time limits. Therefore, BoD discussion dynamics might be influenced negatively if the BoD pack is too large to be processed in the time at hand. Because the meeting agenda includes some issues but excludes others, it has a focusing effect. This means that this phase determines agenda items of the meeting and what will not be discussed (Boden, 1997).

[41] There is also BoD specific literature on the preparation phase. For details, refer to Dubs (2019), Müller (2011b), and Müller and Horber (2018).

The *conduct* phase refers to the specific forms in which an interaction is carried out and the precise ways in which turn-taking is structured. Scholars have investigated this phase in different ways. One group of scholars examined it as a discursive practice of individuals, such as the Chairperson (Wodak et al., 2011). In doing so, these scholars tried to find the bonding, directing, or encouraging practices of an individual in an interaction or combining practices to shape the entire strategy process. Another way to explore this phase is to develop a collective view on the strategy through research that focuses on how actors employ practices, such as in legitimating, (re-)defining, or simplifying them (Kwon et al., 2014). Another well-established type of researching this phase is to look at turn-taking to find effects on stability and change of strategic orientations through, such as free, restricted, or balanced discussions (Jarzabkowski & Seidl, 2008). If turn-taking happens, this may force the Chairperson to intervene to bring the discussion back to the agenda (Bezemer et al., 2018; Shekshnia, 2018). A last, more psychological view on observing an interaction is to research the emotions of individuals. The objective is to find whether the interaction is more focused on generative strategizing or truncated strategizing. This may be observed by energetic exchanges, recurrent confrontations, or amused encounters (Liu & Maitlis, 2014).

The last phase, which is called *termination* phase, is about linking the interaction to other interactions and transferring results to the larger organization (Jarzabkowski & Seidl, 2008). Scholars noted that a termination is important, such as through minutes of the meeting for formal interactions or informing other actors of relevant informal interactions between regular and more formal interactions (Müller, 2015b; Rogelberg, 2018). This interaction phase is also about transparently informing on voting results, scheduling the next meeting, and setting up working groups or subgroups (Dittrich et al., 2011). The termination phase is basically about increasing the likelihood of new strategic ideas and involving strategic actors also between more formal interactions.

### 2.1.3 Concluding Remarks on Strategy Interactions

Finally, and more generally for strategy interactions, scholars found that a combination of different forms of strategy interactions stimulates the development of new strategic ideas and challenges existing strategic orientations, preserving the status quo (Seidl & Guérard, 2015). Other scholars reported that the previous extra-linguistic social and institutional context of the interaction plays a role, such as participants' position and power (Clarke et al., 2012). Further, Asmuß and Oshima (2012) showed that the participants' roles within a team[42] partly determine their perceived right to make proposals for finalizing and adjusting a strategic document or hold discussions in strategy interactions.

[42] Find Chapter Two (section 1.1.2.3) for a literature review on the role structures of BoDs.

Despite decades of work on strategy processes and strategy interactions, scholars recently stressed that future research might enhance our understanding of strategy interactions' role and significance. This may include studying the role and relevance of strategy workshops for organizational performance outcomes, such as the strategy process, which remains an open question (Burgelman et al., 2018; Johnson et al., 2010; Whittington, 2003). Moreover, scholars emphasized that key strategy actors identify and promote particular forms of strategy interactions and strategy practices (Dittrich et al., 2011; Johnson et al., 2010; Seidl & Guérard, 2015). Nevertheless, how they actually *do* that and what that means, such as the strategy process – the main aim of the entire SAP research tradition – still remains unclear. Therefore, it seems promising to use these first efforts to structure strategy interactions research and enhance it with more insights into how they are actually conducted as well as what their antecedents and their influence on performance outcomes are (e.g., Burgelman et al., 2018; Johnson et al., 2010; Whittington, 2003).

## 2.2 Specifics of BoD's Strategy Interactions

The previous section has introduced strategy interactions in general while these insights are certainly adaptable to BoDs. However, the following *specifics of BoD's strategy interactions* need to be considered.

A strategy interaction with the BoD is defined as a strategy practice and smaller strategic episode that is a communicative event, which involves at least one BoD member collocated in the same (physical or virtual) space and whose purpose is related to strategizing. In this section, I present the specifics of BoD strategy interactions before introducing the relevance of BoD's strategy interactions and interaction patterns for organizations.

Scholars of BoD strategy interactions noted that *effective groups* are characterized by enabling every BoD member to have time to contribute and exchange information (Gnisci & Bakeman, 2007; Pugliese et al., 2014). However, compared to other levels of an organization and other workgroups, BoD's strategy interactions are very episodic, with BoD members having limited face-to-face interaction time during the year (e.g., Bezemer et al., 2018; Forbes & Milliken, 1999; Minichilli et al., 2012). BoDs may situationally also lack relevant information about the organization due to not being full-time employees (Pugliese et al., 2015), may have too many BoD mandates (Hillman et al., 2008), or may experience information asymmetries between EM and BoD and also between different BoD members (Adams & Ferreira, 2007). This, in turn, makes it difficult for BoD members to build and form routines and an overall culture, both of which usually characterizes high-performing groups or effective strategy interactions (Finkelstein & Mooney, 2003; Hackman, 2002; Pugliese et al., 2015). Due to the lack of conclusive

empirical evidence on the relationship between BoD structure and characteristics, scholars recently suggested paying more attention to actual interactions in boardrooms and their decision-making processes. This may provide a more nuanced picture of how BoD teams can be effective and how they impact organizational performance (e.g., Bezemer et al., 2014; Concannon & Nordberg, 2018; McNulty & Pettigrew, 1999).

From a *BoD process perspective*, interactions are primarily studied regarding trust, power, emotions (Kidwell & Hasford, 2014; Liu & Maitlis, 2014; Samra-Fredericks, 2000a), and cognitive conflict (e.g., Zhu & Westphal, 2014). This helps to understand the BoD member's feelings, perceptions, and in-group decision-making, all of which can influence group factors, information processing, BoD team processes, and organizational outcomes (Khanna et al., 2014; Lerner et al., 2015; Sy & Choi, 2013). The participation, communication, and discussions within interactions form group dynamics because they disrupt or establish underlying factors of cognition and group decision-making. For example, early work of Herman (1981) noted that some BoD members simply sit through motions and attend regular BoD meetings without being involved in discussions or the process at all. Considering this, even the most knowledgeable and most experienced BoD members would not contribute to the effectiveness of the BoD team or organizational outcomes, despite their superior experience.

Therefore, interactions indirectly influence BoD's effectiveness in *monitoring and advising tasks* (Minichilli et al., 2012; Vafeas, 1999; Zona & Zattoni, 2007). Consequently, if negative BoD dynamics and cognitive factors are nurtured, interactions might lead to negative developments of the team as they might result in blind spots in the strategy process (Heyden et al., 2015). Thus, scholars suggested to conduct iterative strategy processes with a variety of different strategy interactions might enhance the task performance of the BoD team because such a large variety of interactions promotes more intense discussions and allows disagreements, which might result in better justification and evaluations of strategic issues and decisions (Forbes & Milliken, 1999).

To conclude, strategy interactions provide critical forums for the BoD team and important platforms for developing a common understanding of the organization's strategic issues and making decisions on them. Due to the limited number of in-depth studies in this field, it is not surprising that scholars explicitly called for future research work (e.g., Bezemer et al., 2018; Dalton & Dalton, 2011; Pugliese et al., 2015). This would enable scholars explore relationships between these encounters and team or organizational performance and strategic outcomes. Specifically, several BoD and strategy interaction review articles suggested designing multi-level and qualitative research to understand better how BoDs work (e.g., Bezemer et al., 2018; Dalton & Dalton, 2011; Pugliese et al.,

2015). This intense urge for more in-depth studies motivated me to analyze what is happening before, during, and after BoD strategy interactions. Therefore, I conducted a pre-study to design a comprehensive landscape of BoD's strategy interactions. I explain this landscape and the way I developed it in the following section.

## 2.3 A Landscape of BoD's Strategy Interactions

To develop a landscape of BoD's strategy interactions, I follow the only empirical research paper discussing formal and informal strategy interactions on the BoD level – the paper of Concannon and Nordberg (2018). I distinguish in my landscape between formal and informal strategy interactions based on this paper and several SAP scholars (e.g., Burgelman et al., 2018; Hendry & Seidl, 2003; Johnson et al., 2010). Concannon and Nordberg (2018) further noted that it is important to research both, formal and informal strategy interaction together, to paint a complete picture of BoD's strategizing.

Despite this first, previous research in this area, the following landscape of strategy interactions is the first comprehensive framework in literature and practice for different strategy interactions. Therefore, I answer main calls from BoD and SAP research to better understand what strategy interactions are. These strategy interactions are further discussed in the empirical part of this dissertation (Chapter Three). The following paragraphs describe the methodological approach[43] and the main elements of how I derived this landscape of strategy interactions.

First, I designed a landscape based on the literature introduced in the previous sections. To draw more objective conclusions, I challenged my first draft with a survey of 43 BoD members in Switzerland.[44] Also, I did interviews with 22 renowned experts in strategic management and BoD research and practice. Interviewees were experts ranging from long-standing serial BoD members to experts that developed tools to improve strategy interactions' and BoD teams' effectiveness. The objective was to find blind spots in my first draft, assess the importance of specific strategy interactions, and get a better feeling of the actual practical relevance, usage, and details of such interactions for BoD teams.

The interviews with the experts lasted between 30 and 90 minutes. I created a trustful setting to collect confidential data and to address the respective expert's perceptions and

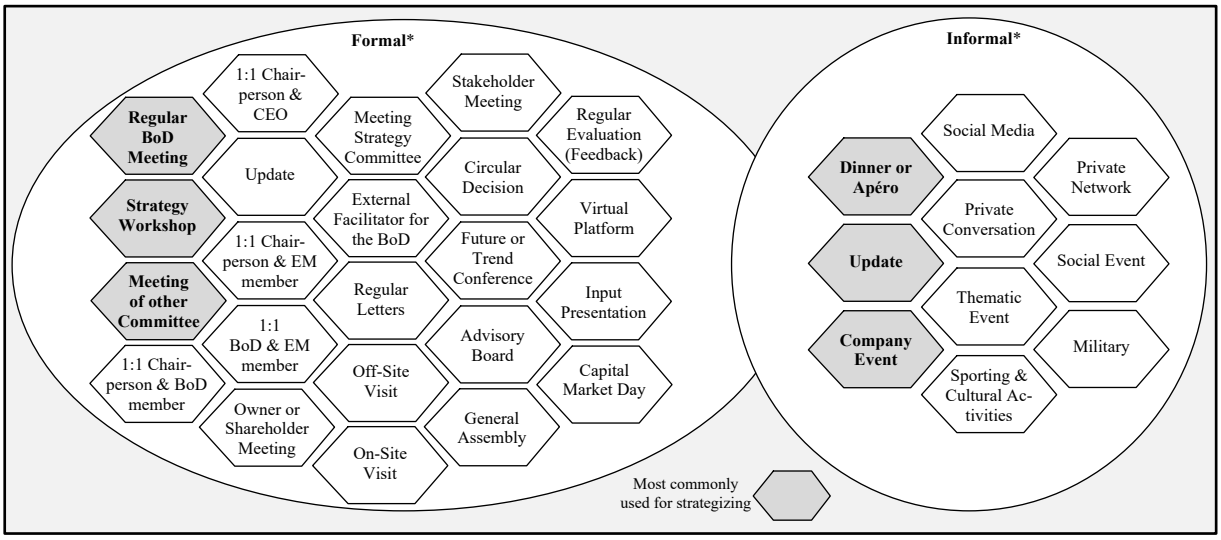
[43] In terms of the methodological approach applied to design the framework, it certainly qualifies as a first empirical result of this dissertation. At the same time, the focus of the framework is to introduce the reader to important theoretical constructs of this dissertation as well as to prepare the data collection. Thus, and to enhance the reading flow, the framework and its approach is already introduced in the following.

[44] This survey was also used for my pre-study, described in more detail in Chapter Three (section 1.1.3.3). I asked these participants in a concluding question, what main strategy interactions they conducted and what their most relevant strategy interactions are. As previously mentioned, I was able to survey these BoDs in the course of a further education program of the Swiss Board School. The course participants were all Chairpersons, BoD members, or becoming BoD members at the time of the survey being conducted.

personal feelings on these strategy interactions. Thus, the interviews were not transcribed and coded. However, I took notes during the interviews. I worked also interactively with the landscape on a PowerPoint slide to find additional strategy interactions, get rid of not important or not appropriate ones, and make linguistic adjustments. The latter was necessary to be on the same page and, thus, enhance the interview flow. This also allowed me to position myself as BoD insider in the remaining parts of the dissertation, further building trust with experts and BoD members.

The expert interviews were also important to get a feeling of how strategy interactions are actually conducted in practice and to understand possible differences between the forms or phases of strategy interactions.[45] The trustful setting enabled the collection of first-hand information of BoD and interaction insiders. I was sometimes surprised by the interviewees' openness when describing the effectiveness of single interactions and the interviewees' very personal feelings of the functioning of a BoD team and its role in the strategy process. This allowed me to gain valuable insights for my main empirical study. The final landscape of BoD's strategy interactions is illustrated in Figure 7.

**Figure 7:**
**A Landscape of BoD's Strategy Interactions**




*This figure shows the landscape of BoD's strategy interactions developed in this dissertation. I distinguish between formal and informal strategy interactions and highlight the most commonly used interactions in this figure. The development of the landscape is based on a survey with 43 BoDs and 22 renown experts in the field of Strategic Management and BoDs; Based on Concannon and Nordberg (2018), Hendry and Seidl (2003), Jarzabkowski and Seidl (2008), Dittrich et al. (2011), Seidl and Guérard (2015), Johnson et al. (2010), Jarzabkowski et al. (2016), Müller et al. (2014), Dubs (2019), Hilb (2019), Ma et al. (2019), and Müller-Stewens (2019). Source: Own illustration.*
**Refer to Chapter One (section 4.8) and Chapter Two (section 2.1.1) for a definition and distinction between formal and informal strategy interactions.*

This landscape shows formal and informal strategy interactions of the BoD. *Formal* strategy interactions are, as the name already suggests, somewhat formal in nature. Also,

[45] Refer to section Chapter Two (section 2.1) for a nuanced discussion of these two factors.

this formality is due to mandatory protocols (in regular BoD meetings and BoD committee meetings) or simply through their regularity in generating routines and forming a social formality, such as an update between the Chairperson and CEO or one-on-one interactions. The most commonly used interactions for strategizing are regular BoD meetings, strategy workshops, and meetings of other BoD committees than the strategy committee. Other important formal strategy interactions are, e.g., Advisory Boards[46] or Strategy Committee Meetings.

Further, *informal* strategy interactions are somewhat spontaneous, not previously planned, or social gatherings of at least one BoD member. The most common informal strategy interactions are dinners and apéros, updates, and events in the focal organization.

The following sections provide more information on the most relevant strategy interactions of the BoD. These are highlighted in dark grey in the landscape above.

## 2.4 Formal Strategy Interactions of the BoD Team

In this section, I provide more details on formal strategy interactions of the BoD, which have already been shortly introduced in section 2.1. Therefore, I outline the three most common and important forms of formal strategy interactions.

Formal interactions can be characterized and distinguished by several actions. This includes the use of an agenda, the planned chairing of the interaction, the keeping of minutes, and, as the name already reveals, a more formalized approach towards the interaction. The latter often means that it is a more routinized interaction, too.

While these characteristics can be true for all formal interactions, some are more formal than others, mainly due to regulatory or legal requirements or duties (Dubs, 2019; Müller, 2008; Müller et al., 2014). The *regular BoD meeting* is the most formal strategy interaction on the BoD level. For this type of meeting, it is mandatory in many legal systems worldwide to have a Chairperson responsible for organizing, hosting, and terminating regular BoD meetings (Krause et al., 2019; Müller, 2008). It is further mandatory in most legal systems to keep minutes of regular BoD meetings (Müller et al., 2014; Schwartz-Ziv & Weisbach, 2013). The minutes allow a reconstruction of decisions, thereby contributing to accountability concerning legal claims (Müller, 2011b, 2015b). Also, Concannon and Nordberg (2018) noted that BoD members often perceive regular BoD meetings as "compliance-related tasks, while strategizing comes more to the fore in semiformal away days and the informal use of dinners, social gatherings, and ad hoc

[46] In practice, there are organizations that use an advisory board to support the BoD in the strategy process, to supplement necessary capabilities and experience in the area of strategy, and/or to gain an outside perspective on the strategy process. Find Schiehll, Lewellyn, & Muller-Kahle (2018) for a detailed discussion on using an advisory board in the strategy process.

communications" (p. 78). They further stress that formal BoD interactions are often focused on routine and mandatory tasks that BoD teams have to fulfill than with creative and exciting activities that motivate the BoD members to partake and get involved more often and intensely. Therefore, they suggest using different forms of interactions to trigger BoD members' imagination for the future of their business to be more effective in strategizing.

Moreover, *strategy workshops* have also been observed to be critical strategy interactions for BoD teams. They can be found in more than 70 percent of companies, last between half-a-day or several days, and 70 percent of these meetings take place off-site (e.g., Healey et al., 2015; Hodgkinson et al., 2006; Van Aaken et al., 2013). Here, formalization might differ significantly, sometimes making these strategy workshops relatively informal than formal through having no agenda, taking no minutes, including very informal episodes, and using liminal space (Healey et al., 2015; Johnson et al., 2010; Seidl & Guérard, 2015).

Other rather formal interactions are *BoD committee meetings*. It is mandatory to keep minutes in this form of interaction in many legal systems and distribute them to the entire BoD team in the subsequent regular BoD meeting (Kolev et al., 2019). These interactions are often somewhat specific to a certain topic, such as audit, nomination, or even strategy (Kolev et al., 2019; Müller et al., 2014).

These three formal interactions – the regular BoD meeting, strategy workshops, and BoD committee meetings – are the most common and most important formal BoD interactions in the strategy process, as outlined before. Thus, these three formal interaction types are discussed in greater detail in the following three sub-sections.

### 2.4.1 The Regular BoD Meeting

In this section, I review existing literature on regular BoD meetings by outlining their team and organizational impacts, proposed structures, durations, frequencies, formality levels, and processes.

#### *2.4.1.2 BoD Team and Organizational Impacts*

Regular BoD meetings means those meetings of the BoD which are held frequently.[47] In a recent review of regular BoD meetings, Pugliese et al. (2015) reported that previous studies have focused on the BoD as the ultimate decision-making team in organizations for decades. They found that only recently, scholars have begun to research regular BoD meetings in more detail by studying how BoD teams fulfill their duties and make the necessary decisions for, among others, the strategy of the organization (e.g., Dubs, 2019;

[47] For example, in Swiss organizational law, the BoD meeting is explicitly mentioned in Art. 715 OR.

Kiel & Nicholson, 2003; Vafeas, 1999). Recently, in a review of BoD interactions, Bezemer et al. (2014) noted that these regular BoD meetings influence effective decision-making and an organization's overall success. Dubs (2019) and Machold and Farquhar (2013) added to this by emphasizing that BoD's involvement and contributions during regular BoD meetings are crucial factors of overall BoD team effectiveness. Overall, regular BoD meetings were argued to be the primary source for BoD team effectiveness. Through these meetings, BoDs stay informed about the operations (Masulis et al., 2012), environmental change, and they can align with EM's decision-making (Adams & Ferreira, 2007). Thereby, BoDs can effectively take part in their organization's governance (Lipton & Lorsch, 1992) and perform their primary monitoring and advising tasks (Haynes & Hillman, 2010).

Moreover, Chen (2012) discovered that regular BoD meetings are supportive in managing complexities and uncertainties and developing and discussing strategic alternatives. Having this high relevance of regular BoD meetings in mind, the low level of research conducted is somewhat surprising. Accordingly, more recent papers and reviews on this matter called for more research with multi-level designs to investigate actual BoD doings in regular BoD meetings (Concannon & Nordberg, 2018; Pugliese et al., 2015).

#### *2.4.1.3* ***Proposed Meeting Structure***

Regular BoD meetings are often researched from a legal perspective, as they allow BoD members to fulfill their mandatory duties for the organization (Bhagat & Bolton, 2008; Romano, 2004). Therefore, in the past, scholars suggested the following structure for conducting regular BoD meetings (Dubs, 2019; Leblanc & Gillies, 2005; Müller, 2011b): Review of previous BoD meetings and approval of the minutes, discussion of management reports on past events and operations, discourse on routine agenda items from the yearly BoD meeting calendar (e.g., annual report, budgeting), discussion of future forecasts and other strategic issues, privattisimus (highly confidential or personal issues, where the EM is excluded), and varia for any other business.

However, scholars have recently suggested altering how regular BoD meetings are conducted and how BoD members participate these meetings. Among others, scholars called regular BoD meetings having too many routine-tasks. Ocasio and Joseph (2005) and Ocasio (1997) stressed that routines and attention in regular BoD meetings could vary distinctly between organizations while noting that these routines are important for BoD's decision-making and strategic outcomes. Further, Bezemer et al. (2014) discovered that BoD processes and BoD members' actions in regular BoD meetings are very routinized, consistent, stable, and of high importance to BoD-level outcomes. Moreover, by forming form values, norms, and beliefs, BoD members build routines in the three different

phases of initiating, conducting and terminating the regular BoD meeting, which they reported to be crucial for organizational performance.[48]

#### *2.4.1.4* ***Meeting Duration***

Furthermore, since time is a major limiting factor for BoD teams (e.g., Lipton & Lorsch, 1992), Conger (1998) suggested that the time taken for regular BoD meetings is an important factor for increasing the BoD teams' effectiveness. This line of thought was supported by practitioners who urged that the BoD team should use their time more effectively to perform their tasks in strategizing (ICAEW, 2019; ICSA & Board Intelligence, 2017; NACD & Deloitte, 2018). By combining this notion with the previously described aspect of the routinization of regular BoD meetings, Jensen (1993) highlighted that routine activities and discussions absorb a lot of time in regular BoD meetings, thereby limiting other, more creative exchanges advising activities, such as strategizing. Despite these findings, scholars do not align on what this specifically means in terms of regular BoD meetings' duration – whether to make them longer or simply more frequent.

#### *2.4.1.5* ***Meeting Frequency***

Closely related, scholars have investigated the impact of the frequency of regular BoD meetings, finding both positive and negative organizational outcomes. On the one side, scholars find that BoD teams that meet *more frequently* are more likely to perform their tasks more effectively. For example, Vafeas (1999) was the first to focus on the frequency of regular BoD meetings and to find an empirical relationship with the organizational value. He discovered that "boards that meet more frequently are valued less by the market" while also finding that "frequent board meetings are one way the board responds to tough years of operation" (p. 140). Other scholars extended this study on regular BoD meetings and found a positive relationship between regular BoD meetings and BoD tasks (e.g., Anderson et al., 2004; Francis et al., 2012; Malik & Makhdoom, 2016).

Also, scholars highlighted that a relatively *high frequency* of regular BoD meetings offers BoD members to discuss and build consensus on strategy, identify and manage issues, as well as effectively deal with complex situations and the external environment of the organization (Dubs, 2019; Huse, 2000; Kakanda et al., 2016). Also, an influential review of Jackling and Johl (2009) concluded that BoD teams may perform their monitoring task and scrutinize poor organizational performance more effectively by conducting frequent regular BoD meetings, thereby positively affecting organizational performance. Other scholars found a positive association between the frequency of regular

[48] For this three-fold split of a regular BoD meetings, find a comprehensive review in Chapter Two (section 2.4.1). Specifically for regular BoD meetings, find Dubs (2019), Müller (2011b), Müller et al. (2014), Baxt (2009), and Kiel and Nicholson (2003).

BoD meetings and the BoD team's effectiveness in performing their strategic roles (Demb & Neubauer, 1992; Huse, 1995; Panicker & Upadhyayula, 2020). For example, scholars of the resource dependence theory stressed that BoD teams with no separation of power between the CEO and Chairperson tend to be dominated by the dual role by holding fewer regular BoD meetings (Finkelstein & D'aveni, 1994; Wijethilake & Ekanayake, 2019). These scholars reported that frequent BoD meetings also enable BoD members to build networks and relationships among themselves (Panicker & Upadhyayula, 2020). Others pointed out that BoD teams are most effective in enabling resource acquisition and transformation when they are interlocked and when there are more frequent regular BoD meetings (Chen, 2012; Gabrielsson & Winlund, 2000; Panicker & Upadhyayula, 2020). These scholars noted that this enables them to build relationships and networks. Therefore, these scholars agreed on a positive association between regular BoD meetings' frequency and BoD's effectiveness in performing its tasks in monitoring and advising the EM team.

On the other side, some scholars also found a *negative association* between the frequency of regular BoD meetings and organizational outcomes. For example, Lorsch and Young (1990) argued that more frequent regular BoD meetings lead to the diversion of an organization's time, energy and resources, advancing less effective activities and meetings. Also, Jensen (1993) stated that more frequent regular BoD meetings lead to more "daily tasks" being discussed, which consumes most of the BoD's meeting time and, hence, limits, for example, their time for strategizing and performing their tasks in monitoring and advising the EM team. Therefore, Jensen noted that BoD teams should not be too active by having too frequent regular BoD meetings because this might also limit monitoring the EM team's task performance. This was supported by a more recent study by Johl et al. (2015), who postulated a negative relationship between BoD's task performance of monitoring and organizational performance while recommending that regular BoD meetings should be conducted less frequent. In this regard, Kakanda et al. (2016) pointed towards a negative link between the frequency of regular BoD meetings and organizational performance in their recent review.

Finally, governance standards suggested having four to eight regular BoD meetings per year, depending on the size and the external and internal environment of the organization (economiesuisse, 2016, p. 11; GPO, 2002).

#### *2.4.1.6* ***Meeting Formality***

In a more behavioral- and team-oriented approach to study regular BoD meetings, scholars distinguished between formal and informal structures of regular BoD meetings. These scholars stated that the higher the formality level of the regular BoD meeting's

structure, the more tightly planned, structured, and managed are the three phases of initiation, conduct, and termination of the meeting, leading to more detailed and extensive agendas, among others (Boden, 1997; Jarzabkowski & Seidl, 2008; Schwartzman, 1989). For example, Ocasio (1997) proposed that the "rules, resources and social relationships [can] regulate and monitor the distribution and allocation" (p. 188) of BoD's attention. Therefore, more recently, scholars found that the context, rules, and relationships in regular BoD meetings shape the BoD members' attention (Tuggle et al., 2010).

Overall, scholars agreed that conducting more informal regular BoD meetings positively influences BoD's task performance and other effective BoD team dynamics factors. Somewhat generally, Sørensen (2007) argued that people who work in more formal and even bureaucratic organizations have a smaller chance of exploring entrepreneurial opportunities. Adding to this line of thought, and more specifically for BoD teams, other scholars stressed that less formal and regular BoD meetings may offer BoD members a bigger chance for developing informal, personal relationships and networks (Tuggle et al., 2010). McNulty and Pettigrew (1999) added that informal regular BoD meetings make it easier for outside BoD members to get involved in strategizing their organization. Previous scholars also emphasized that more informal regular BoD meetings may result in greater facilitation of innovative discussions and idea generation (Conway, 1995), in a higher capacity for exchanging information and problem-solving as a BoD team (Hansen & Løvås, 2004), and in an improvement of BoD teams' task performance (Swann Jr et al., 2003). As BoD team members get to know each other,

> *"they not only begin to understand each other, but also come to expect vast differences amongst themselves, thereby making it less likely that behaviors that might otherwise disrupt group interactions, such as relational conflict among dissimilar individuals, will actually do so"* (Nishii & Goncalo, 2008, p. 16).

#### *2.4.1.7* ***Meeting Processes***

To conclude, it is at regular BoD meetings that BoD members contribute to strategizing, and these meetings are processes of BoD team interactions. Scholars noted that this is why these group-level factors and interactions contribute in such a substantive way in terms of organizational outcomes (Finkelstein & Mooney, 2003). Scholars concluded that it is the regular BoD meeting where BoD members and EM members exchange and discuss information most intensely, build consensus, and make decisions (Bezemer et al., 2018; Brennan et al., 2016; Nicholson et al., 2017). Also, from a legal perspective, regular BoD meetings are the vital arena in which the team (not individual BoD members) are authorized to make decisions, highlighting the importance of the group (Bainbridge, 2002; Heracleous & Lan, 2012; Lan & Heracleous, 2010). However, as previously described in Chapter Two (section 1.5), the appointment of a Chairperson

endows this individual with the power to influence and structure the flow of the discussion in regular BoD meetings (e.g., Barnes, 2007; Seidl & Guérard, 2015) and structure it (Angouri & Marra, 2010). Despite, other meeting participants can still exert influence, such as through raising questions or using other linguistic tools, promoting discussion, interrupting turns of someone speaking too long or too dominant, and managing or moderating conflicts (Kwon et al., 2014; Larrue & Trognon, 1993; Seidl & Guérard, 2015).

#### *2.4.1.8 **Concluding Remarks for Regular BoD Meetings***

To conclude, my literature review on regular BoD meetings shows that regular BoD meetings are a crucial component of BoD's strategizing. Yet, despite their relevance for team-level or potentially for strategic outcomes, little empirical research exists on how regular BoD meetings are run, how BoD members contribute to discussions, and how interactions occur or shape the entire strategy process (Bezemer et al., 2018; Carter & Lorsch, 2003; for an explicit call for such research, find Seidl & Guérard, 2015). Until today, research gaps exist on how BoDs function in regular BoD meetings, how BoD members commit their time and efforts, and how they make strategic decisions. This is primarily because BoD meetings are confidential, and access is scarce. Multi-level studies that focus on BoD characteristics, structure, or processes and linking them with the strategy process through studying regular BoD meetings are yet missing. Exploring this avenue with first-hand empirical data would be a fertile ground for future research studies enhancing our knowledge of regular BoD meetings.

### 2.4.2 Strategy Workshops

The strategy workshop is a formal strategy interaction. The strategy workshop might take place once or twice a year while being conducted on- or off-site, with the entire or parts of the EM team and with the help of external facilitators as moderators. Strategy workshops might differ in their level of formalization - from very formal and agenda-driven with minutes taken to no agenda and very open discussions without any minutes taken at all. In this section, I introduce strategy workshops by defining them, explaining their purpose, and summarizing existing research on their most effective design.

Hodgkinson et al. (2006) defined strategy workshops as an interaction "of taking time out from day-to-day routines to deliberate on the longer-term direction of the organization" (p. 479). Scholars stated that organizations conduct strategy workshops for several reasons, such as initiation of strategic change or strategy implementation (Hodgkinson et al., 2006; Van Aaken et al., 2013). Hendry and Seidl (2003) even went as far as to say that the "basic function of the episode is simply to make it possible to suspend and replace structure for a certain time period," thus creating a liminal space for strategizing. Johnson et al. (2010) noted that strategy workshops allow for critical reflection and the emergence of new ideas by referring to Doz and Prahalad (1987), who show that strategy

workshops are about "stepping out of the existing management process – since these processes are set to sustain the 'old' cognitive perspective" (p. 235). However, to date, only two extensive surveys in the UK (Healey et al., 2015) and Germany (Van Aaken et al., 2013) have shown that strategy workshops "play a substantial role in the management of strategy in organizations" (Hodgkinson et al., 2006, p. 482).

In the literature of SAP, strategy workshops have gained attention due to their *liminal nature* and disconnection to daily activities (e.g., Hodgkinson et al., 2006; Jarzabkowski & Spee, 2009; Johnson et al., 2010). This 'getting away from the normal' and into 'the actual strategizing of the organization' appears crucial for strategy workshops to be successful. their study of BoDs and their use of strategy workshops, Concannon and Nordberg (2018) defined these workshops as "some type of time away from the office, outside the formal process of board meetings" (p. 77). Whittington (2006) found that participants develop symbolic artefacts to communicate strategic change during strategy workshops, while Heracleous and Jacobs (2008) pointed out that participants instead use embodied metaphors for developing platforms for strategic change to be possible to happen. Scholars such as Lombardo and Kvålshaugen (2014) demonstrated that such creative activities are especially relevant when strategy workshops are held outside the organization's premises or ritualized settings.

Johnson et al. (2010) supported this notion and highlighted that "the degree of removal, the use of liturgy and the role of specialists influence behavioral dynamics within workshops" as well as the effectiveness of these strategy workshops. They showed that these create elements support the development of *communitas*. Thus, the support of the lead practitioner helped to build an anti-structure (Turner et al., 2017) through signaling suspension of structural roles by dominant and powerful actors, such as the Chairperson or CEO. They stipulate that this leads to questioning and challenging the status quo (Johnson et al., 2010). Johnson et al. (2010) further noted that building these anti-structures and communitas allows for conflict of opinions and openness for developing new viewpoints. This is in line with prior research of Mezias et al. (2001), Doz and Prahalad (1987), and Hendry and Seidl (2003), who noted that such workshops need a decoupling from established organizational structures for promoting strategic change. Therefore, Seidl and Guérard (2015) argued that such strategy workshops always need a "degree of decoupling between the ordinary structures and routines of the organization and those of the workshop" (p. 18) to use them as strategic episodes.

However, as Schwarz and Balogun (2007) noted that "a certain degree of structure may support the coordination of change activities and a balance between order and disorder. *Semi-structures* [are] rigid enough to allow change to be organized, but not so rigid that change is prevented from happening" (pp. 8-9). Therefore, Brown and Eisenhardt (1997)

highlighted that workshops should be semi-structured, offering guidance in general aspects, but leaving some less structured elements that offer new spaces to be explored. Further, Dittrich et al. (2011) showed that creating antistructures at the beginning of strategy workshops implies a very emotional process. Therefore, if not being successful in this emotional process, strategy workshops might not achieve the aimed promotion of strategic change. Concannon and Nordberg (2018) even went further by claiming that BoDs who experienced their strategy workshop negatively highlighted a concern about the utility of these strategy workshops and therefore questioned the somewhat loose structures of strategy workshops. They even stated that with loose structures, these interactions are not valuable to strategizing at all.

However, using the liminality and anti-structure offers problems for the entire strategy process's effectiveness. There are limitations in terms of transferring newly developed ideas to the organization and their routines. Scholars called this the *effectivity paradox* of strategy workshops (Johnson et al., 2006). These scholars argued that "the very separation and anti-structure that strategy workshops nurture, may hinder the transfer of ideas and plans back to the everyday work situation" (MacIntosh et al., 2010, p. 2; reffering to Johnson et al., 2006, p. 27). This effectivity paradox might be resolved through a series of workshops to allow for experimentation, iteration, and learning (MacIntosh et al., 2010). MacIntosh et al. (2010) also emphasized the importance of senior participants being present and legitimizing new ideas to the organization at large.

Finally, it was often suggested that *external facilitator* or *consultants* might create this semi-structure due to organizing the entire strategy workshop or offering guidance and structure during episodes of strategy workshops. These external facilitators and consultants often help dismantle hierarchical structures, offering younger, less dominant or less powerful actors to get involved and contribute at least as much as older, more dominant and powerful actors (Johnson et al., 2010). Czarniawska and Mazza (2013) emphasized that these external facilitators and consultants often bring with them a natural liminal space semi-permanently, creating temporary uncertainty, ambiguity, and anxiety for the organization they consult through being an outsider while structuring the seemingly unstructured liminal space (Sturdy et al., 2006).

Despite these first efforts to research strategy workshops in more detail, there are several opportunities to enhance our understanding of these strategy workshops further. This can include deep-diving into the actual activities before, during, and after strategy workshops and investigating how strategy workshops relate to the entire strategy process. Also, researching the role and relevance of BoDs during these strategy workshops offers massive potential for future studies to explore, since BoDs also inhabit liminal space through their role as boundary spanner (Concannon & Nordberg, 2018).

### 2.4.3 BoD Committee Meetings

In this section, I define and classify BoD committee meetings and outline their relevance, their impact on BoD's task performance and effectiveness, and existing research on BoD committee meetings dealing with strategic issues. BoD committees are subgroups of the entire BoD team. They perform dedicated tasks such as auditing, finance, budgeting, and remuneration (Kolev et al., 2019; Müller et al., 2014).[49]

Unlike regular BoD meetings, these BoD committee meetings tend to rather *unstructured*, being unscheduled in the yearly BoD calendar and without a pre-defined agenda at the beginning of the year (Müller & Horber, 2018). Nevertheless, BoD committee meetings are often agenda-driven, and there are also minutes taken, which are often discussed in the subsequent regular BoD meeting (Kolev et al., 2019; Velte, 2017). Thus, for this dissertation's purposes, BoD committee meetings shall be classified as formal strategy interactions of the BoD team.

Scholars highlighted that the relevance of BoD committees for organizational outcomes and the BoD team's performance has grown over time, mainly due to the BoD's legal duties and requirements (Kolev et al., 2019). Adams et al. (2015b) found a 50 percent increase in activities and meetings of BoD committees across S&P 1500 organizations over the past 15 years, highlighting a greater demand for BoD members to devote time and attention to BoD committees.

A long-standing debate can explain this decentralization of action on the BoD level through *organization theory.* This theory stipulates that organizations build dedicated structures to handle complexity (Lawrence & Lorsch, 1967). These structures make it easier for BoDs to handle complexity through building subgroups, where BoD members with specific experience in the respective field address and manage issues that would be too complex for the entire BoD team (Carton & Cummings, 2012; Fang et al., 2010; Lawrence & Lorsch, 1967). Focusing on organizational theory, this subgroup-building through introducing BoD committees was suggested to positively impact the BoD team's effectiveness in performing their monitor and advice-tasks (Kolev et al., 2019).

Other scholars justified BoD committees' existence with *agency theory* (e.g., Callen et al., 2010; Heracleous & Lan, 2012; Jensen & Meckling, 1976). Accordingly, building BoD committees reduces conflicts of interest and information asymmetries between the BoD and EM team, which positively influences BoD task performance (Velte, 2017).

[49] For this dissertation's purposes, BoD committee (meetings) always refer to BoD committees and their meetings devoted to *strategizing* or *strategic issues* relevant to the strategy process. In the context of this dissertation, BoD committee meetings might be conducted for continuous or ad-hoc strategic issues or even strategy committees solely dedicated to strategizing as 'strategy committee' (Adams et al., 2015b; Kolev et al., 2019; Müller-Stewens et al., 2014). I do not focus on any other BoD committees, such as audit or nomination committees if these committees do not concern the strategy process.

Through doing so, BoD teams are said to better able to perform their monitoring and advising tasks (Velte, 2017).

Further, *stewardship theory* posits that BoD committee members should act as 'good stewards,' nurturing cooperation and joint value creation with the EM team (e.g., Davis et al., 1997; Donaldson, 1990; Velte & Stiglbauer, 2011). By taking a stewardship-theoretical approach, scholars assumed that BoD committees and committee members perform an advisory task, instead of a monitoring task.

The BoD composition's relevance and importance of BoD committees was further enhanced through using *resource dependence theory* (e.g., Drees & Heugens, 2013; Hillman et al., 2009; Pfeffer, 1972). Accordingly, BoD characteristics and BoD structure are said to have a significant positive impact on the development of resources and the sensing and seizing of changes in the organization's external environment (Kolev et al., 2019). Therefore, having superior BoD characteristics and structure might enable the BoD committee meetings to be more effective. This might result in a positive relationship with BoD's strategic task performance and strategic outcomes.

Concluding, based on these four theories, researchers argued that BoD committee meetings might *positively impact* the task performance of BoDs (for a comprehensive and cross-disciplinary review find (Kolev et al., 2019). Also, through defining the roles, responsibilities, and expectations of such committees clearly, the risk of free-riding of individual BoD members is reduced, and BoD members empowered to be more effective in fulfilling their duties and tasks, which positively influences BoD's task performance and organizational outcomes (Chen & Wu, 2016; Klein, 2002).

Despite these positive outcomes, scholars have also identified *negative implications* of BoD committees. First, BoD committees' nature as decentralized subgroups and their dedicated focus is likely to form subgroups, possibly creating problems for BoD team effectiveness and organizational outcomes. Therefore, scholars of the *agency theory* noted that BoD committees responsible for strategizing or partly for strategic issues may create conflicts between the subgroup and non-subgroup members (Kolev et al., 2019). Also, BoD committees might create coordination problems between subgroups and the entire BoD team through promoting compromises or minimal solutions and therefore promote ineffective strategic decision-making (Cheng, 2008, p. 157).

A more behavioral approach towards a negative impact of BoD committees is the notion of *power*. Being appointed to a significant BoD committee might entitle the BoD member with a higher BoD team status. This, in turn, might enhance the member's influence and power, creating more considerable power differences in the team (Zhu & Westphal, 2014). Further enhancing this divide of power is that BoD committees are often smaller

than the entire BoD team, and only dedicated members are part of it. Based on the resource dependence theory, this smaller size might create blind spots for the entire BoD team (Kolev et al., 2019), even if scholars acknowledged that BoD committees might act more quickly and efficiently (Goodstein et al., 1994). Thus, if important BoD committees are composed of a smaller, homogenous group of BoD members, the resource dependence role of the BoD team (e.g., Hillman & Dalziel, 2003; Pfeffer, 1972; Salancik & Pfeffer, 1978) might be compromised by the aforementioned team-level factors.

Although BoD committees have been recognized in various disciplines, such as management, finance, and accounting, theories and discussions on BoD committee meetings have developed independently in each discipline. Kolev et al. (2019) recently conducted an extensive literature review on BoD committees. They found that studies on audit, nomination, and compensation committees are predominant (Kolev et al., 2019, p. 1144). This is mainly due to legal requirements making these committees in many governance systems mandatory. In this strand, scholars, for example, argued that audit committee existence and composition have a significant positive impact on effective governance (Velte, 2017) and organizational performance (e.g., Aggarwal, 2013; Aldamen et al., 2012; Dao et al., 2013). These scholars stress that the audit committee has a significant "impact on financial reporting, internal and external audit quality, and thus, companies with an effective audit committee should be better positioned to make more effective financial decisions" (Velte, 2017, p. 24). One might follow this lead and conduct similar analyses in the area of strategizing.

Organizations may also have additional committees other than the ones legally required.[50] These committees are specifically focused on areas such as strategy, the environment, corporate social responsibility, industry standards, or a BoD's response to an issue or event. In particular, there is an intense debate on whether to form a *BoD committee for strategizing* (Müller-Stewens et al., 2014). The presence of a BoD committee dedicated to strategizing was found to be positively related to the BoD team's involvement in strategic planning (Henke, 1986; Siciliano, 1996a) and negatively to a focus on short-term and rather financial outcomes (Beekun et al., 1998; Kolev et al., 2019). In contrast, others noted that a decentralized strategizing in subgroups harms the effectiveness of the strategy process due to several reasons, such as not involving every BoD member in strategizing, creating biases, and cultivating a dividing culture among the BoD team (Chen & Wu, 2016; Cossin & Metayer, 2014; Müller et al., 2014). From a legal and accountability perspective, these scholars criticized that strategizing has to be a team effort and should not be delegated to a committee (Müller et al., 2014).

[50] Such as the audit, compensation, and nomination, or governance committee in most western countries.

While these first studies provide insights into dedicated committees' presence and actions, their impact on strategic outcomes remains somewhat unexplored. Their appears to an interesting role and a proclaimed relevance of BoD committees for strategic outcomes, yet there are no empirical studies on how BoDs use such committees and committee meetings for the strategy process. Therefore, further research examining the roles and impact of such committees on the strategy process is needed.

## 2.5 Informal Strategy Interactions of the BoD Team

The objective of this section is to define and characterize as well as summarize existing research on informal strategy interactions. These informal strategy interactions are lacking a clear definition. Kraut et al. (1990) noted that during informal interactions,

> *"information is not prepackaged and then shipped intact to a recipient; courses of action are not pre-computed and then executed without modification. Rather, information is often exchanged interactively, through meetings and conversations, and courses of action are worked out in the context of the circumstances into which the actions must fit"* (p. 5).

In contrast to formal interactions, informal interactions are often unscheduled or without any or only a little pre-defined structure (Concannon & Nordberg, 2018; Zaman & Sarens, 2013). These interactions may also occur somewhat spontaneously via mail or phone (Concannon & Nordberg, 2018; Zaman & Sarens, 2013), between several BoD members, two BoD members (also called bilateral, informal interactions), or only one BoD member with other (external) actors. Through these informal strategy interactions, BoDs exercise influence on organizational processes outside of formal interactions (Turley & Zaman, 2007). In a recent review article, Concannon and Nordberg (2018) concluded that these informal interactions are common among BoD teams. Also, they discovered that these informal interactions often complement more formal interactions and are interlocked with them in terms of BoD processes and behavior.

Academics agreed that *informal factors of the BoD team*, such as personal relationships or emotional conflicts, could play a major role in the performance of BoD teams and organizational outcomes (e.g., Concannon & Nordberg, 2018; He & Huang, 2011; Westphal, 1999). Also, researchers noted that formal interactions are mainly concerned or compliant with legal matters (Concannon & Nordberg, 2018). Further, scholars suggested that strategizing might be removed from the agenda of formal strategy interactions, making informal interactions more relevant for strategizing (Seidl & Guérard, 2015). Besides, scholars argued that BoD members tend to avoid dissension and prefer voting unanimously during formal interactions (Schwartz-Ziv & Weisbach, 2013; Warther, 1998), thereby leading BoDs not to decide on the best option (Chemmanur &

Fedaseyeu, 2018). These factors might lead to BoDs preferring to conduct the strategy process through these informal strategy interactions instead of using formal interactions, such as regular BoD meetings. Malenko (2014) supported this notion and showed that to avoid the *flaws of formal interactions*, BoDs tended to discuss with one another on an informal basis before decision-making occurs in formal interactions.

Other scholars found that formal interactions may often either be *preceded* or *followed* by informal interactions (Seidl & Guérard, 2015). They further stressed that "typically, participants tend to gather in a room before and after the meeting and chat informally" and discuss either matter of the meeting or relatively trivial, more personal aspects that have nothing to do with the formal interaction itself (Seidl & Guérard, 2015, p. 7; also Boden, 1997; Mirivel & Tracy, 2005). Also, Concannon and Nordberg (2018) discovered that informal interactions on BoD level can event supplement discussions or happen in formal interactions. They claim that informal interactions "de-structure the board to recreate liminality and reassert a strategic role" (p. 72) of the BoD team.

Moreover, Chia and MacKay (2007) stated that the informal interactions promote more *natural* and *open discussions*. These informal interactions are therefore denoted as being important for the functioning of the BoD team. This upgraded relevance in the strategy process and the lack of pressure from specific structures or legal requirements causes BoD teams to interact informally more often for strategizing (Concannon & Nordberg, 2018). Concannon and Nordberg (2018) further noted that BoDs use these informal interactions as "opportunities to discuss and explore strategic issues" (p. 77).

Some scholars argued that informal strategy interactions' liminal nature creates a more creative but also 'dangerous' space. Kennedy and Fiss (2013) saw *liminality* as an "unstable zone where the established rules are suspended; it is a culturally creative and in a sense dangerous space" (pp. 1146-1147). However, informal interactions might create communitas (Johnson et al., 2010), more personal and human closeness, and the inexistence of power relations (Taylor & Spicer, 2007). In a more general study on management consulting, Sturdy et al. (2006) showed that informal interactions might be proactively used to promote an openness for strategic change. Besides, they postulated that liminality does not exclude formal interactions but rather make them more effective. Therefore, Sturdy et al. (2006) highlighted that informal and more liminal interactions or episodes might supplement formal interactions by "the effect of deinstitutionalizing, at least temporarily, the existing hierarchy to open new avenues of thinking" (p. 931).

Very interestingly, looking across the border of BoD and TMT research, recent studies on multilevel governance were devoting attention to informal interactions between actors of multilevel governance systems (Torfing et al., 2012; van Popering-Verkerk &

van Buuren, 2016). This move away from researching formal interactions towards informal interactions is called *interactive governance* (Isett et al., 2011; Koppenjan et al., 2004). These scholars investigated how informal interactions help build consensus in a team to solve complex issues. Like in this dissertation, they defined informal interactions as somewhat unstructured, with no or little previously fixed procedures or institutional rules (Edelenbos, 2005; Sørensen, 2013; Torfing et al., 2012). They stressed that these interactions can *span different levels* more easily while highlighting that informal interactions' spontaneity and flexibility are vital for organizational processes (Kooiman et al., 2008; Sørensen, 2013). In these strands of research, informal interactions were also viewed as rather liminal, thereby reducing hierarchies, role structures, and power differences but stimulating informal hierarchies and decentralization (van Popering-Verkerk & van Buuren, 2016).

Consequently, it is no surprise that BoD research scholars emphasized that informal interactions might lead to spontaneous or routine *informal hierarchies* (Belliveau et al., 1996; D'Aveni, 1990; He & Huang, 2011). He and Huang (2011) highlighted that BoDs might "spontaneously form inferences about each other's competence and influence, and such inferences often result in an informal hierarchical order that guides their interactions (…)" (p. 1121). Magee and Galinsky (2008) showed that such informal hierarchies might impact the BoD team and their decision-making processes, thus influencing their task performance in monitoring and advising. Scholars proposed that this process of forming informal hierarchies has also been found in a number of other human groups, including street corner gangs (Papachristos et al., 2013; Whyte, 2012), fraternities (Gould, 2002; Magee & Galinsky, 2008), and workgroups (Boud & Middleton, 2003; Groysberg et al., 2011; King & Nembhard, 2016).

To conclude, informal strategy interactions appear to be important for BoD's task performance and building a highly effective BoD team with effective processes in place. Besides a general tendency to focus on these informal interactions, explicitly researching the BoD team and its informal interactions offers vast potential for future research. There are many opportunities for scholars to combine existing research of other fields (e.g., theories on workgroups or multilevel governance systems) with theories of BoDs to find how BoD teams deploy informal interactions and what they mean for the functioning of the BoD team and strategic outcomes, such as the strategy process.

# 3 BoD Teams and the Entire Strategy Process

In this section, I first introduce the strategy process as strategic praxis in more detail before applying these insights to BoDs as central actors in the strategy process.

## 3.1 The Entire Strategy Process as Strategic Praxis

Based on strategy process scholars, the *strategy process* is a fragmented, periodic, situated, and socially accomplished flow of activity to formal and structured strategy development, implementation, and monitoring (Mintzberg & Lampel, 1999; Pettigrew, 1992; Pettigrew, 1997). In previous research, the strategy process was also defined as a longer strategic episode that is compiled of a continuous series of smaller strategic episodes (e.g., Hendry & Seidl, 2003; Wolf & Floyd, 2017). In this view, scholars noted that rationality, trust, and politics are important factors in the strategy process (Clegg et al., 2013; Johnson et al., 2007; Langley, 2009).

Contrary to this more rational definition of the strategy process, other scholars viewed strategy as contextual and dynamic in a processual way (Burgelman et al., 2018; Vuori & Huy, 2016) based on previous and influential research (Burgelman, 1983; Mintzberg, 1973; Pettigrew, 1992). These scholars argued that strategy processes involve more than sequential steps. Instead of the more rational-oriented scholars who described the strategy process in terms of different phases, these scholars viewed strategy as unfolding and developing while executing. In particular, Pettigrew (2012) argued for a duality of the environment and strategic action, based on the structuration theory of Giddens (1976). This is related to what Chia and Holt (2009) called "strategy without design." Chia and Holt (2009) defined the strategy process as *emerging* from iterated challenges and from reviews in formal or informal interactions over time and not as previously defined or structured plan. On what all strategy process scholars appear to have agreed is that the outcome of the strategy process depends on "who talks to whom, why they talk, what they talk about, and when these conversations take place" (Roos et al., 1996, p. 55).

The SAP literature further provided a more nuanced, sociological-oriented, and micro-level definition that has gained impetus in recent years (Burgelman et al., 2018; Johnson et al., 2007; Kouamé & Langley, 2018). This work relates strongly to the emergent strategy theory but drills down further on managers' work and their strategizing (Whittington, 1996). As mentioned in the previous sections of this dissertation, some studies focused on the interactions of strategy actors (e.g., strategy workshops) to find how these interactions relate to group- or strategy process-oriented outcomes (Hendry & Seidl, 2003; Johnson et al., 2010; Seidl & Guérard, 2015). Therefore, SAP scholars moved away from the strategy being something an organization *has* to do and acknowledging it as something people *do*:

> *"From a [SAP] perspective, strategy is conceptualized as a situated, socially accomplished activity, while strategizing comprises those actions, interactions and negotiations multiple actors and the situated practices that they draw upon in accomplishing that activity"* (Jarzabkowski et al., 2007, pp. 7-8).

Thus, based on a recent SAP perspective, it is important to understand BoDs as strategy actors and decision-making teams to analyze their real *doings* in the strategy process (Burgelman et al., 2018; Jarzabkowski, 2004; Whittington, 2006). Further, scholars proposed to consider the inter-relatedness of interactions and multi-levels when researching strategy actors (Alnabsha et al., 2018; Kouamé & Langley, 2018; Whittington, 2017).

## 3.2 BoDs and the Strategy Process: A Processual Perspective

BoD's role in the strategy process was previously described as sense-making, information exchange, public relations, communication (Mintzberg & Lampel, 1999; e.g., Schmidt & Brauer, 2006), and more specifically in monitoring and advising the EM team (e.g., Hendry & Kiel, 2004; Pugliese et al., 2015). Thus, in the series of decisions and interactions of the strategy process with its emergent nature (Mintzberg & Waters, 1985), the BoD's strategic role involves iterative advice and monitor from developing the strategy until monitoring it (Hendry & Kiel, 2004; Kim et al., 2009). By acknowledging this role, Schmidt and Brauer (2006) suggested "the emphasis should be shifted towards alternative differentiation factors that lie in how boards are run, how they interplay with senior management, and how they impact strategy formulation and execution" (p. 16).

Early studies that researched BoD teams in the strategy process mainly discussed the desirability and occurrence of BoD's involvement. Besides, they primarily used input-output approaches of BoD characteristics and structure (Bezemer et al., 2014; Huse et al., 2011; Pugliese et al., 2015). A more recent strand argued that BoDs are decision-making teams whose processes and context needs to be understood to make assumptions and draw conclusions on their role and relevance for the strategy process (e.g., Forbes & Milliken, 1999; Huse et al., 2011; Zhu et al., 2016). This is in line with the previously described change in strategic management research towards analyzing strategy doings.

Recent studies have taken up this approach and analyzed what BoD processes and strategy interactions mean for the strategy process and how BoD interacts in the strategy process (Concannon & Nordberg, 2018). However, what is yet missing are multi-level studies that acknowledge the strategy process as emergent and strategy praxis that involves strategy interactions to find how BoDs as important strategy actors shape the strategy process.

# 4 BoD Teams and Strategizing in Times of Environmental Change

In the previous sections, I reviewed existing literature on BoDs and their strategizing. Also, as previously mentioned in the introduction, the role of BoD's strategizing becomes even more important in times of environmental change, among other reasons, due to time constraints and their legal responsibility to get involved more intensely and frequently. To specifically focus on previous research in the context of environmental change, I review existing studies on BoD composition (section 4.1), BoD structures (section 4.2), BoD processes (section 4.3), single strategy interactions (section 4.4), and the entire strategy process (section 4.5) in times of environmental change.

## 4.1 BoD Composition in Times of Environmental Change

Generally, TMT researchers suggested that the relation of composition on organizational outcomes becomes significant when considering the environment in which these teams are embedded (Joshi et al., 2011; Richard et al., 2019; Stewart & Amason, 2017). For example, Nielsen and Nielsen (2013) concluded that TMTs align and integrate their experience if they have a greater information-processing demand, which is the case in a *complex environment*. Therefore, updated models of UET argued that the external environment and its characteristics are a vital framing factor of TMT characteristics' role in strategizing (Richard et al., 2019; Yamak et al., 2014). Other scholars noted that the external environment might be a significant moderator of TMT composition and performance (Carpenter et al., 2004; Finkelstein et al., 2009; Yamak et al., 2014). For example, Yamak et al. (2014) discovered that "industry characteristics can directly influence the composition of the TMT as well as moderate the relationship between TMT composition and firm performance" (p. 101). Therefore, for example, Carpenter et al. (2004) proposed that the external environment moderates the link between BoD characteristics and organizational outcomes.

Also, Finkelstein et al. (2009) emphasized that it moderates the link between *strategic decision-making* and organizational outcomes. Thereby, these scholars suggested that TMTs need more and a more comprehensive range of information, perspectives, and experiences to make effective strategic decisions in highly complex environments. Further, industry dynamism is said to decrease the TMT's level of comprehensiveness in making strategic decisions (Miller et al., 1998). On the other hand, scholars highlighted that industry dynamism promotes strategic reorientation (Gordon et al., 2000) and international strategic alliances (Nielsen & Nielsen, 2011).

Besides, Cho and Hambrick (2006) demonstrated that *industry deregulation* strengthens variations in TMT composition as well as managerial attention. Cho and Shen (2007)

added that industry deregulation leads to higher TMT turnover and compensation. Thereby, these scholars showed that industry deregulation might be a causing factor for strategic change. Other scholars found that if organizations fail to engage in timely strategic change, they may harm organizational performance (Keck & Tushman, 1993), possibly due to organizational inertia (Kelly & Amburgey, 1991; Tripsas & Gavetti, 2000).

Also, scholars highlight that the relationship of composition and *strategy* is stronger in environmental contexts of high-discretion (Haleblian & Finkelstein, 1993), as well as in liberal (Nielsen & Nielsen, 2013), dynamic (Hmieleski & Ensley, 2007; Luo & Hassan, 2009), and uncertain environments (Cannella et al., 2008; Carpenter & Westphal, 2001). Thus, scholars argued that environmental change positively moderates the relationship between strategic leaders' characteristics and the innovation level of an organization (Halevi et al., 2015; Li et al., 2020).

More specifically, the BoD literature suggested that a BoD's composition is a function of understanding and addressing organizations' complex environment and making it useful for its strategy (Golden & Zajac, 2001; Hambrick, 2015; Lungeanu & Zajac, 2019). Scholars therefore argued that the BoD team is one of the crucial teams involved in *strategic change* (Judge & Zeithaml, 1992; McNulty & Pettigrew, 1999), making them vital for organizational success in complex environments. Previous studies also emphasized that BoDs need to adjust their composition to account for environmental change (Boyd, 1990; Hillman et al., 2000; Judge & Zeithaml, 1992). Also, more recently, Hoppmann et al. (2019) have emphasized how environmental change might affect BoD's composition and its effect on strategic outcomes, such as strategic change. They found that BoDs might suffer from organizational inertia, do not adjust their composition to the new circumstances, and, therefore, counteract effective strategizing through biased or outdated information.

Overall, previous research showed that environment change might prevent BoDs to contribute to strategizing with their characteristics while also enforcing them to get involved, make strategic decisions and promote strategic change. Following the lead of Hoppmann et al. (2019) poses interesting avenues for future research in the area of BoD's strategizing. Thus, exploring the relationship between BoD characteristics and strategic outcomes in times of environmental change, offers vast potential.

## 4.2 BoD Structure in Times of Environmental Change

In terms of the link between BoD structure and strategic outcomes in times of environmental change, the literature is scarce. For *BoD's role structure*, there appear to be inconclusive results in research in general, without even considering environmental change. However, scholars agreed that the environment is an important antecedent of the

link between BoD's role structures and strategic outcomes, without scholars offering empirical results yet (e.g., Bennedsen et al., 2008; Certo et al., 2006; Cheng, 2008).

Concerning the aspect of *team size*, more general TMT research argued that size relationships differ depending on the environmental context (Certo et al., 2006; Fraile & Fradejas, 2014; Haleblian & Finkelstein, 1993) and the industry (Adams & Mehran, 2003; Ali, 2018; Henderson & Fredrickson, 1996). However, only a few studies investigated *BoD team size* in times of environmental change. Like for TMT size in general, their results are inconclusive. On the one hand, studies reported that larger BoD teams are more successful in times of environmental change due to their excellent human resource base (Sun et al., 2020). Based on Pfeffer (1972), BoD size also depends on the conditions of the environment, i.e., economic volatility and uncertainty, which may lead to BoDs developing superior ties and relationships with other organizations to provide valuable resources for better financial performance. This is in line with the more general resource dependence theory asserting that larger BoD teams are more successful than smaller BoD teams in times of environmental change, due to their greater ability to solve problems more effectively and adapt to changes in the environment more smoothly (Ucbasaran et al., 2003; Wright et al., 2007).

On the contrary, *larger BoD teams* can also create delays and disruptions to the decision-making process and conflicts of interests while demoralizing BoD members (Nanka-Bruce, 2011; Yermack, 1996). Moreover, scholars discovered that larger BoD teams make fewer extreme decisions and have a less variable organizational performance (Cheng, 2008). In a more recent review, Yamak et al. (2014) pointed out that "cross-level influences can be indirect or cascading (mediating) effects, where TMT composition, structure, and processes mediate the relationship between contextual setting and strategic outcomes" (p. 101). If these findings are valid in times of environmental change, where the BoD team's effectiveness seems even more important for strategic outcomes than in standard environments, delays and conflicts might most probably lead to worse strategic outcomes and performance.

To conclude, exploring the association between BoD structure and strategic outcomes in times of environmental change from a multi-level perspective appears interesting. As Bennedsen et al. (2008) noted, the optimal BoD size depends on other organizational factors and the organization's external environment. Thus, it is interesting to explore the link between BoD structure and strategic outcomes, such as the strategy process, in times of environmental change.

## 4.3 BoD Processes and Dynamics in Times of Environmental Change

In general *TMT research*, studies showed that the relationships between TMT processes and strategic performance are more substantial in a complex (Ramos-Garza, 2009), uncertain (Carmeli et al., 2011), liberal (Cho & Shen, 2007; Goll et al., 2007; Goll & Rasheed, 2005), and hypercompetitive environment (Chen et al., 2010). Further, Mueller et al. (2007) and West III and Meyer (1998) reported that building consensus on TMT level might lead to lower organizational performance in dynamic and uncertain environments. However, Boone et al. (1998) noted a moderating effect of dynamic environments for the link between TMT processes and organizational performance. Others found that industry diversity reduces TMTs problem-solving discussions (Papadakis et al., 1998) and that industry outsiders lead to hierarchical decentralization to subgroups (Papadakis & Barwise, 2002). Also, updated models of UET argued that the external environment is an important antecedent of TMT characteristics, structure and processes and moderates the link between them and strategic outcomes (Carpenter et al., 2004; Finkelstein et al., 2009). A more recent review of this link by Yamak et al. (2014) stressed that there might be moderating, mediating or direct effects between TMT processes and strategic outcomes while stressing that future research could explore this avenue.

More specifically, for *BoD team processes*, scholars noted that when faced with more significant uncertainty, organizations that can manage this environmental challenge with the help of the BoD team processes tend to be more successful (Drees & Heugens, 2013; Lang & Lockhart, 1990). Therefore, scholars argued that BoDs, especially Chairpersons, might be vital for managing and reducing uncertainty from the external environment (Hillman et al., 2009; Krause et al., 2019). These scholars explained that these organizations with a superior BoD Chairperson, who facilitates effective BoD processes, have a higher tendency to benefit from the Chairperson's resources (Quigley & Hambrick, 2012; Withers & Fitza, 2017). Also, Withers and Fitza (2017) stated that "highly complex environments create an increase in the need for decision-making and information processing" (p. 1347) for BoD teams, making BoD processes even more important. Just recently, Hoppmann et al. (2019) found that self-evaluation and self-reconfiguration activities of the BoD team, specifically promoted by the Chairperson, are essential for team effectiveness in times of environmental change. In contrast, a lack of these activities is a source of organizational inertia and might prevent the BoD team from contributing to strategizing (Hoppmann et al., 2019). Therefore, scholars increasingly agreed that openness, proactiveness, and a focus on joint value creation as a team are essential factors of BoD's strategizing (Bezemer et al., 2014; Pugliese et al., 2015; Zona & Zattoni, 2007).

Therefore, it seems promising to deep-dive into this strand and explain what changing environments mean for the relationship between BoD processes and strategic outcomes.

Previous research specifically emphasized that exploring this relationship with multi-level and multi-disciplinary approaches would be a fertile ground for future research (Finkelstein et al., 2009; Yamak et al., 2014).

## 4.4 BoDs and Strategy Interactions in Times of Environmental Change

As outlined in Chapter Two (section 2), existing research showed that the context matters for the relationship between strategy interactions and strategic outcomes (Dittrich et al., 2011). For example, in the *SAP research strand*, MacIntosh et al. (2010) and Schwarz and Balogun (2007) found that results of strategy workshop might be more thoroughly and more efficiently connected to the entire organization when environmental pressure is high. Further, since strategy interactions are vital for sense-making in the organization, an uncertain and changing environment may promote the organization's frequency of strategy interactions (Schwartzman, 1989). Kaplan (2008) showed that increasing uncertainty in the external environment further enhances the total amount of data for each strategy interaction, while Bantel (1993) noted that industry complexity leads to more formal strategy interactions. Also, Eisenhardt (1989c) emphasized that in high-velocity environments, fast strategic decision-making is promoted by more frequent strategy interactions, faster consensus building, effective group processes, and enhanced cognitive processes. Besides, Grant (2003) showed that changing environments nurtured shorter and more informal strategy interactions. However, little evidence exists on how strategy interactions occur in times of a changing environment (Alvarez et al., 2018).

In general *TMT research*, scholars argued that managers working in dynamic environments use more informal interactions (Markarian & Parbonetti, 2007; Yasai-Ardekani & Nystrom, 1996). Boyd and Fulk (1996) reported that managers conduct more information analysis while Daft and Weick (1984) showed that information analysis is "more personal, less linear, more ad hoc and improvisational" (p. 287) in complex environments. In such environments, judgment tends to be more important than having every piece of information for the decision (Milliken, 1987). Other scholars suggested that TMT interactions are different in dynamic and uncertain environments because TMT members move away from individual interests towards performing as a group and sharing a common goal (Cooper et al., 2014; Lin et al., 2015; Richard et al., 2019).

In terms of the *BoD and their interactions*, He and Huang (2011) found that in dynamic and challenging environments, BoDs may "place greater demand on an informal hierarchy to guide boardroom interactions" (p. 1123). Also, scholars suggested that "retired politicians and members of the armed forces (or) ex-regulators are essential players in forming firm strategies" (Markarian & Parbonetti, 2007, p. 1229), because of their previous role and experience in deciding, getting to know, or connecting in the environment

that now affects the organization (Hillman, 2005; Hillman et al., 1999; Mahon & Murray Jr, 1981). These scholars argued that through these different characteristics, these BoD members influence single strategy interactions and the entire strategy process positively.

For the BoD, changing environments require superior performance in *monitoring* while also encouraging creativity and agility in decision-making through superior performance in *advising* the EM team (Cannella et al., 2008; Girod & Whittington, 2017; Hambrick, 2015). However, in complex environments, BoDs focusing too much on financial monitors might promote short-term performance instead of creating long-term organizational value through conducting more strategy interactions (Cossin & Metayer, 2014; Markarian & Parbonetti, 2007). Likewise, previous scholars noted that diversity of composition stimulates broader perspectives, which might positively impact interactions and organizational outcomes in dynamic environments (Glick et al., 1993; Hambrick et al., 1998; O'Reilly & Flatt, 1989). Therefore, using this diversity properly might also have a positive effect on strategy interactions and the entire strategy process[51].

More explicitly addressing the BoD team, more *practically oriented studies* reported that BoDs become increasingly important for strategizing in changing environments. BoD involvement in strategy interactions might be challenging but can also add substantial value to its strategizing (Cossin & Metayer, 2014; Reeves et al., 2018). For example, BoD members might use their network ties and industry or cross-industry experience to feature a wide range of ideas and viewpoints in strategy interactions (Lorenzo & Reeves, 2018). Consequently, BoD teams were said to add the most value in such environments and in strategy interactions where EM teams are overwhelmed with the situation or lack the necessary perspectives to fully understand the environment and make strategic decisions accordingly (Cossin & Metayer, 2014). Scholars also stated that BoD teams should challenge the EM team and especially the CEO to promote controversial discussions in strategy interactions (Chen & Hambrick, 2012; Dowell et al., 2011; Pearce & Zahra, 1991). At the same time, Reeves et al. (2018) even went as far as stating that "no strategy may be endorsed until at least one robust counterproposal has been explicitly offered and considered" (p. 5). Further, in this vein, Ahtikari et al. (2017) highlighted that they "continue to hear from boards, chairs and CEOs that having the right person in the boardroom – asking the right questions and challenging management – is a powerful catalyst for change" (p. 2). Thereby, practice-oriented literature emphasized that BoDs need to be active and challenge the EM team to contribute in strategy interactions and in times of environmental change (Cossin & Metayer, 2014; Loop & Berlin, 2020).

[51] For a dedicated discussion of the strategy process in times of environmental change, refer to the next section.

Further, *practice-oriented literature* reported that BoDs need to dedicate more time and keep discussions focused – not an easy trade-off in times of environmental change (Reeves et al., 2018). Therefore, more than half of BoD members of a survey by Ahtikari et al. (2017) were concerned with that the EM, and not the BoD, is responsible for identifying potential strategic disruptions. Based on studies of McKinsey (2018) and Bossicard et al. (2019), BoDs struggle with sensing their environment and support strategizing. This causes strategy interactions to be less effective and urges BoD teams to become more effective in terms of their processes and interactions. Moreover, a recent study by Erel et al. (2018) showed that BoDs with similar backgrounds remain overrepresented today, negatively impacting strategy interactions in times of environmental change and strategic performance. Besides, scholars emphasized that BoDs need to spend more time on strategizing in times of environmental change, while in reality this might be the other way around (Rhodes et al., 2016). In practice, this lack of spending more time strategizing might even result in promoting relatively ineffective strategy interactions (Rhodes et al., 2016).

The previous results show that in times of environmental change, at first, BoDs have to get involved in strategizing. Second, BoDs need to get involved effectively to impact strategic outcomes, such as the strategy process positively. Cossin and Metayer (2014) added that it is about developing an internal environment that makes the BoD able to contribute to strategizing in times of environmental change. This can be achieved by proper strategy interactions "that foster effective debates that result in good decisions and actions." Reeves et al. (2018) further noted that by "practicing 'self-activism' - challenging assumptions, offering counterarguments, and closely monitoring execution - [BoDs] can help develop successful strategy for the complex, dynamic environments most [organizations] now face" (p. 6).

To conclude, there seems to be an important relationship between environmental change and effective BoD strategy interactions. However, this link remains somewhat blurry, also how and to what extent these strategy interactions matter for strategic outcomes, such as the strategy process, in times of environmental change. The landscape of BoD's strategy interactions developed in Chapter Two (section 2.3) offers a first theoretical insight into exploring this research area further while scholars have even explicitly called for future studies exploring the "relationship between [strategy interactions] and the strategy process" in times of environmental change (Dittrich et al., 2011, p. 5).

## 4.5 BoDs and the Strategy Process in Times of Environmental Change

The entire strategy process needs to account for the aforementioned aspects of BoD composition, structure, and strategy interactions to be effective in times of environmental change. Nevertheless, Hoppmann et al. (2019) found in their study that established organizations' BoD teams may fail to account for environmental change. Therefore, some scholars argued that BoDs "may become socialized into belief systems that take for granted the value of the current strategy" (Westphal & Bednar, 2005, p. 262). This may lead to strengthening the status quo of strategizing instead of adapting to new circumstances and initiating strategic change (Lant et al., 1992; Starbuck et al., 1978; Tripsas & Gavetti, 2000). Also, more recently, Oehmichen et al. (2017b) draw on a combined resource dependence and agency perspective of BoDs and discovered that industry experience is a significant antecedent of strategic change. However, the magnitude of the effect is contingent upon environmental differences, such as higher regulatory transparency (i.e., information provision), and shareholder participation (i.e., monitor provision).

As this short discussion and the previous sections showed, compositional, structural, processual, or interactive factors might influence the effectiveness of the strategy process in times of environmental change. Therefore, *multi-level studies* seeking to bridge these separate literature strands of the strategy process and environmental change may provide fertile grounds for future research (Kurzhals et al., 2020; Yamak et al., 2014).

Moreover, it seems very interesting to also bridge *disciplines* and follow SAP scholars to research BoDs and ask how-questions in times of environmental change. Combining both, the strategizing of BoDs with the environmental change offers exciting avenues for further research. For example, Dittrich et al. (2011) suggested in their literature review on strategy interactions that "more research is required to further understand the influence of [contextual] factors on [interactions]" (p. 31) and the entire strategy process. Further, the role and relevance of BoD teams remains unexplored in this field. How do BoD teams shape the strategy processes through composition, structure, processes, and interactions in times of environmental change? It appears exciting to empirically explore this question by researching the actual doings of BoDs in times of environmental change and in terms of strategizing.

# 5 Research Gaps

Previous research denoted BoD teams as being important for strategic outcomes. However, one can observe an apparent lack of comprehensively understanding of why this is the case and how BoD teams actually contribute to strategizing. Thus, research on BoD characteristics, structure, and processes did not find extensive and conclusive evidence[52].This is especially true in times of environmental change, where BoD teams should even be more involved and engaged in strategizing.[53]

Based on the literature review in the previous sections, I identified six *major research gaps*; studies on BoD's strategizing tend to ignore fundamental questions about (1) the nature of the BoD as a literal strategizing team, (2) BoD's single strategy interactions and their doings in the strategy process, and (3) the multi-level nature of the strategy process. Further, I found that research on BoD's strategizing has three additional research gaps: (4) Lack of in-depth data and a great potential for processual studies to research BoD's strategizing. Also, previous studies (5) lack a focus on contexts outside the U.S. national context, and lastly, neglecting (6) BoD's strategizing in times of environmental change.

Therefore, reviews highlighted that for advancing BoD research in terms of strategizing, scholars "need to go beyond establishing and protecting their own fortresses of research" (Huse et al., 2011, p. 7). Others argued that scholars often "have been subject to empirical dogmatism, and they generally avoid conducting research that is critical to established research models, methodologies and findings" (Daily et al., 2003, p. 379). This further increased the importance of investigating these six research gaps in order to answer calls for more research of the actual *doings* of BoD teams inside and outside the boardroom (Concannon & Nordberg, 2018; Huse et al., 2011; Pugliese et al., 2015). In the following, these research gaps are discussed in more detail.

## 5.1 The BoD as Strategizing Team

A considerable body of research on group processes suggested that some BoD members have far more influence than others. Therefore, scholars noted that BoD studies should view and research BoD teams as a set of ongoing evolutionary team and organizational processes embedded in a complex and nested system of relationships and interactions (Dalton & Dalton, 2011; Huse & Zattoni, 2008; Westphal & Zajac, 2013).

[52] Find Chapter Two (sections 2 and 3) for a literature review. Industry experience seems to be the only BoD characteristic with unequivocal results for the relationship with strategic outcomes.

[53] Find Chapter Two (section 4) for a nuanced discussion of the impact of environment change on the links between BoD characteristics, structure, processes, and strategy interactions with strategic outcomes.

Numerous studies on BoDs have put forward arguments based on the *composition* of the BoD or their *structure* as input variables and tried to find their impacts on output variables, such as organizational performance (for recent reviews, find Johnson et al., 2013; Pugliese et al., 2015). However, the evidence on the relationship between both BoD characteristics and BoD structure with organizational performance was not conclusive, and some review articles have highlighted this weakness (e.g., Daily et al., 2003; Johnson et al., 2013; Kolev et al., 2019). These studies mainly did not provide direct evidence of the interdependent processes and mechanisms involved[54] (Forbes & Milliken, 1999; Guerrero et al., 2017; Pettigrew, 1992). As a result, previous studies that linked the characteristics of BoDs with corporate governance issues tended to avoid fundamental questions about the nature of the BoD as a team (e.g., Daily et al., 2003; Dalton & Dalton, 2011; Finkelstein et al., 2009), and about processes at the team level that give BoDs influence on decision-making (Johnson et al., 2013; Lungeanu & Zajac, 2019). Only a few recent studies in general TMT research have contributed to the understanding of the interrelatedness of structural and compositional factors with more processual approaches to answer how they co-evolve over time (Beckman & Burton, 2008; Ferguson, 2015; Hambrick, 2015). Very recently, Radek and Menz (2020) called for studying the BoD team in this specific relationship while arguing that our understanding of TMTs would be enormously enhanced by doing so.

When investigating *processes* and *dynamics* in BoD teams, a different paradigm is used to reveal what BoDs do (Hendry et al., 2010) and to find possible social biases (Pugliese et al., 2015; Westphal & Zajac, 2013). Therefore, these scholars examine processes at the team level, including behavioral processes such as communication, information exchange and handling, discussions, or more generally BoD strategy interactions (Boivie et al., 2016; Ilgen et al., 2005; Roh et al., 2019). Consequently, scholars stressed that socio-behavioral factors such as cognition, trust, emotions, and power are essential for an effective BoD team (Bailey & Peck, 2013; Westphal & Bednar, 2005; Zhu & Westphal, 2014). In order to find how BoD teams perform BoD tasks, these scholars considered BoD characteristics and structure and combined them with socially embedded factors, such as cognitive conflict or effort norms (Hillman & Dalziel, 2003; Nicholson & Newton, 2010). Among others, these scholars use the notion of bounded rationality to explain that BoDs sometimes lack the necessary information to make effective decisions due to limited cognitive capacity (Gavetti et al., 2012; Khanna et al., 2014). Also, scholars noted that the Chairperson's role as leader of the BoD team is unique and might lead to different processes and dynamics in the BoD (Kakabadse et

[54] Find a review of compositional and structural shortcomings in Chapter Two (sections 1.1.1.6 and 1.1.2).

al., 2018; Krause et al., 2019; Müller et al., 2014). Therefore, researching the Chairperson's role from a team perspective by using theories of strategy and organizational behavior might help shed new light on the effectiveness of the BoD as strategizing team and organizational outcomes.

Therefore, in the area of behavioral processes, scholars called for answering the following questions (Hambrick et al., 2008; Huse et al., 2011; Pugliese et al., 2015): 'What is preventing BoDs from getting involved?,' 'What is preventing BoD members to ask the critical questions?,' and 'How do BoD characteristics and structure relate to BoD processes, and thus, the BoD team's discussion style?' Answering these more behavioral questions might reveal how the BoD team's decision-making processes may be biased and how the BoD functions as a team when making strategic decisions.

More recently, the review of Abatecola and Cristofaro (2018) showed that UET has tendencies to develop into *strategic leadership theory*. Basing on Finkelstein et al. (2009), they described that the actor of strategic leadership theory is individuals (e.g., the Chairpersons or CEO), groups (e.g., the BoD team), or other governance bodies (e.g., owner or stakeholders). If future research takes up such a more nuanced approach and researches the BoD team as a literal strategizing team, one needs to be aware of the BoD team being different from other workgroups.[55]

To conclude, in today's state of research on BoDs, there is a lack of understanding of the BoD as a decision-making team in the strategy process (Bezemer et al., 2014; Forbes & Milliken, 1999). Therefore, we do not know how the BoD team members use their characteristics or work as a team to create value for the organization or make the BoD team more effective in performing their monitor and advisory tasks (Hillman et al., 2008; Huse et al., 2011). Therefore, scholars noted that the BoD team needs to be understood and researched as a literal strategizing team with a team-production approach. This may help to develop improved team mechanisms for BoDs (Gabrielsson et al., 2007). Scholars emphasized that future research needs to explore intermediating processes and structures between BoD composition and BoD task performance or even strategic outcomes, such as the strategy process (Forbes & Milliken, 1999; Huse et al., 2011; Zahra & Pearce, 1989). This would help to align BoD research with other theories of decision-making groups or basic strategy research in the area of SAP (e.g., Kouamé & Langley, 2018; Seidl & Whittington, 2014; Whittington, 2017).

> *Research Gap 1: Research is needed on BoD teams as literal strategizing teams and as decision-making teams in the strategy process.*

[55] Find Chapter Two (section 1.3) for a more nuanced discussion of this finding.

## 5.2 BoD Teams and Their Single Strategy Interactions

*BoD interactions* form another gap in researching BoDs and their strategizing. Strategy scholars agreed that it is essential to understand how strategy interactions are conducted and how they influence strategic outcomes[56] (for a comprehensive review, find Seidl & Guérard, 2015). In more specific BoD research, these strategy interactions appear to be crucial for the functioning of the BoD as a team and strategic outcomes (Bezemer et al., 2014; Concannon & Nordberg, 2018; Stevenson & Radin, 2015). However, previous research mainly researched the "composition-conduct-performance relationship" (Johnson et al., 2013, p. 253), failing to address the relationships' underlying mechanisms (Bromiley & Rau, 2016; Johnson et al., 2013; Pugliese et al., 2015).

Already in 1999, Forbes and Milliken (1999) stated that BoD's task performance of monitoring and advising the EM team depends not only on BoD characteristics but also on socio-psychological processes in interactions and discussions within or outside the boardroom. Huse and Zattoni (2008) added to this by arguing that "there is a need to devote more attention to the BoD's internal processes, such as interactions" (p. 73) to explore BoD's strategizing. Also, Hambrick et al. (2008) noted that "controversial or candid discussions seldom occur in boardrooms" (p. 383). A closer look at what happens in BoD's strategy interactions is necessary to understand how BoD members can perform their duties and roles as a strategizing team more effectively (Forbes & Milliken, 1999; Guerrero et al., 2017; Hambrick, 2007).

First studies already pointed towards the *vast potential* of studying BoD interactions in-depth. Observations made by Bezemer et al. (2014) and Concannon and Nordberg (2018) revealed essential differences in interaction patterns between BoD teams. These scholars reported a complex and nested nature of boardroom interactions and the differences in conducting them, mainly because of BoD team level and behavioral factors. Notably, the analysis of Bezemer et al. (2014) highlighted that "factors at the agenda item level, meeting level, BoD member level, board level and organizational level may collectively explain boardroom interactions" (p. 240). Thereby, they stipulated that taking a multi-level approach to research strategy interactions on the BoD level is useful to research the actual doings of BoDs and their strategizing (Aguinis et al., 2011; Bezemer et al., 2014; Cronin et al., 2011). Garg and Eisenhardt (2017) further outlined that researching BoD's strategy interactions might offer vast potential for future research, while precisely the area of informal interactions is highly under-researched.

[56] For a literature review on recent developments, find Chapter Two (section 2).

More generally, recent studies in the area of *multilevel governance* indicate that interactions might explain the processes and outcomes of decision-making in teams (Edelenbos, 2005; Koch, 2013; van Popering-Verkerk & van Buuren, 2016). van Popering-Verkerk and van Buuren (2016) even noted that the relationships between different levels and the decision-making process have not been studied systematically while arguing that such research offers great potential. Focusing on this avenue would allow scholars to explore the behavioral theory of BoDs and possibly find relationships with strategic outcomes.

*Research Gap 2: It seems exciting to explore BoD's strategy interactions in more detail to find links with BoD process factors and strategic outcomes.*

## 5.3 Multi-Level Analyses of BoD's Strategizing

In the previous sections, I argued that there is a *nested nature* to BoD teams. Further, in these sections, I noted that BoD's decision-making process in terms of strategizing is very complex, with behavioral and processual factors being of high relevance. Acknowledging this nested nature, scholars emphasized that it is not advisable to reduce BoD research to just researching BoD characteristics, structure, and strategic outcomes in isolation (Dalton & Dalton, 2011; Pugliese et al., 2014; Westphal & Zajac, 2013). Dalton and Dalton (2011) argued that scholars should include multi-level analyses to consider the hierarchical and nuanced nature of BoD research. Failure to apply a multi-level analysis might create biased results, but it "may also provide information about the unexplained variability" at different levels (p. 409). Multi-level approaches can help to explore processes and interactions between levels by researching how these factors shape the link between BoDs and strategic outcomes (Hillman et al., 2011; Johnson et al., 2013; Pugliese et al., 2009). This strand allows scholars to explore what BoD teams and their members do, think, and perceive while investigating how they shape strategic processes (Forbes & Milliken, 1999; Pettigrew, 1992; Samra-Fredericks, 2000b).

The number of studies in this stream of literature is still relatively scarce, also when taking into account the relevance of BoDs for strategizing and strategy interactions (e.g., Bradshaw-Camball & Murray, 1991; Roh et al., 2019; Tasheva & Hillman, 2019). Thus, there is still a considerable need for research in this area to clarify and better understand BoD members' contribution to strategizing. This may include, for example, studies examining the interaction between EM members and BoD members within and outside of regular BoD meetings (Åberg & Shen, 2019; Concannon & Nordberg, 2018; Useem & Zelleke, 2006). To achieve this goal, researchers should open the black box of BoD research by developing longitudinal studies that aim at investigating multiple levels over a more extended period to account for the nested nature of BoD teams and their strategizing (Bezemer et al., 2014; Pettigrew, 2001; Pugliese et al., 2015).

The application of multi-level techniques in this complex nature of BoD team research is a fertile approach because it offers a solution for *overcoming standard limitations in BoD research* (Bezemer et al., 2014; Cronin et al., 2011; Lungeanu & Zajac, 2019). These studies showed how factors at multiple levels interact to influence the effectiveness of BoDs as teams or organizational processes as outcomes (Bezemer et al., 2014; Bromiley & Rau, 2016). For example, Cho and Hambrick (2006) applied this approach and examined U.S. airlines and the relationships between environmental deregulation, shifts in management attention, TMT composition, TMT changes, and strategic change. Such studies require closeness to the research object studied to explore relationships between different levels, such as between the BoD and EM team (Huse & Zattoni, 2008; Leblanc & Gillies, 2005; e.g., Samra-Fredericks, 2000a).

*Research Gap 3: Applying multi-level research approaches might provide information about the unexplained inconclusive results for previous BoD composition and structure studies while offering great potential to explore the BoDs in strategy processes in greater detail.*

## 5.4 In-Depth Data Through Processual Studies

As previously mentioned, scholars are departing from strictly focusing on quantitative input-output models of researching BoD's strategizing while arguing for more nuanced and social-, behavioral-, and team-oriented approaches (Bezemer et al., 2014; Daily et al., 2003; Van Ees et al., 2009). Therefore, these scholars suggested using new research designs to analyze the actions of BoDs in the strategy process by collecting data through interviews, surveys, or even observations, and, more generally, conduct single or multiple case studies (Aguilera et al., 2008; Machold & Farquhar, 2013; Pugliese et al., 2015). For example, Finkelstein et al. (2009) stressed that "the greatest research breakthroughs will come from studies that adopt qualitative methodologies" (p. 290). This more action-oriented approach towards studying BoD's strategizing is currently only making up a minor stake of the total amount of studies because such in-depth data is difficult to access or too complex to measure empirically (Daily et al., 2003; Huse et al., 2011).

Especially *processual data* can only be measured with processual research designs because of their embeddedness in context (Pettigrew, 1992; Pye & Pettigrew, 2005). Pettigrew (1997) described such processual designs as "catching the reality in flight, to explore the dynamic quality of human conduct and organizational life and to embed such dynamics over time in the various layers of context in which streams of activities occur" (p. 342). These new research designs offer vast potential for better understanding the *why* and *how* of BoD teams and their interactions (Åberg & Torchia, 2019). For example, to develop a better understanding of how strategic leaders matter to the strategy process,

studies need to extend the research of Krause et al. (2019), Garg and Eisenhardt (2017), Bezemer et al. (2018), Hoppmann et al. (2019), and Garg and Furr (2017). These scholars adopted qualitative research designs of Chairperson, BoD members, and other top executives to find first-hand empirical evidence on how BoDs interact with each other, with other executives, or with outsiders. For example, Krause et al. (2019) noted that

> *"the main sources of information could be open-ended, semi-structured interviews with directors and top executives [… to] provide a more nuanced understanding of how the interactions among board chairs, other non-board chair directors, and top executives might affect firm strategies […]."* (p. 1588)

As previously stated, processual scholars have to emphasize individuals' context and behavior while taking a longitudinal approach to study such processes holistically over time. Thus, different types of data triangulations are necessary for interpreting, embedding, and validating results. Researching and triangulating, for example, interview data with actual BoD data, such as minutes and observations of interactions and social situations, might reduce the method bias often observed in BoD research.

> *Research Gap 4: New processual research designs offer vast potential to better understand the* why *and* how *of BoD teams and their interactions.*

## 5.5 National Context

Pugliese et al. (2009) argued that "most of the contemporary wisdom originates from U.S. samples of large public companies." These findings were supported by Nielsen and Huse (2010), who stated that BoD's contribution to strategizing had been mainly studied in U.S. corporations. More recently, Abatecola and Cristofaro (2018) highlighted that some studies have researched other national contexts, while most scholars have focused on the U.S. context. Huse et al. (2011) suggested that one reason for the overrepresentation of U.S. corporations might be data availability and the legally mandatory publication of certain information about the BoD teams of U.S. organizations.

Studies of Åberg and Shen (2019) on Norwegian BoD teams strategizing, Ruigrok et al. (2006) and Hoppmann et al. (2019) on Swiss BoD teams strategizing, and Peck and Ruigrok (2000) on prospects in German corporate governance, may serve as a role model for this dissertation. These studies showed that empirically unexplored national contexts can enhance the understanding of BoD's doings and strategizing.

> *Research Gap 5: It is crucial to explore BoD's strategizing in a non-U.S. context to enhance our understanding of BoD's strategizing outside the U.S.*

## 5.6 Specific Context of Environmental Change

Previous studies argued that the external environment impacts how BoDs make use of their *characteristics* to contribute to strategic decision-making and effective strategizing (e.g., Cannella et al., 2008; Golden & Zajac, 2001; Hambrick et al., 2015). Others noted that BoDs need to force strategic change through their composition in environmental change times (Boyd, 1990; Hillman et al., 2000; McNulty & Pettigrew, 1999), while BoDs struggle with this due to organizational inertia (Hoppmann et al., 2019).

Moreover, scholars emphasized that the optimal BoD size depends on the organization's external environment (Bennedsen et al., 2008). Also, in more general TMT research, several scholars noted that the relationship between size and organizational outcomes depends on the environmental context (Certo et al., 2006; Haleblian & Finkelstein, 1993; Orozco et al., 2018) and the industry (Ali, 2018; Henderson & Fredrickson, 1996; Khanna et al., 2014). However, no study has yet researched the BoD *structure* and its association with strategic outcomes in environmental change situations.

Besides, BoD *processes* appear to matter in environmental change contexts. General TMT studies showed that the relationship of TMT processes and organizational performance depends on the environmental context of the organization (Chen et al., 2010; Goll et al., 2007; Yamak et al., 2014). They also found that BoD processes played an essential role in changing environments. In terms of the BoD, the Chairperson seemed to be most influential in reducing the uncertainty of the external environment (Hillman et al., 2009; Krause et al., 2019; Withers & Fitza, 2017). Embracing these empirical findings on environmental change and applying them to the BoD processes appears promising and relevant for our understanding of BoD processes and their relation with strategic outcomes.

Finally, as I discovered in Chapter Two (section 4), environmental change impacts strategy interactions and their effectiveness (Cooper et al., 2014; Lin et al., 2015; Schwarz & Balogun, 2007). This impact might be due to alterations in interaction phases (Eisenhardt, 1989c; Grant, 2003; Markarian & Parbonetti, 2007) or different team processes (Richard et al., 2019). However, little is known about how strategy interactions occur in times of a changing environment. Further, Alvarez et al. (2018) stressed that management theories should take environmental change more seriously. The developed landscape of BoD's strategy interactions in Chapter Two (section 2.3), offers first theoretical insights into exploring this research field. Scholars could use this landscape and apply it to BoD's strategizing in times of environmental change.

> *Research Gap 6: It is exciting to study BoDs and their strategizing in times of environmental change to explore how BoDs shape the strategy process and how they contribute to an effective strategy process in such times.*

# CHAPTER THREE: EMPIRICAL STUDY

## 1 Empirical Frame and Empirical Research Object

The theoretical background offered deep insights into the BoD's strategizing in times of environmental change. From this extensive literature review, I was able to identify several research gaps. This Chapter aims to show what I specifically want to investigate in my empirical study. Therefore, this Chapter frames the empirical study, including an own preliminary study (1.1), explains the research object (1.2), and offers an illustrative summary of the entire research design (1.2).

### 1.1 Framing the Empirical Study

#### 1.1.1 Environmental Change in the Swiss Aviation Industry

In this dissertation's theoretical background, I highlighted that it is important to research BoD's strategizing from a team and processual perspective. Also, in Chapter One (section 1) and Chapter Two (section 4), I showed that investigating this in the context of environmental change may lead to further interesting results. In this section, I explain why the Swiss aviation industry serves as an ideal context for my research study.

My own professional and academic experience in the Swiss aviation industry[57] has allowed me to observe an environmental change of increasing regulation and information within the industry. Although experiencing the industry and strategy actors hands-on represents an exclusive research possibility[58], these observations might be somewhat subjective. Thus, I wanted to find if there is empirical evidence for the environmental change happening in the Swiss aviation industry, resulting in challenges for BoDs as the main strategy actors of these organizations. I was eager to find if one can observe this change more objectively and, therefore, enhance credibility of my entire research design.

[57] I have been working and researching the aviation industry on a national and international level for many years. During the course of my dissertation, I worked at the Center for Aviation Competence at the University St.Gallen, a research center dedicated to aviation management research. Also, I founded the Special Interest Group (IG) of 'Strategic Management' in the Air Transport Research Society (ATRS), the most renown scholarly platform for aviation management scholars. During the time of my dissertation, I also engaged in national and international associations of manufacturing and integrator organizations in the aviation industry, such as the Swiss Aerospace Cluster or the European Aerospace Cluster Partnerships. I thereby worked with numerous strategy practitioners on a daily basis and exchanged with them ideas, viewpoints and perceptions of the Swiss and international aviation industry and of my dissertation.

[58] My network within this industry offered me the unique opportunity to gain rare and first-hand insights into BoD's strategizing from several CEOs, BoD members, and a large variety of strategy actors. Through formal and informal ties to these main strategy actors, formal and informal conversations with key decision-makers, strategic actors, as well as politicians and regulators, were possible. These conversations added to my pre-study, allowing me to continuously challenge what has been discovered in previous research and what I found in the empirical part of this dissertation. These conversations allowed me to gain rare insights into the actual functioning and practices and collect more data of a large number of organizations in the industry, but to make much better sense of strategy processes and doings of organizations of this industry general industry characteristics and sentiment. Thereby, this pre-study was immensely important for me to further familiarize myself with my research object and my empirical study's research context.

To do so, I conducted two pre-studies. These pre-studies are explained in sections 1.1.2 and 1.1.3. I deep-dive into current environmental changes within the Swiss aviation industry by using my network access to identify and measure objective changes in Swiss aviation organizations' environment empirically. Concluding these empirical analyses, I discuss why it is worthwhile to study the strategizing of BoDs in times of environmental change within this specific industry. As a starting point, and to frame the empirical and pre-study, I introduce the industry, including its historical development, unique characteristics, recent developments and the regulatory framework for Swiss aviation organizations, and therefore, describe its structure to offer a rugged frame for the more detailed discussions that follow.

Therefore, in the following sections, I empirically showcase the environmental change of the Swiss aviation industry and discuss possible outcomes for strategizing and its actors, especially the BoDs of Swiss aviation organizations.

#### *1.1.1.2* ***Historical Development of the Aviation Industry***

The aviation industry refers to the activities of mechanical flight, airports, airlines, and the aircraft system within the segments of civil and general aviation and aviation safety. The aviation industry consists of many different aircraft types: fixed-wings, rotary-wings, morphable wings, wingless lifting bodies, and lighter-than-air aircraft, such as hot air balloons and airships. Historically[59], first flight experiments were done in the area of lighter-than-air aircraft (hot-air balloons, 1783), gliders (several pioneers, mid-19$^{th}$ century) and propulsion-less aircraft (e.g., Otto Lilienthal, 1891 and Wright Brothers, 1903) go back to the last three centuries. At the beginning and mid-20$^{th}$ century, the aviation industry developed fast in terms of aircraft construction technologies (from wood to aluminum to composite materials) and engine types (from in-line water cooled gasoline engines to rotary and radial air-cooled engines). Thus, the aviation industry developed from a pioneer- and visionary-driven industry to an industry aspired by the broad public, becoming a status symbol of innovation and wealth for nations and regions.

Also, aircraft development advanced in World War II through the demand for rapid and reliable development and production and the need to fly longer distances with heavier loads and larger aircraft. Through these changes, international regulation or agreements were necessary, finally resulting in the first international air regulation in 1944, the Chicago Convention, which is even relevant today. Art. 1 of the Chicago Convention states:

[59] This following section is mainly based on historical studies of the aviation industry by Wittmer et al. (2011) and Heppenheimer and Heppenheimer (1995), as well as based on knowledge of my personal and professional background in the aviation industry.

"The contracting States recognize that every State has complete and exclusive sovereignty over the airspace above its territory." This article was contradictory to the development of long-haul flights and international air traffic, restricting the aircraft to solely fly in the nation's airspace and above its own territory. Therefore, to enable international air traffic, states negotiated multilateral agreements and bilateral aviation conventions. These agreements were also highlighted in the preamble of the Chicago Convention:

> *"the undersigned governments agreed on certain principles and arrangements in order that international civil aviation may be developed in a safe and orderly manner and that international air transport services may be established on the basis of equality of opportunity and operated soundly and economically"* (Bowen, 1944, p. 603).

To account for these new structures and manage civil aviation regulation internationally, the International Civil Aviation Organisation (ICAO) was founded on 4 April 1947. Through ICAO and its enabling and supporting role in developing the international aviation industry, nations or organizations could establish their own airlines. This, in turn, demanded the entire aviation industry, incl. aerodromes, service providers, and manufacturers, to further develop and provide safe and secure air operations.

By establishing ICAO and the increase in operations, passenger numbers, and organizations active in the aviation industry from the 1960s onwards until today, the aviation industry evolved rapidly. Especially *airlines* experienced an immense development, with international networks and alliances building and full-service network carriers (FSNCs) and low-cost carriers (LCCs) establishing in the market. Also, *aerodromes*[60] developed into vital mobility hubs for countries or regions, and international air traffic or air cargo have created natural monopolies for the biggest hubs in some countries and regions. Therefore, state-owned 'national' airlines profited from unprecedented government grants and operated in a regulated and controlled environment.

Another milestone in international aviation regulation was the *Airline Deregulation Act* of 1978 in the U.S. (Goetz & Vowles, 2009). This deregulation offered advantages to small companies to enter the aviation industry as newcomers or allowed established players to alter their business models (Cho & Hambrick, 2006; Levine, 1986). However, in the EU, deregulation efforts were significantly slower and less efficient than in the US (Nijkamp, 1996; Schipper et al., 2003). Despite its single internal market and a standardized system of regulations that apply in all member states, its sovereignty makes reg-

[60] Aerodromes is the official regulatory term for every type of airport, including for example regional airports or hub airports.

ulations always a matter of negotiation on a supranational level. The particular and complex interests of single or multiple European Union states hinder the deregulation process (Button, 1989; Peeters et al., 2005). However, deregulation resulted in intense price competition and new business models with a strong focus on cost reductions and increased operations efficiency. This development can be observed even today with full-service network airlines, such as Emirates, Lufthansa, KLM, and Singapore Airlines, and low-cost carriers, such as EasyJet, Air Asia, and Ryanair, focusing on price differentiation, cost reductions, and efficiency gains.[61]

Through the fast development of airlines and aircraft production, *aerodromes* were continuously challenged to adapt to these new environmental factors. Larger aircraft were able to reach greater distances, which resulted in an immense increase in international airline passenger numbers from roughly 310 million in 1970 to approximately 4.397 billion in 2019, and international air freight from approximately 15'600 million tons in 1973 to roughly 221'165 million tons in 2018 (Worldbank, 2020). For aerodromes, this meant that they had to account for this increase with longer runways, for general aviation (business aviation and flight schools), altered handling of passengers and cargo, the maintenance of aircraft, and other services, such as F&B, leisure or business activities. Therefore, a constant review of the environment is vital for aerodromes' long-term success since aerodromes are naturally dependent on the aviation industry's development.

Moreover, *air navigation service providers* (short: ANSPs) are responsible for managing safe and secure air traffic on behalf of an organization, region, country, or national safety agency. In early years of international air traffic, ANSPs were all state-owned or government departments. Since the liberalization of the airline market in the 1970s, ANSPs were also becoming privatized in some countries. One of the reasons was to better account for aircraft's fast improvements and their technologies being used for the operation, rising passenger demand, and air freight being transported. Thereby, ANSPs were also confronted with increasingly dense and complex airspaces and air traffic, challenging their management to ensure safe air operations. Today, an ANSP provides many different and complex services to airspace users.[62] Depending on the region, the mandate and the business model of ANSPs differ. The ANSP's services are commonly provided to airspace users during all air operations phases, being the approach, the aerodrome, and en-route. Therefore, ANSPs are strategically confronted with an increasing demand for safe and secure air traffic. Also, they have to enable aircraft to pass from one airspace

[61] For a more though rough differentiation of airline business models, find Rossy et al. (2019).

[62] Among these services are services of air traffic management, aeronautical information services/aeronautical information management, meteorological service for air navigation, search and rescue, and communication navigation and surveillance systems.

to another with minimum effort, challenging existing strategic assumptions and demanding a harmonization of systems. A very recent change is the development and increased use of unmanned aerial systems (also called drones). These vehicles often operate in restricted and lower airspace and demand the ANSP to develop the so-called 'U-Space'[63] or 'unmanned air traffic management system' (short UTM). The UTM has to be merged with the already complex and existing ATM system, which needs further harmonization between ANSPs and across organizations, regions, and countries.

To conclude, the history of the aviation industry is characterized by a continuous effort to adapt to the most recent innovations while securing a safe and reliable air operation. Thereby, the aviation industry is highly *dependent on environmental factors*, such as regulation and natural resources, and general technological, economic, social, political, and most recently, ecological developments (Itani & Mason, 2014; Wensveen, 2016). The industry is also dependent on environmental changes and reacts sensibly to wars, natural catastrophes, or health crises, such as epidemics or pandemics. Interestingly, the whole industry is dependent on these external factors and not just single organizations. If airlines are not able to fly due to these external factors (e.g., during a pandemic), aerodromes and ANSPs will suffer directly from less revenue and traffic, ground handlers will have less business, aircraft manufacturers will, most likely, receive fewer orders, and suppliers will have to adjust to these new market conditions. Therefore, the entire aviation industry will suffer from such an environmental shock. The recent Covid-19 pandemic is a perfect example for this dependency (Linden, 2021). For organizations of the aviation industry, this means that they have to constantly adapt to environmental change while staying compliant with regulations.

#### *1.1.1.3* ***The Swiss Aviation Industry: Recent Developments***

In this section, I summarize very recent developments of the Swiss aviation industry which impact the long-term planning and strategizing of aviation organizations today. Besides, this section outlines how these developments and challenges can influence regulation, which, in turn, affects the strategizing of Swiss aviation organizations.

First, the Swiss aviation industry *contributes* significantly to the Swiss economy. In its report on aviation policy for 2016, the Federal Council of Switzerland stated that "aviation is central to the population and the economy" (Der Bundesrat, 2016). This central function provides growth opportunities, increases the Swiss economy's attractiveness and ensures long-term national value creation. In 2018, the Swiss aviation industry added

[63] "The U-Space is a set of services and specific procedures enabling a safe, efficient, sustainable and secure integration of UAS into airspace. These services rely on a high level of digitalisation and automation of functions, which enable complex operations with low human workload. Harmonized standards worldwide are key for a dynamic drone sector, as legal certainty is needed to enable investment" (FOCA, 2020d).

a total value of USD 27.2 billion per year to the national GDP, which accounted for 4.1 percent of the total GDP. Further, 207'000 jobs were supported by the aviation sector in Switzerland in 2018 (IATA, 2019). Also, 38 percent of all tourists reach Switzerland by air, and over 40 percent of Swiss exports (by value) are shipped as air freight (Swiss, 2019). Moreover, in 2019, skyguide's air navigation services controlled a total of 1.3 million flights (up 0.5 percent year-on-year), including 822'313 transit flights (up 1.7 percent year-on-year) over the territory of Switzerland (skyguide, 2020). Based on Komitee Weltoffenes Zürich (2020), "a good international accessibility not only benefits the economy but is also of outstanding importance for science and culture."[64]

Simultaneously, today's Swiss aviation industry is a highly complex industry with many environmental factors influencing all involved organizations' strategizing. One first example is *sustainability*, also often referred to as 'sustainable aviation.' In recent years, the aviation industry is blamed for not being sustainable, while even groups call for boycotting flying under the premise of 'flight shame.'[65] Further, there is also regulatory pressure on airlines to compensate for their emissions. For example, in October 2016, the International Civil Aviation Organization (ICAO) decided on a carbon offsetting and reduction scheme called CORSIA, which has been applied to international aviation since 1 January 2019 with "all airlines required to report their CO2 emissions on an annual basis" (ICAO, 2020b). This scheme is set up "to provide economic incentives for technological innovation and encourage efficiency improvements" (EASA, 2020a). These developments have resulted in an increase of regulation for all aviation organizations and a strategic challenge for them (Gössling et al., 2020; Scheelhaase et al., 2018).

A second environmental factor impacting the Swiss aviation industry is *technological innovation*. As previously mentioned, the Swiss aviation industry is highly complex in terms of its technologies, systems, and operations, demanding high industry knowledge and experience (Becz et al., 2010; Cook et al., 2015). One of the most recent examples of how complex the aviation industry is and how difficult it is to integrate new technologies or systems into the existing airspace is the notion of unmanned aerial systems (UAS, also commonly called drones). "Drones are remotely controlled, usually small aircraft, subject to the same legislation as model aircraft" (FOCA, 2020b). Based on the European Commission (2020d), the drone industry is expected to account for up to 10

[64] These data were all collected before the Covid-19 crisis of the aviation industry. The Covid-19 crisis will have a lasting impact on the aviation industry – also in Switzerland (ICAO, 2020c; Wittmer, 2020).

[65] 'Flight shame' is defined as "a reluctance to travel by air, or discomfort at doing so, because of the damaging emission of greenhouse gases and other pollutants by aircraft" (Oxford Languages, 2020). Even the word of the year of the Oxford Dictionaries' in 2019, "climate emergency," is reflecting this trend towards less flying, with the word 'flight shame' itself also being a contender for the word of the year (Charlton, 2019).

percent of the entire aviation industry within the next decade. This development describes the European Union's aim to set international and harmonized standards in this domain. Therefore, aviation organizations are working together on an international and European level to integrate drones into the airspace, by creating the so-called 'U-Space.' At the same time, this development further enhances the pressure for regulation to enable safe and secure airspace management as well as safe and secure operations for airlines and aerodromes (Winkler et al., 2018). The notion of UAS development already led to new and more complex regulations in recent years and will lead to Swiss aviation organizations needing to adapt to this technological change (Bassi, 2019; Hodgkinson & Johnston, 2018). Therefore, the Federal Office for Civil Aviation of Switzerland has raised awareness that "the increasing number of drones operating in the airspace has forced the aviation sector to rethink the concept of Air Traffic Management." Also, the Commissioner for Transport Violeta Bulc of the European Commission further added that it is a challenge "to integrate the existing building blocks into a genuine efficient system and, at the same time, tackle safety, security and environmental concerns" (Bulc, 2016). This example of U-Space showcases that in the aviation industry, there appears to be a tension between technological innovation and regulation.

To conclude, these exemplary developments in sustainability and U-Space have increased regulations for every Swiss aviation organization. Therefore, I was eager to find if this increase in regulation can also be observed more objectively to frame the empirical study and offer more credible and generalizable results with my empirical study. After introducing the regulatory framework for Swiss aviation organizations in the next section to understand the dynamics and structure of regulation, Chapter Three (sections 1.1.2 and 1.1.3) provides more details on this pre-study.

#### *1.1.1.4* ***The Regulatory Framework for Swiss Aviation Organizations***

In the previous section, I noted that regulations imposed on the Swiss aviation industry organizations have a considerable (strategic) influence on these organizations. Thus, this section aims to provide further details on the regulations for Swiss aviation companies.

A variety of institutions and organizations forms the political and legal environment in aviation. These institutions and organizations can be split into international (i.e., ICAO), supranational (i.e., EASA), and national organizations (i.e., FOCA). The regulatory environment of aviation has always been shaped by international laws, regulations, and means of compliance because of cross-border air traffic and international cooperation or mergers. However, besides this internationality of regulation, national regulations or binational and bilateral agreements of supranational organizations are also vital for aviation organizations. In the following, I introduce the three major regulatory bodies for

Swiss aviation organizations in descending order from international to national regulatory bodies to illustrate and explain this complex regulatory environment of aviation.

### *ICAO as the International Regulatory Body*

International aviation is governed by the International Civil Aviation Organisation (ICAO). ICAO was founded on a multilateral agreement, the Chicago Convention, which enabled ICAO to legislate the aviation industry. Thus, the ICAO is a supranational organization of 193 member states. It aims to "maintain an administrative and expert bureaucracy (the ICAO Secretariat) supporting these diplomatic interactions, and to research new air transport policy and standardization innovations" (ICAO, 2020a).

The respective national civil aviation authorities (CAA) then have to align their regulations to ICAO regulations "to bring worldwide alignment to their national regulations, helping to realize safe, secure and sustainable air operations on a truly global basis" (ICAO, 2020a). Therefore, based on its competencies and functions, ICAO can set international standards and regulations as primary (standards) and secondary legal regulations (recommended practices). For example, the regulations of the Chicago Convention are part of primary regulations. Primary regulations enter "into force directly through ratification of the respective treaty" (Müller, 2011a, p. 223). As with many other multilateral institutions and regulations across industries, the principal operational regulations are secondary legal regulations, which are subordinate to the primary ones and offer member states to govern topics independently based on national preferences and needs (Müller, 2011a; Tietje, 2008). Also, there are procedures for Air Navigation Services (PANS) and Regional Supplementary Procedures (SUPPS), which complement the primary and secondary regulations. However, based on Art. 54 lit. 1 CHI, the primary and secondary regulations are to be handled distinctly from the procedures (Bowen, 1944).

Besides this regulatory body of ICAO, there are major international private institutions (e.g., International Air Transport Association – IATA) that offer a forum for exchanging information between its members to influence ICAO's rulemaking representing their members' interests through active lobbying and participating in rulemaking activities.

### *EASA and EC as the European Regulatory Bodies*

The Joint Aviation Authorities (JAA) was the first institution to establish European aviation regulations and European aviation guidelines. It counted 42 member states (Pierre & Peters, 2009). Today, European aviation regulatory bodies' landscape looks different, with the European Aviation Safety Agency (EASA) replacing the JAA to regulate the aviation industry in Europe on a supranational level as an agency of the European Commission (EC), which is part of the European Union (EU). It has 32 member states, including Switzerland (EASA, 2020b). Today's mission of the EASA today is to ensure

safety and environmental protection, a regulatory and certification process, and work with other international aviation organizations and regulators, such as ICAO on the international level or the Federal Office for Civil Aviation (FOCA) in Switzerland. The *tasks* of the EASA are to "draft implementing rules, […] certify & approve products and organizations, […] and promote the use of European and worldwide standards to achieve the highest safety level for EU citizens globally" (EASA, 2020b).

As the ICAO, the EASA develops primary regulations (also called hard law) and secondary regulations (also called soft law). In contrast to ICAO's secondary regulations, EASA first *and* secondary regulations are binding for member states, i.e., 'opting out' and changes to the law are not allowed. EASA's rules are always superior to national regulations. Thereby, they are vital for harmonizing international airspace and regulation (Müller, 2011a; Pierre & Peters, 2009).

Also, on a European level, there are several private, governmental or semi-governmental institutions, such as Eurocontrol or EACP, that enable a platform for the exchange of information between its members to influence the rulemaking of EASA by representing their members' interests through active lobbying or partaking in rulemaking activities.

### *FOCA as the National Regulatory Body*

In June 1999, the Swiss Confederation agreed to join Europe's aviation rulemaking bodies and legal requirements, despite not being part of the European Economic Area (Wittmer et al., 2011). This decision was enforced in 2002 and resulted in integrating Swiss aviation organizations into the European aviation industry. This gave Switzerland the same rights and obligations as ordinary EC member states, also called 'as-if' status (EASA, 2020b; Pierre & Peters, 2009). Because of this status, Switzerland and its aviation organizations had to apply and be compliant with international and European regulations. They can also have an institution that introduces its own regulations and guidance material if it complies with the superior ICAO and EASA regulations. This national body is called the Federal Office for Civil Aviation (FOCA) in Switzerland. It acts as a regulatory, norm-setting, and monitoring organization for the aviation industry (FOCA, 2020a). Thus, the FOCA has the goal to ensure that the Swiss airspace and air operations in Switzerland are safe, efficient, and environmentally friendly (FOCA, 2020a). Being part of the ICAO and the EASA, FOCA collaborates with these inter- and supranational organizations, making it easier and more efficient for Swiss aviation organizations to comply with these international rules. The rulemaking and regulation authority of FOCA may be partly delegated to qualified institutions. For example, the task of safety investigations was delegated to the Swiss Transportation Safety Investigation Board (STSB),

the task of weather services to MeteoSwiss, and air traffic control and management skyguide (FOCA, 2020a).

Moreover, in Switzerland, national and private institutions, such as the Board of Airline Representatives, the Swiss Aerospace Cluster, Swissmem, or Aerosuisse, act as industry interest or lobbying organizations. In terms of regulation, they do not have a direct legal or regulatory implication for Swiss aviation organizations but ensure an efficient and effective means of compliance with national (FOCA), supranational (EASA), and international regulations (ICAO).

### 1.1.2 Increase in Regulations as Framing Factor (Pre-Study)

As Scott (2005) and neo-institutionalism indicated, organizations must conform to the external environment's rules and regulations (e.g., Powell & DiMaggio, 2012; Tidd & Bessant, 2020). This conformity is due to structural and procedural institutional isomorphism, which will result in organizational legitimacy (e.g., Beckert, 2010; DiMaggio & Powell, 1983; Suddaby et al., 2017) and enable the organization to be competitive and strategically successful in the long-term (Salomon & Wu, 2012). Further, as mentioned before, regulation is a major environmental factor for all aviation organizations, also in Switzerland, especially for their long-term planning. Therefore, looking at the development of regulation is a vital framing factor for a study concerned with strategizing organizations that strive to be compliant with regulations.

#### *1.1.2.2 Regulation as Framing Factor for Aviation Organizations*

Regulation is heavily discussed in the aviation industry (Flessati & Linden, 2018; Müller, 2011a; Njoya et al., 2018). The aviation industry and air *operations are very restricted and limited, with many regulations, rules, and restrictions* in place. This phenomenon can be seen by looking at an ICAO-airspace-map, for example, in Switzerland[66]: The airspace is complex and fragmented into different types and classes. For the sake of a safe and secure operation, violators are prosecuted with high fines and general safety standards are very high. On the other hand, the regulatory bodies have a strong influence and market power to influence aviation organizations' strategizing. Especially in regards to market conditions, technology, and sustainability, regulations appear to set the tone for the pace and content of developments in recent years. These regulations often hinder industry newcomers from entering the market successfully. For example, German regulatory bodies stopped expanding Gulf airlines in Europe by denying addi-

[66] The official aeronautical ICAO map of Switzerland is published in cooperation between FOCA and skyguide. The map shows airports, airfields, airspaces with classification, restricted and danger areas, aviation obstacles, and important air traffic control information. The ICAO map is usually updated annually.

tional landings. This would have allowed Gulf airlines to serve new destinations in Germany (Vespermann et al., 2008). This example showcases the tensions between national and international regulatory bodies as international regulations might affect self-determination and national autonomy. Even today, regulations on access to markets (via freedoms of the air) or charges of specific flights (fewer noise charges as hub carrier at an airport) are more or less shaping entire market forces instead of regulating small, very specific aspects (De Wit, 2014; Tretheway & Andriulaitis, 2015). In an entirely liberal aviation industry, regulations would play a less significant role. Despite today's practice, liberalization efforts seem to contradict national interests and regulations in environmental protection, capacity utilization, and access or relations to international markets (De Wit, 2014). Therefore, regulations enable entire business models or markets to be created while also having a direct effect on competition and competitive advantage.

However, regulatory change in aviation also opened up markets in the past, for example, through the introduction of an *EU-U.S. open skies agreement*, which was constituted in 2007 and amended in 2010 as 'second stage agreement.' It was established as "a modern regulatory framework to promote safe, affordable, profitable and competitive air transport" (European Commission, 2020a). Through this agreement, regulatory bodies promoted an immediate change in organizations' strategizing: These organizations had to adjust to the new market conditions (network structure, destination mix). Also, even new airlines were founded due to new market opportunities and potential. For example, for Iceland, which joined the agreement in 2011, this enabled them to position themselves as a hub between two of the world's largest aviation markets.

Another excellent example of how regulation impacts strategizing of aviation organizations is the so-called *Single European Sky* initiative. In 2004, the European Union initiated it to move away from intergovernmental practices and harmonize and simplify the complex and fragmented airspace in Europe (European Commission, 2020b). It is assumed to result in shorter, more efficient, and more environmentally friendly air operations (European Commission, 2020b). When eventually implemented, it will lead to a massive change in the aviation industry's structure through a redesign of airspace. Consequently, this would lower costs for airlines and reduce emissions while also leading to certain national ANSPs being obsolete and, thus, challenging their long-term survival.

Another last and very recent example to illustrate the complex European regulation structure is fueling discussions or governmental interventions due to the *Covid-19 pandemic*. During the pandemic, governments financed airlines or aerodromes to secure operations and sovereignty, while the EU even decided on financial interventions, such as the German 'Lufthansa' (European Commission, 2020c; White, 2020). These decisions led to massive disagreements and discussions on a supranational level, with some actors

stressing that these interventions negatively influence the aviation market dynamics and powers instead of liberalizing or deregulating it (Abate et al., 2020; Reed, 2020).

The paragraphs above show that international and national regulations shape the development and pace of the industry and thereby impact its organizations' strategizing.

#### *1.1.2.3* ***Increase in Regulation Since 2000 for Swiss Aviation Organizations***

Besides impact of regulations on international level, there might also be conflicting interests on a national level within the aviation industry. This makes strategizing for Swiss aviation organizations even more complex. For example, the regulation on *U-Space* previously mentioned was stopped by the Swiss Model Aviation Association in a motion in Switzerland's parliament in late 2020, only months before the regulation was planned to come into force.[67] This resulted in a delay the integration of drones into Swiss airspace, questioning the harmonization of U-Space on an international level, thus, challenging the strategizing of all organization involved in this segment and even beyond.

Another recent example of the immense impact of regulation on aviation organizations is the recently stopped project to strategically change the infrastructure and usage of the aerodrome of *Dübendorf*. Even after an initial mandate by the Swiss federation and a lengthy decision-making process for its renewal and transformation from a military airfield to a civil and research aerodrome, the project was stopped due to noise complaints and pressure from neighboring communities. This list could be continued arbitrarily.

The above-mentioned examples and the complex structure of aviation regulation already points towards *regulations, specifications, and revisions playing a significant role for Swiss aviation organizations*. Further, research found that Swiss aviation organizations experienced a substantial increase in regulation during the last years, which was perceived as being harmful to the management of these organizations (Flessati & Linden, 2018).[68] These previous findings offer a though rough picture of the matter and excited me to analyze this change in more detail with more objective and quantifiable measures.

The following paragraphs introduce the analysis of my pre-study on aviation regulations and specifications, confirming a substantial increase quantitatively. To conduct this pre-study, I closely worked with FOCA and EASA officials, who kindly supported me with documents and explanations to the complex regulations and materials while also serving as sparring partners to challenge my pre-study's results.

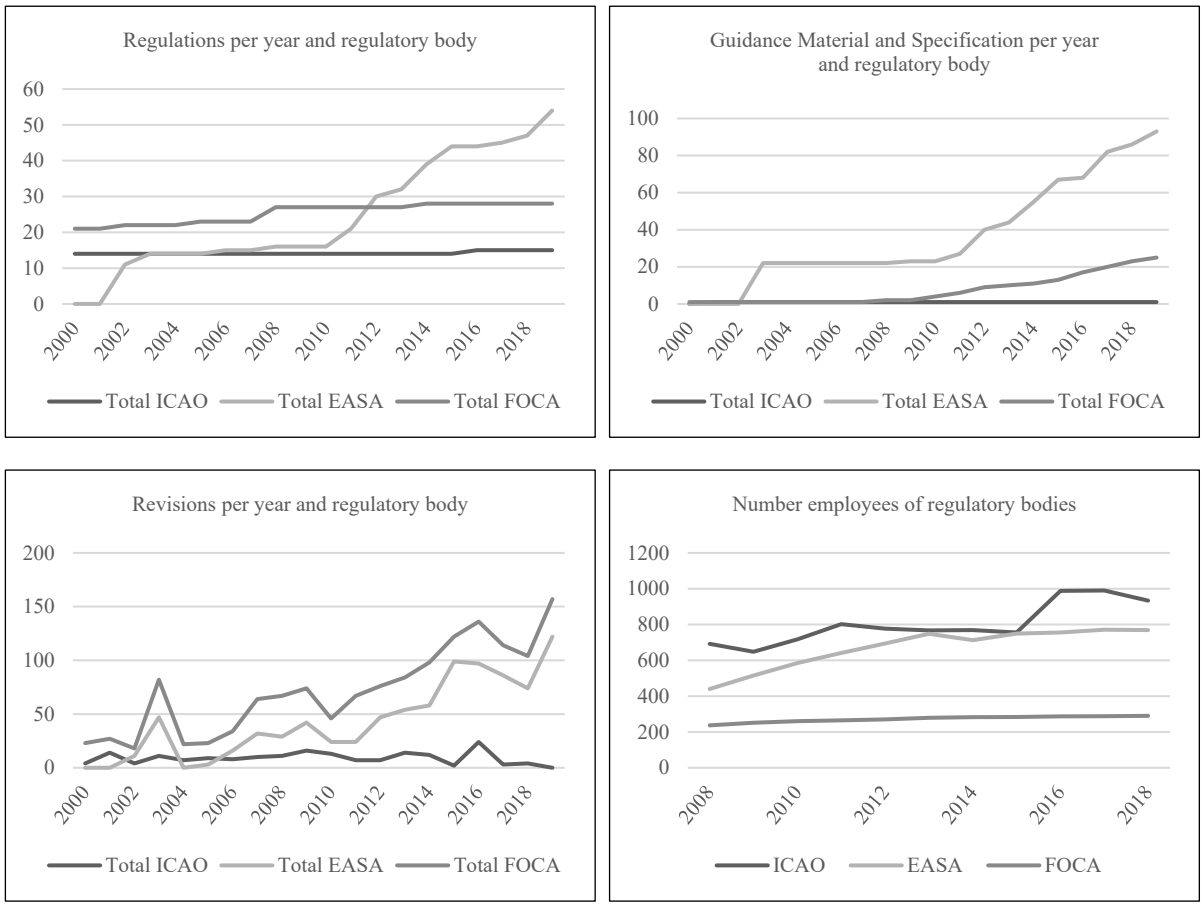
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[67] This was due to the Swiss Model Aviation Association not wanting to be part of tighter regulations of U-Space that would also apply to the operation of 'model flight aircrafts.'

[68] The survey by Flessati and Linden (2018) discovered that Swiss aviation organization perceive an increase in regulation while the negative consequences lead to an increase in documentation work, increasing costs to stay compliant, derailing from other management activities, and an overload of information through complexity of regulations, which leads to higher levels of uncertainty.

The analysis starts in the year 2000 when the European regulations were applied to the Swiss aviation industry. To objectively measure the increase in regulations, I collected three types of indicators. First, I accessed every (1) 'Regulation,' (2) 'Acceptable Means of Compliance and Guidance Material,' and (3) 'Certification Specification' document for the years 2000 to 2019 of the regulatory bodies ICAO, EASA, and FOCA (Figure 8). I did this with the aforementioned help of FOCA and EASA officials and via own desk research on the authorities' homepages (EASA, 2020c; FOCA, 2020c; ICAO, 2020d) while also being supported by partners from my own personal network. I counted every document that was made available to me. For ease of comprehensiveness, the second and third types of regulation were summarized under "Guidance Material and Specification." Second, I analyzed the number of revisions per year since 2000. The aim was to find an objective increase and possible changes. Third, I collected the total number of employees per regulatory body for the ICAO, EASA, and FOCA. The development of employee numbers is another good indicator and objective measurement of how the aviation industry's regulation developed in the last decades.

**Figure 8:**
**Regulation for Swiss Aviation Organizations Since 2000**




*The graphs show the results of my pre-study on the development of regulations, guidance material and specifications, revisions, and number of employees per regulatory body in the aviation industry. The data points represent the accumulations per regulatory body; e.g., the three data lines for 'regulation' include the accumulated regulations for all segments of the regulatory bodies ICAO, EASA, and FOCA, respectively. Source: Own illustration.*

The results displayed in Figure 8 show an immense increase in regulation since 2000. The *revisions* of the supranational regulatory body EASA and the national regulatory body FOCA show an immense increase since 2010, with a minor drop between 2016 and 2018. Besides, it is interesting to observe that the number of regulations and guidance material and specifications appears to be relatively stable for ICAO and FOCA, with only a minor increase for FOCA's numbers since 2008 for both categories. However, the number of regulations as well as guidance material and specifications of EASA shows an immense increase since 2010, developing from 18 regulations as well as 22 guidance materials and specifications per year in 2010 to nearly 60 regulations as well as over 90 guidance materials specifications per year in 2019. This development shows that aviation companies need to handle more regulations, guidance material and specifications, and revisions per year since 2000. The substantial number of revisions also poses significant challenges to aviation organizations' compliance management and increases the rate of change for the organizations, also impacting their strategizing.

To conclude, this data objectively shows a continuous increase in regulation, means of compliance and guidance material, specifications, and revisions for the Swiss aviation industry. This development is valid not only across the aviation industry but also for every single industry segment. Therefore, the pre-study results on regulation are striking since I can empirically showcase an increase in regulation for each segment of the Swiss aviation industry from 2000 to 2019 (based on data of EASA, 2020c; FOCA, 2020c; ICAO, 2020d). Thereby, I support the already somewhat perceptive findings of previous research in this area of Flessati and Linden (2018).

To investigate whether specific segments are more strongly influenced by an increase of regulation than others, I conducted another empirical data analysis. I divided the entire industry into sub-segments, which is done by regulatory bodies themselves, and investigated the segments individually. To do so, I conducted the same data collection and analysis as before. The following paragraphs highlight that the segments 'Aerodromes' (Figure 9) and 'ANSPs' (Figure 10) of the Swiss aviation industry have experienced the largest increase in *regulations, guidance material, specifications, and revisions* since 2000. Moreover, the segments 'aerodromes' and 'ANSPs' have experienced the most substantial rise in *regulation* in the last years.

**Figure 9: Aerodromes' Regulation Since 2000**

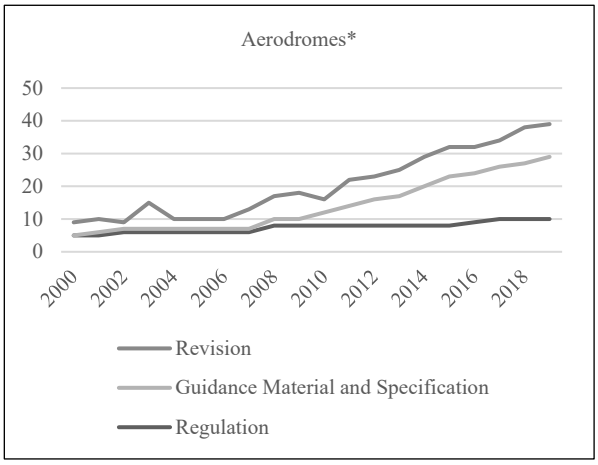
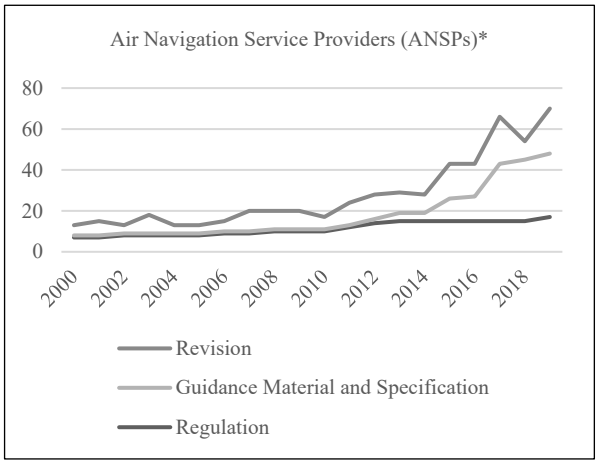



**Figure 10: ANSPs' Regulation Since 2000**




*The graphs show the development of regulations, guidance material and specifications, and revisions for two segments of the aviation industry: Aerodromes and ANSPs. Data is cumulated data from all regulatory bodies and per segment, such as 'Regulation' of 'Aerodromes' in dark grey. Source: Own illustration.*

Whereas regulations appear to be relatively stable with a slight increase, guidance material and specifications experienced a substantial increase since 2008 for aerodromes and since 2012 for ANSPs. Also, when observing the number of revisions since 2000, aerodromes and ANSPs are facing substantial increases. This means that both segments have to deal with new regulations, guidance material or specifications, and revisions in addition to the already existing ones, making the compliance for these organizations increasingly complicated.

For *aerodromes*, I observed a slight increase in regulations since 2000, with essential regulations introduced in 2008 (EASA), 2015 (ICAO, FOCA), and 2016 (EASA). Further, there is a significant increase in guidance material and specification for aerodromes since 2007. EASA and FOCA primarily drove this development. Also, there is a significant increase in the number of revisions per year since 2010. This continuous change of regulations results in more uncertainty for aerodromes' strategizing. This fact has an especially severe impact on smaller aerodromes who appear to often struggle understanding and coping with such complex and new regulations (Adams, 2015).

With four sets of regulations, regulation for *ANSPs* is by default very complex. Also, one can observe a slight increase in regulations since 2000, with significant regulations being introduced in 2008 (EASA), 2015 (ICAO, FOCA), 2016 and 2017 (EASA), and 2019 (EASA). Additionally, and primarily through EASA and FOCA, there is a significant increase in guidance material and specification since 2010 for ANSPs and a strong growth in the number of revisions per year since 2014. This continuous change of regulations results in more uncertainty for ANSPs' strategizing.

Interestingly, both the aerodrome and the ANSP segment are vital for the entire industry. Aerodromes offer airlines, service providers, maintenance organizations, and many other organizations the critical infrastructure for their business and operation. ANSPs enable air traffic to function appropriately: Airlines cannot fly without their service, aerodromes cannot operate air traffic, and every other aviation organization is significantly impacted.

To conclude, the pre-study results showed that there is an almost constant increase in regulation since 2000 for Swiss aviation organizations. This means that Swiss aviation organizations face a constantly changing external environment. This is especially true for two segments – aerodromes and ANSPs. Strategizing of these two segments is impacted greatly by this development of increasing regulation due to a higher level of uncertainty for long-term planning.

#### *1.1.2.4 Consequences of Increasing Regulation for the Strategizing of Swiss Aviation Organizations*

The goal of regulations, guidance material, certification specifications, and their revisions is to make the aviation industry safer and more secure. As I showed in the previous section, regulations, guidance material, and certification specifications have increased for the entire industry and for some segments partly enormously in the last years. This development results in an environmental change for all Swiss aviation organizations, directly impacting their strategizing. The constant change of single regulations, guidance material, and specifications make it difficult for strategizing actors to derive long-term plans and actions from these regulations. Due to the large number and complexity of regulations, it is often difficult for organizations to obtain an overview of the relevant regulations. Thus, regulation is a major driving force and environmental factor for strategizing and long-term planning of Swiss aviation organizations.

Previous research suggests that these externally imposed regulations can have unintended and negative consequences for organizations and their governance (Brick & Chidambaran, 2010; Hermalin & Weisbach, 2006). Regarding the aviation industry's regulation, scholars also found that too much regulation might counter the initial idea of mitigating risks and enhancing safety in air operations (Flessati & Linden, 2018). In terms of BoDs, this might mean that much of BoD's time and efforts are spent ensuring that the organization complies with these regulations. This time is lost for managing and leading the organization strategically. For example, Conger (1998) pointed out that BoD's meeting time is an essential resource in improving a BoD team's effectiveness.

Consequently, an increase in regulation means that BoDs need to spend more time on regulatory issues. This may be compensated either by an increase in the total amount of

time or by spending less time on other issues. This increase in regulation might also result in a different requirement for the BoD team members' composition (e.g., industry and specific experience, and BoD team structure) to assure that the organization is compliant with regulations. Yet, no previous studies have explored these consequences.

### 1.1.3 Increase in Information Processing Demand as Framing Factor (Pre-Study)

A constant increase in regulation may be indicative of a parallel surge in BoD's information processing demand. Also, prior studies showed that a change in the external environment increases the volume of information that needs to be handled in a specific time frame on the BoD level, resulting in a higher time investment by the BoD (EY, 2019; ICAEW, 2019). The report of ICAEW (2019) showed that this "information overload" is majorly due to demands in regulation and compliance reporting (p. 2). They noted that this might lead to relatively long BoD packs. Further, the study of ICSA and Board Intelligence (2017) showed that 74 percent of their respondents[69] of a BoD survey said that their information packs for each regular BoD meeting are too long, and 78 percent of their respondents called their information packs as "too time-consuming to prepare" (p. 3). The study of EY (2019) further explored that an increase and the complexity of information demands BoD teams to have "strong and tailored information practices that provide them with timely and relevant information" (p. 19). This lack of time enables the BoD to spend less time on, for example, strategizing activities and interactions (EY, 2019), while those packs might also focus on operational issues rather than strategic ones in changing environments (ICSA & Board Intelligence, 2017). Again, as time is one limiting factor for BoD's effectiveness, this might mean that BoDs with high information processing demands are relatively ineffective (Khanna et al., 2014). This might lead to larger BoD packs per meeting, longer preparation time per meeting, and an overall increase in time investment (EY, 2019; ICAEW, 2019; NACD & Deloitte, 2018). This is why, for example, NACD and Deloitte (2018) suggested that the BoD needs to receive less but more relevant information from the EM team.

Keeping in mind the results of the pre-study on regulation and possible links to these findings, I was eager to objectively verify such an increase in information processing demand in the case of the Swiss aviation industry. Therefore, I conducted a second pre-study to analyze BoD packs of regular BoD meetings since 2000.

[69] The number was 80 percent for respondents of larger organizations "defined as those with an annual turnover of over GBP 100 million" (ICSA & Board Intelligence, 2017, p. 2).

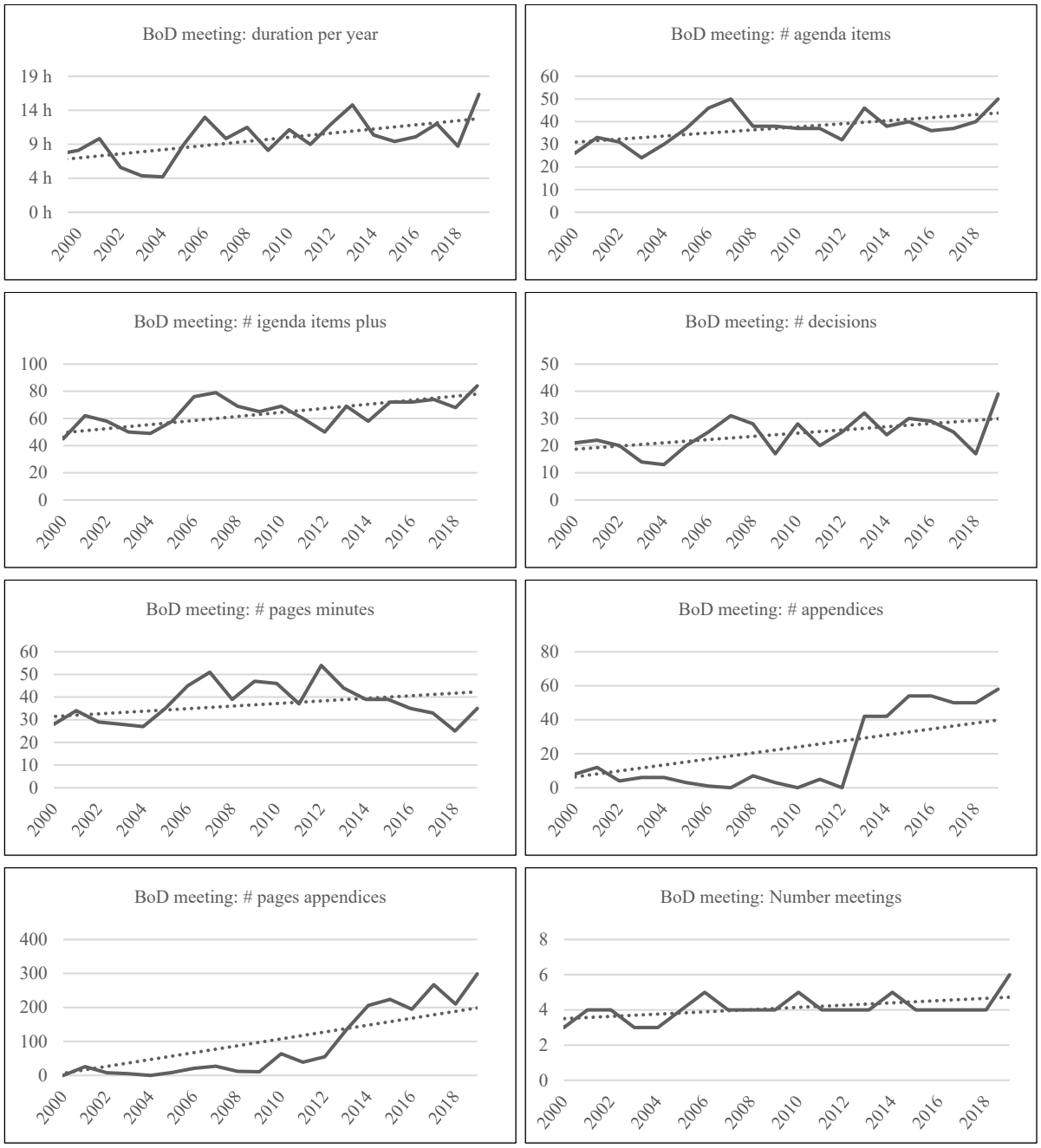
#### *1.1.3.2 Increase in Information Processing Demand at One Swiss Aviation Organization*

One organization of my aviation network granted me access to their BoD database. The organization belongs to the segment of aerodromes. As outlined above, aerodromes are significantly affected by increasing regulation, and thus, a specifically compelling case for my research context and subject. Further, I had the opportunity to ask strategy actors informal questions on the BoD pack, allowing me to collect further data and make more sense of the BoD pack. These insights allowed me to gain rare insights into the information to be handled by a BoD of a Swiss aviation organization in recent years.

To collect the confidential data of the BoD pack, I traveled to the organization's location several times. I collected the data in detail for several days on my own spread sheet and analyzed the data in detail subsequently. I was granted access to the minutes of all regular BoD meetings from the years 2000 to 2019. To analyze this BoD pack, I selected eight different measures of information processing demand. I counted the duration of each regular BoD meeting, the number of agenda items, the number of agenda items plus (including sub-items), and the number of decisions. Besides, I collected the number of pages of the minutes, the number of appendices, and the number of pages in the appendices. This resulted in a database consisting of minutes from 107 regular BoD meetings with a total of 254 hours and 25 minutes of duration, 945 agenda items, 1'579 agenda items plus, 600 decisions taken, 942 pages of minutes, 457 appendices, and a total of 1'813 pages in the appendices. This unique dataset is illustrated in Figure 11.

The results show that all measures of information processing demand experience an increase in the period of observation. For the regular BoD meetings, the duration, the number of decisions, the number of minutes, and the number of pages of the minutes slightly increased. Moreover, especially the number of appendices and the number of pages in the appendices increased heavily in recent years. This development means that more information needed to be handled by BoDs for every single regular BoD meeting. Also, and primarily until the year 2017, the BoD meetings got longer, with more appendices and an increasing number of pages in the appendices. These results pose many interesting questions: 'Why was there an increase in appendices and number of pages in the appendices, without BoD meetings being longer or their frequency being higher?,' and 'Does the increasing number of pages in the appendices influence other factors, such as the time for the preparation and termination of a regular BoD meeting, or the number of informal interactions between regular BoD meetings?'

**Figure 11:**
**Results Pre-Study: BoD Pack**




*The graphs show the results of the pre-study on one BoD pack of a Swiss aviation organization. The graphs outline the development and their trendline (dotted lines) of eight different measures of information processing demand. The eight graphs present the development of the duration of each regular BoD meeting, the number of agenda items, the number of agenda items plus (including sub-items), the number of decisions per meeting, the number of pages of the minutes, the number of appendices, the number of pages in the appendices, and the number of meetings. All measurements are displayed for the time period between 2000 and 2019. Source: Own illustration.*

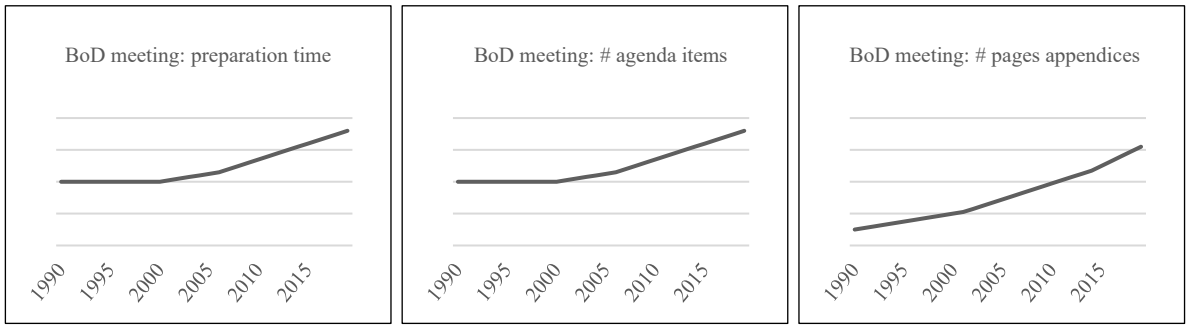
While this empirical data is based on one single case, it is in line with prior work and assumptions of practice-oriented studies, outlined in the previous section. This finding might also support the notion that mor regulation leads to more information needed to be handled on the BoD level, whereas my data does not find a direct correlation.

### *1.1.3.3 Testing the Findings with a Survey of BoDs in Switzerland*

To test the results of the BoD pack, I conducted another pre-study. Therefore, I surveyed BoD members in Switzerland to gain more insights into what has happened on the BoD level regarding strategy interactions historically since 2000, and if there are any specific patterns. The panel of BoDs was kindly given to me by the Swiss Board School, a leading actor in further education and research of BoDs in Switzerland. One main goal was to keep the survey short and easy to comprehend to increase the response rate. The survey contained questions on the BoD members' perception of regular BoD meetings since 2000. I asked the BoD members to sketch their perception of the BoD meetings' preparation time, agenda items, and pages of appendices in the past 30 years in empty graphs.

While acknowledging the difficulties of aggregation, the following three graphs intend to summarize all responses (Figure 12). I surveyed a total of 55 BoD members and collected data from 43 completed responses. At the time of the survey, all participants were Chairpersons, BoD members, or becoming BoD members. In addition, I had to assure high confidentiality of the respondents.

**Figure 12:**
**Results Pre-Study: Survey with BoD Members in Switzerland**




*The graphs show the results of the pre-study for the survey with BoD members in Switzerland. The three graphs summarize all responses of the survey with 43 BoD members. The results indicate a trend towards more time spent preparing a regular BoD meeting, rising number of agenda items per regular BoD meeting, and a continuous increase of number of pages in the appendix per regular BoD meeting since 2000. Source: Own illustration.*

Overall, the BoD members indicated that the time spent preparing a regular BoD meeting, the number of agenda items per regular BoD meeting, and the number of pages in the appendix per regular BoD meeting increased since 2000. Compared to the single case study of the BoD pack of a Swiss aerodrome, the answers are identical concerning the increasing number of pages in the appendices. Regarding the time spent for a regular BoD meeting and the number of agenda items per meeting, participants indicated a rising trend since 2000, which is stronger than the one derived from the single BoD pack. This finding might be due to the increased number of pages in the appendices or other factors, such as higher involvement or an overall increase of time spent per BoD mandate. This finding is also consistent with the previous finding of the analyzed BoD pack.

#### *1.1.3.4 Consequences of Increasing Information Processing Demands for the Strategizing of Swiss Aviation Organizations*

The findings of this pre-study show that more information needs to be handled on the BoD level today. This leads to an increase in the overall time investment of BoDs (e.g., for the preparation of a meeting), which is consistent with the findings of more practice-oriented studies (e.g., EY, 2019; ICAEW, 2019; ICSA & Board Intelligence, 2017). Also, these prior studies suggested that the information processing demand is an important environmental factor, which influences the activities and interactions of BoD's strategizing. Through this increase in the overall time investment, this might possibly allow BoD members to invest less time for other tasks, such as strategizing.

Increasing regulation and rising information processing demand both appear to be important environmental factors that strengthen uncertainty and complexity for the strategizing of Swiss aviation organizations. Therefore, it seems exciting to explore how the BoD shapes the strategy process in times of more information processing demand to enhance our understanding of the discussed matter.

## 1.2 Empirical Research Object

In the previous sections, I empirically explored that the Swiss aviation industry is an interesting research frame. In the following section, I explain the empirical research object of BoDs in more detail and how I approached to measure BoD's strategizing in times of the previously described environmental change within the Swiss aviation industry.

### 1.2.1 Studying BoDs and their Strategizing

Since this dissertation's national context is Switzerland, I needed to be aware of specific legal requirements for BoDs in my empirical study.[70] In Switzerland, members of the BoD have inalienable and nontransferable obligations (Müller-Chen & Furrer, 2018). Among them is to manage the organization overall strategically, based on Art. 716a paragraph 1 OR (Müller-Chen & Furrer, 2018; Müller et al., 2014). Therefore, in general, BoDs in Switzerland have to advise and monitor the EM team to nurture long-term success and develop or maintain a sustainable competitive advantage (Müller et al., 2014; Ruigrok et al., 2006). Also, BoDs in Switzerland have to develop strategic guidelines and manage their implementation. Thereby, the BoD in Switzerland is the highest legal and strategic apex of an organization (Lombriser, 2018; Müller et al., 2014).

Moreover, my background motivated me to immerse myself in this research area of BoD's strategizing. I managed an aerospace network with more than 130 Swiss SMEs since 2016, giving me exclusive insights into the development and challenges of BoDs

[70] BoDs in Switzerland are comparable to advisory BoDs in other legal systems, while general BoD research can easily be applied to Swiss BoDs.

and their functioning. Also, during my researching and writing of this dissertation, I was in close contact with the Swiss Board School and took part in executive programs that explicitly addressed the role of the BoD and their practical challenges and problems.

Besides these specific legal requirements and my personal motivation, researchers have devoted considerable attention to BoDs, especially BoD characteristics and structure. Nevertheless, and as I showed in Chapter Two (section 5), there are still research gaps, especially regarding the strategy doings and the strategy process in times of environmental change. Also, as empirically showcased in the previous sections, environmental change further challenges BoD's strategizing in the Swiss aviation industry.[71]

Therefore, to answer my main research question of how *BoDs shape the strategy process in times of environmental*, I researched BoDs as aggregated actors and as BoD team. I specifically addressed the BoD as a literal strategizing team and considered its social encounters, their strategy interactions during the strategy process to consider the nature of the BoD as a group of human beings. First, this enabled me to *explore the BoD as strategizing team* that conducts strategy interactions in the strategy process from a multi-level perspective. My main research question relates to the actual doings of strategy by the BoD and their role in the strategy process. To study these actors in the process, I took a processual turn to bridge the gap between classical BoD composition and structure research and more recent processual, behavioral and strategy interaction governance research (Bezemer et al., 2014; Concannon & Nordberg, 2018; McNulty et al., 2013b). By doing so, I distinguish my research from prior research in the field of BoD composition and structure research[72] and BoDs strategic decision-making research (for a comprehensive reiview, find Judge & Talaulicar, 2017). Thereby, I tried to fill the identified research gaps addressed in Chapter Two (section 5) and accounted for scholars not finding conclusive evidence for links between these factors.

Second, it allowed me to use *new research designs* in new research contexts that no scholar has ever seen before in such detail. As highlighted in the theoretical part, BoD's strategizing is a problematic area of study due to the confidentiality of BoD processes and strategy interactions and a general reluctance of gatekeepers to grant access to their confidential and strategy-sensible processes and encounters (Samra-Fredericks, 2000b). For example, Higgs and Dulewicz (1998) noted that "the difficulties of access will need to be overcome in order to produce a better understanding of the mediation effect of process in the input to output relationship for these teams" (Higgs & Dulewicz, 1998, p. 47). However, Daily et al. (2003) stressed that "access to this data, however, has proven

[71] Find a literature review on environmental change's impact on BoD's strategizing in Chapter Two (section 4).
[72] For a literature review, find Chapter Two (sections 1.1.1 and 1.1.2).

extraordinarily difficult, for it requires the cooperation of corporate boards of directors. To date, boards have been largely unwilling to provide such access" (p. 378). In having this opportunity, I was able to study BoDs and their interactions in times of environmental change (Hendry et al., 2010; Johnson et al., 2010; MacIntosh et al., 2010).

Lastly, opening this research field of processual research for BoDs enhanced our understanding of theory in the field of BoD's strategizing and helped BoDs facing environmental change with rigor and relevant frameworks and concepts. Limited practicality was often criticized in strategic management and governance research due to limited research designs (Jarzabkowski & Seidl, 2008; Müller-Stewens, 2019; Whittington, 2017). Therefore, one of my main aims was to achieve high practical relevance and support BoDs in practice with hands-on checklists which they can use.

### 1.2.2 Applying SAP Theory to Study BoD's Strategizing

In this dissertation's theoretical background and the previous section, I emphasized the importance of researching BoD's strategizing from a perspective of interaction-based interpersonal routines and encounters (Concannon & Nordberg, 2018; Samra-Fredericks, 2000b). Two theories concerned with strategizing in organizations while also achieving high practical relevance: Strategy-as-Practice (SAP) and strategy process. To answer my main research question of how BoDs shape the strategy process in times of environmental change, I, followed *SAP* (e.g., Jarzabkowski & Seidl, 2008; Rouleau, 2013; Whittington, 1996) and *strategy process* scholars (Kouamé & Langley, 2018; Pettigrew, 2012; Vaara & Lamberg, 2016) to research BoD's strategizing. Thus, I combined existing corporate governance research with SAP and strategy process research.

In taking SAP and strategy process research seriously, I found support in the ontological and epistemological background in the work of Giddens (1976, 1984) and Turner (1988). Both scholars emphasized the "reflexivity of action and structure" in managers' language and interaction (Giddens, 1976, 1984; Turner, 1988) with Giddens (1984) arguing that social structures are constituted and enabled through practice and over time with his structuration theory. These practices consist of "power dependencies ('structures of domination'), shared meanings or interpretive schemes ('structures of signification'), and norms ('structures of legitimation')" (Langley & Abdallah, 2011, p. 221). By taking this turn, I examined the actual practices (i.e., strategy interactions) based on Whittington (2006, 2007a, 2017), Jarzabkowski (2004), Rasche and Chia (2009), Feldman and Orlikowski (2011), Abdallah et al. (2017), and Sandberg and Tsoukas (2018). I also noted the recursivity of strategy interactions based on Jarzabkowski and Seidl (2008), Johnson et al. (2010), Kouamé and Langley (2018), and Vaara and Lamberg (2016) as a primary construct of practices being embedded in longer strategy praxis, the strategy process. This approach is illustrated in Figure 13 (highlighted in grey).

**Figure 13:**
**Strategy Process and SAP as Guiding Theories**

| | Strategy Process | Micro-Foundations | Macro-institutional theory |
|---|---|---|---|
| Empirical focus (macro/micro) | Focus on individual, organizational, and team level phenomena | Focus on micro-level decision-making and strategies | Focus on inter-organizational fields and practices |
| Structure/ agency | Emphasis on managerial agency | Emphasis on agency in terms of individual decisions and actions | Emphasis on institutions as powerful structures |
| Process/outcome | How managerial processes contribute to organizational performance | How behaviors and decisions impact organizational performance | How institutions develop and structure behavior |

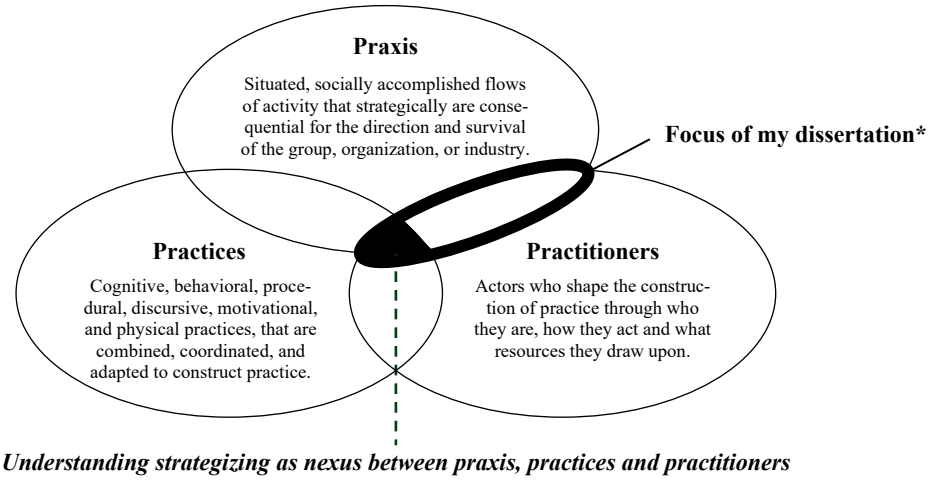
| | Institutional work | Strategy as practice (SAP) |
|---|---|---|
| Empirical focus (macro/micro) | Focus on individuals' activity in creating, maintaining, and changing institutions | Focus on organizational and institutional practices that enable and constrain action |
| Structure/ agency | Emphasis on creative and transformative capacity of individuals | Emphasis on practices as mediating between structure and agency |
| Process/outcome | How institutional continuity and change rely on institutional work | How institutional practices are both shapers and outcomes of activity |

Focus of this dissertation

*This figure distinguishes between different types of theories and approaches to study BoD's strategizing. The focus of my dissertation is highlighted in grey. Source: Own illustration; Based on Vaara and Whittington (2012).*

In taking an SAP and process turn, I defined strategy interactions as constitutive of the social world (Langley & Abdallah, 2011). Besides, I viewed strategy practices as my "primary object of study" (Rouse, 2007, p. 499); I treated strategy interactions "as the fundamental component of social life" (Schatzki, 1996, p. 12), and by doing so, "foreground the importance of activity, performance, and work in the creation and perpetuation of all aspects of social life" (Nicolini, 2012, p. 3). Thereby, I defined strategy "as a situated, socially accomplished activity, while strategizing comprises those actions, interactions and negotiations multiple actors and the situated practices that they draw upon in accomplishing that activity" (pp. 7-8). This nexus is illustrated in Figure 14.

**Figure 14:**
**Strategizing in the SAP-Framework**



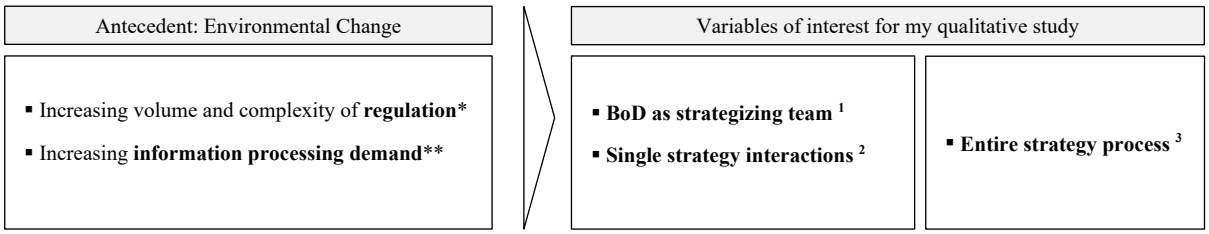

*This figure shows the different levels of analysis of this dissertation: praxis (i.e., strategy process), practices (i.e., strategy interactions), and practitioners (i.e., BoD teams). It further depicts 'strategizing' as the nexus between these three constructs, i.e., the focus of this dissertation. Source: Own illustration: Adapted from Jarzabkowski et al. (2007), Jarzabkowski and Spee (2009), Whittington (2003), and Chia and Holt (2007); Eisenhardt (1989b); Eisenhardt et al. (2016).*

Also, I spanned levels with a so-called progression-approach (Kouamé & Langley, 2018, p. 565). Thereby, I aimed to describe the progressive and mutual influence between micro- and macro-level factors over time while acknowledging that micro and macro are recursively interconnected (exemplary papers are Crossan & Berdrow, 2003; Jarzabkowski & Seidl, 2008; Vuori & Huy, 2018). Thus, I urged to understand the antecedents, usage, impacts and interrelations of BoD teams as strategy practitioners, single strategy interactions as practices and the entire strategy process as praxis.

## 1.3 Summary of the Research Setting

Figure 15 summarizes the previously describes research setting of this dissertation, including the theoretical and contextual foundations described in the previous sections.

**Figure 15:**
**Summary of the Research Setting**




*This figure illustrates the research setting of this dissertation, including the contextual (i.e., environmental change) and theoretical foundations of this research design (i.e., BoD as strategizing team, single strategy interactions, and the entire strategy process). Source: Own illustration. Design role models: Abdallah et al. (2017), Garg and Eisenhardt (2017).*
**Own analysis of pre-study in Chapter Three (section 1.1.2).*
***Own analysis of pre-study in Chapter Three (section 1.1.3).*
*[1] Stiles (2001); Gabrielsson and Huse (2002); Gabrielsson et al. (2007); Hendry and Kiel (2004); Machold et al. (2011).*
*[2] As strategy practices and smaller strategizing episode; Whittington (2006, 2007a, 2017); Hendry and Seidl (2003); Jarzabkowski et al. (2007); Burgelman et al. (2018); Dittrich et al. (2011); Johnson et al. (2010); Seidl and Guérard (2015).*
*[3] As Strategy praxis and larger strategizing episode; Mintzberg (1979); Mintzberg and Lampel (1999); Pettigrew (1990, 1992); Rosenstein (1988); Langley (1999); McNulty and Pettigrew (1999); Hendry et al. (2010).*

# 2 Research Methodology

## 2.1 Reasons for Adopting a Multiple Case Study Method

As I showed in my theoretical background, quantitative research approaches, such as regression analyses, are often insufficient for understanding the impact of BoD characteristics, structure and processes, and strategy interactions on organizational outcomes. Previous research strongly called for adopting more in-depth qualitative analyses. Moreover, through my personal network in the aviation industry, I was given the rare opportunity to exchange with BoD members of several organizations on a confidential and in-depth basis. Besides, I was also personally interested in investigating a phenomenon that no one has seen in this detail ever before and deep dive into the actual processes and doings of BoDs and their strategizing in times of environmental change. Therefore, I chose a multiple case study with low ‘n’ to gain deep insights into this topic. In more

detail, I adopted the post-positivist Eisenhardt (Eisenhardt, 1989b; Langley & Abdallah, 2011, p. 109), classical SAP (Vaara & Whittington, 2012), progression (Kouamé & Langley, 2018), longitudinal (Eisenhardt, 1989b), and an interpretative-history approach (Vaara & Lamberg, 2016, p. 58). The subsequent paragraphs illustrate why taking such approaches is appropriate in my research field and for answering my research question.

*Multiple case studies* are used in strategic management and when taking a progression-approach in SAP to research the interconnectedness of micro-practices and macro-praxis to find what constitutes an effective strategy process (Kouamé & Langley, 2018, p. 565). Multiple case studies and generally qualitative research methods are also used to theorize in early-stage research fields and understand complex strategy processes and practices at multiple levels that develop over time (Chakravarthy & Doz, 1992; Graebner et al., 2012; Langley & Abdallah, 2011). In the field of SAP and strategy process studies, most scholars in strategic management compare multiple cases with low 'n' (among others, Garg & Eisenhardt, 2017; Johnson et al., 2010; Pugliese et al., 2015), providing possibilities for deep insights, variance explanations, and pattern identification (Mantere, 2005). Therefore, I also conducted a multiple case study with low 'n'.

Further, many *strategy process* and *SAP* scholars noted the value of such a qualitative research method (Burgelman et al., 2018; Kouamé & Langley, 2018; Pratt et al., 2020). For example, Chakravarthy and Doz (1992) pointed out that questions on strategy processes "cannot be satisfactorily answered at arm's length from the firm. The proverbial 'black box,' the firm, has to be opened and studied from within" (p. 6). Other scholars offered insights into the use and potential of qualitative research methods in strategy processes (e.g., Burgelman, 2020; Pettigrew, 1990; Van de Ven, 1992). More general SAP scholars also highlighted the positive nature of qualitative methods and applied them in their studies (Balogun et al., 2003; Jarzabkowski et al., 2014; Langley & Abdallah, 2011). For example, qualitative research methods were used in the past to shed light on human and practical elements of strategizing, such as strategy workshops (Hodgkinson et al., 2006; Johnson et al., 2010; MacIntosh et al., 2010), or the role of middle managers in strategic change (Balogun & Johnson, 2005).

To follow this lead, I conducted a qualitative study with an *Eisenhardt-approach* based on Langley and Abdallah (2011, p. 109). This allowed me to explore a new field of research inductively, identify causal laws, and build theory, through accessing 'factual' data about what happened in the process (Langley & Abdallah, 2011). By doing so, I explored the research field of BoDs as strategy practitioners and their strategy practices (i.e., strategy interactions), and the respectively praxis (i.e., the entire strategy process).

I also chose an established research design, oftentimes used for strategy process studies: the *classical SAP research design* (Vaara & Whittington, 2012). This allowed me to focus on strategic managerial actions and decision-making processes and behaviors that influence strategic performance (Vaara & Whittington, 2012). Also, it enabled me to offer an objectivist view on strategy in which a unique reality can be accessed through the accounts of top managers (i.e., BoD members). To achieve the highest possible generalizability and reproduction, such research designs typically build a theoretical model based on systematic activities and behavioral patterns (Angwin et al., 2009). These activities can be conceived as enablers or constrainers of strategic success. This approach is often accompanied by process descriptions showing explanations in terms of causal relations between themes (Langley & Abdallah, 2011), such as between BoD processes and single strategy interactions, and their relations with strategic outcomes (i.e., strategy process's effectiveness). I also did this and thereby used this approaches' benefits.

Moreover, by taking a *post-positivist* approach, I compared cases of success and failure (Eisenhardt, 1989b; Langley & Abdallah, 2011). This means that I investigated both effective and ineffective strategy processes with a particular focus on the role of the BoD as strategizing actor and strategy interactions as a valuable source for embeddedness. Therefore, I conducted an *inductive study* with the BoD being the unit of analysis, and BoD characteristics, structure, and processes as well as single strategy practices interactions and the entire strategy process being the level of analysis.

By combining SAP and institutional theories, I took a *progression-approach* based on Kouamé and Langley (2018, p. 565). This in-depth approach allowed me to investigate "detailed vignettes to reveal underlying dynamics" and use "temporal bracketing to structure recursive analysis" (Langley & Abdallah, 2011, p. 219). Taking the progression-approach, I highlighted the recursivity and interconnectedness of different levels, incorporated mutual and recursive influences, and visualized these linkages in a conceptual framework (exemplary papers are, Crossan & Berdrow, 2003; Jarzabkowski & Seidl, 2008; Vuori & Huy, 2016).

In taking a *longitudinal approach*, I aimed to provide possibilities for comparing the evolution of strategy processes over time, also being in line with prior studies in my field (Jarzabkowski, 2004; Mirabeau & Maguire, 2014). Combining this longitudinal approach with multiple cases is suited for analyzing success patterns and failure over time (Eisenhardt, 1989b; Yin, 2011), which I did in my research.

Moreover, I conducted a retrospective study and took an *interpretative-history approach* (Vaara & Lamberg, 2016, p. 58). Thereby, I looked at the actions and meanings of micro-

level strategic and historical practices, i.e., strategy interactions with the BoD. Furthermore, by focusing on the BoD team as a strategy actor, I took the historical embeddedness of these strategic actors' constructed roles and identities seriously.

Thereby, I followed the call in SAP research to *span levels*, namely the level of aggregated actors as BoD teams, the level of single strategy interactions, and the entire strategy process level. Such an in-depth investigation across levels requires a multiple case study, especially when the boundaries between phenomenon and context are ambiguous (Yin, 2011), such as in my case of the BoD team's strategizing in environmental change times. As Eisenhardt and Graebner (2007) argued:

> *"multiple cases also create more robust theory because the propositions are more deeply grounded in varied empirical evidence. Constructs and relationships are more precisely delineated because it is easier to determine accurate definitions and appropriate levels of construct abstraction from multiple cases."* (p. 27)

As Siggelkow (2007) noted, "if only limited theoretical knowledge exists concerning a particular phenomenon, an inductive research strategy that lets theory emerge from the data can be a valuable starting point" (p. 21). Thus, to better understand the inner dynamics and processes of BoD teams and their interactions, I chose a multiple case study method (Marshall & Rossman, 2014; Pugliese et al., 2015; Yin, 2011).

Besides, and more specific for BoDs, scholars specifically argued that a multiple case study is an appropriate method when inductively exploring the relationships between BoD's characteristics, processes, and strategy interactions (Bezemer et al., 2014). Yin (2009) described how multiple case studies can be used to either "(a) predict similar results (a literal replication) or (b) predict contrasting results but for predictable reasons (a theoretical replication)" (p. 80). A multiple case study's benefits are that the evidence created is robust and reliable, while the researcher also has to be aware that it is relatively time-consuming and expensive (Baxter & Jack, 2008).

## 2.2 Reasons for the Case Selection and Case Selection Criteria

> *"It is rare to observe multiple board meetings, and conduct waves of interviews with senior executives and directors in even one firm. Our data from four firms represents a useful increase in richness and variation over a single case"* (Garg & Eisenhardt, 2017, p. 1833).

I followed the argumentation of Garg and Eisenhardt (2017) to enrich data and selected three cases within a realistic research setting for rich qualitative data collection. By taking a multiple instead of a single case study approach, I reduced organizational and in-

dividual strategizing actors' biases. Even though this meant that data collection was challenging and time-intense, and data analysis also complex, my enthusiasm for the unique access I gained outweighed these negative effects of additional efforts.

Siggelkow (2007) pointed out that while researchers want "to retain the capacity to be surprised, […], it seems useful (and inevitable) that our observations be guided and influenced by some initial hunches and frames of reference" (p. 21). Thus, I did not select my cases arbitrarily to increase novel insights' chances (Langley & Abdallah, 2011). Instead, I strived to select my cases based on objective measures to give my empirical study more credibility. I chose my cases based on the following factors: (1) I was granted access; (2) promising phenomena exist; (3) comparisons across cases are possible; and (4) (extreme) differences in cases exist. Concerning the latter, I selected my cases based on 'polar types' based on Pettigrew (1990). Selecting companies on both very effective and ineffective strategy processes (and in-between) enable me to compare extreme performance cases. Thereby, I used the benefits of such an approach, as mentioned by Eisenhardt and Graebner (2007): "although such an approach can surprise reviewers because the resulting theory is so consistently supported by the empirical evidence, this sampling leads to very clear pattern recognition of the central constructs, relationships, and logic of the focal phenomenon" (p. 27).

I selected my cases based on two variables – (1) the *perceived effectiveness of the strategy* and (2) the *industry experience of BoD members*. The remaining two paragraphs outline why these two variables have been chosen as case selection factors.

By selecting (1) the *strategy's perceived effectiveness*, I aimed at exploring why some organizations had an effective strategy process and others do not in times of environmental change. As previously mentioned, I followed previous research in post-positivist approaches and choose my cases based on success and failure in terms of strategic effectiveness (Eisenhardt, 1989b; Johnson et al., 2010; Zott & Huy, 2007).

As I discovered in Chapter Two (section Human Capital 1.1.1.3), previous literature agreed that (2) industry experience was positively related with BoD team processes and strategic outcomes (Åberg & Torchia, 2019; Hoppmann et al., 2019; Oehmichen et al., 2017b). Thus, and as opposed to other BoD characteristics, industry experience is a distinct BoD characteristic and can be taken as a selection factor. In short, the reasons for the positive influence of industry experts on BoD's strategy process are three-fold: First, industry experts on the BoD know the industry characteristics and changes (Knockaert et al., 2015; Kor & Misangyi, 2008). Second, they maintain an excellent network, such as obtaining resources or contacts and making them useful for the organization (Åberg & Torchia, 2019; Johnson et al., 2013; Rajagopalan & Spreitzer,

1997). Third, and by doing so, they can be an adequate sparring partner as an advisor and monitor for the EM team (Cohen et al., 2014; Hillman & Dalziel, 2003; Wang et al., 2015). Thus, they positively impact strategic outcomes, such as strategic change (Åberg & Torchia, 2019; Hoppmann et al., 2019; Oehmichen et al., 2017b). 'Appendix A' shows a more in-depth literature review of the extent literature on this BoD characteristic.

## 2.3 Final Case Selection

### 2.3.1 Approach

Besides the more theoretical argumentation for the case selection, there is a more practical approach. As highlighted in Chapter One (section 3.1.2.3), I was granted access to one organization's BoD pack. After a trust-building process and signing an NDA, assuring them of the data's confidentiality, I was granted access to this BoD team. This access is tough to obtain (Bezemer et al., 2018; Leblanc & Gillies, 2005; Machold & Farquhar, 2013). It offered me rare and very exclusive insights into BoD's strategizing. This organization will be denoted in the following as *Organization A.*

Further, through my network and research at the Center for Aviation Competence at the University of St.Gallen (CFAC-HSG), I maintained good relations with *Organization B*. Again, I discussed my research approach and topic with the EM team, the CEO, and the Chairperson. The latter even presented my research project in a regular BoD meeting. Also, due to my supervisor's support, I was able to get access to this BoD team, too. To assure confidentiality, I also signed an NDA with Organization B.

Subsequently, I measured organization A's and B's score for each selection criteria, i.e., 'industry experience of BoD members' and 'perceived effectiveness of the strategy.' To measure *industry experience*, I asked every BoD member to send me their personal Curriculum Vitae, including their history inside the industry and the organization. I measured industry experience as having past or current experience in the same industry as the focal organization (i.e., aviation industry). I also used different operationalizations for industry experience, which I derived from my extensive literature review. Also, to measure the *perceived effectiveness of the strategy* of my selected organizations, I developed a score of the tone of media reports. I used a 5-point-scale[73]. I then searched for media reports on the organizations and their strategy. This measurement helped me to draw the first objective conclusions for different cases in terms of their strategy process.[74]

Strikingly and counterintuitively, the case selection was inconclusive. Organization A had a BoD team with high industry experience and a relatively ineffective perceived

[73] 5-point scale with 1 being a very negative tone, 2 being a somewhat negative tone, 3 being a moderate tone, 4 being a positive tone, and 5 being a very positive tone.

[74] The results are illustrated in Table 1 and Table 2 in the next section of this dissertation.

strategy. Organization B had a BoD team with high industry experience but a very effective perceived strategy. Therefore, Organization A behaved somewhat contrary to what previous research was suggesting. I was excited to explore the reason for this result in further detail. Therefore, and to give my empirical study more objectivity with another 'extreme case,' I tried to find an organization with a BoD team with low industry experience and a perception of an effective strategy.

After an extensive search, I was able to find *Organization C*, fulfilling exactly these criteria (low industry experience, high perceived effectiveness of strategy). Again, after a trust-building phase and due to very good access of one of my supervisors, I was also granted access to this BoD. Subsequently, I conducted the same measurement approaches as for the other organizations.

Despite these exciting results for my selection criteria, it might have been that this case selection was due to an inaccurate measurement of the selection criteria. To exclude this possibility, I conducted further, more objective measurements. To increase the objectivity of this variable, I *surveyed 29 experts* in the field of aviation. I asked these experts how effectively my selected organizations reacted to changes in the regulatory environment, differentiated from competitors, introduced new products and services, developed best practices in operating procedures, and satisfied the shareholders, employees, and customers. Also, I asked them to rate the organization's profitability, revenue growth, and survival while monitoring strategic effectiveness with a last, separate score.

The results deviated only marginally from media reports' tone on the three organizations' strategy. The results were merely more moderate, i.e., classifying each organization's strategy a bit less extreme. This might be explained through the surveyed experts' industry bias and the somewhat rough tone in media reports on aviation organizations. However, the overall results of this selection criteria's measurements are consistent.

Also, to monitor for possible changes on the BoD team that might have influenced the case selection during or before my observation window, I also measured the BoD team's composition up to three years before the window of observation. In Organization A, there was no change in composition while in Organization B, there was one change in composition in 2017 when one BoD member replaced another one. The results for the measurement of my two selection criteria are summarized in Table 1 and Table 2.

**Table 1:**
**Overview: Cases for Industry Experience**

| | Organization A | Organization B (until 2017) | Organization B (2017 onwards) | Organization C |
|---|---|---|---|---|
| Sum: Number of BoD members with industry experience*? | 5 | 5 | 7 | 2 |
| Binary: 1 if BoD has > 50% BoD members with industry experience* | 1 | 1 | 1 | 0.1 |
| Proportion: Number of BoD members with industry experience*, divided by the total number of BoD members | 0.56 | 0.83 | 1 | 0.29 |
| Ratio: Average number of positions BoD members held in the same industry | 4.00 | 3.50 | 4.57 | 0.71 |
| Ratio: Average number of years of industry experience of BoD members | 38.00 | 16.17 | 28.48 | 6.29 |

*This table gives an overview of the case selection for the selection criterion 'industry experience.' Scores are based on literature review that the reader finds in Appendix A'. *Industry experience is defined as having work or BoD experience in the same industry as the focal organization (i.e., aviation industry) in the past or currently.*

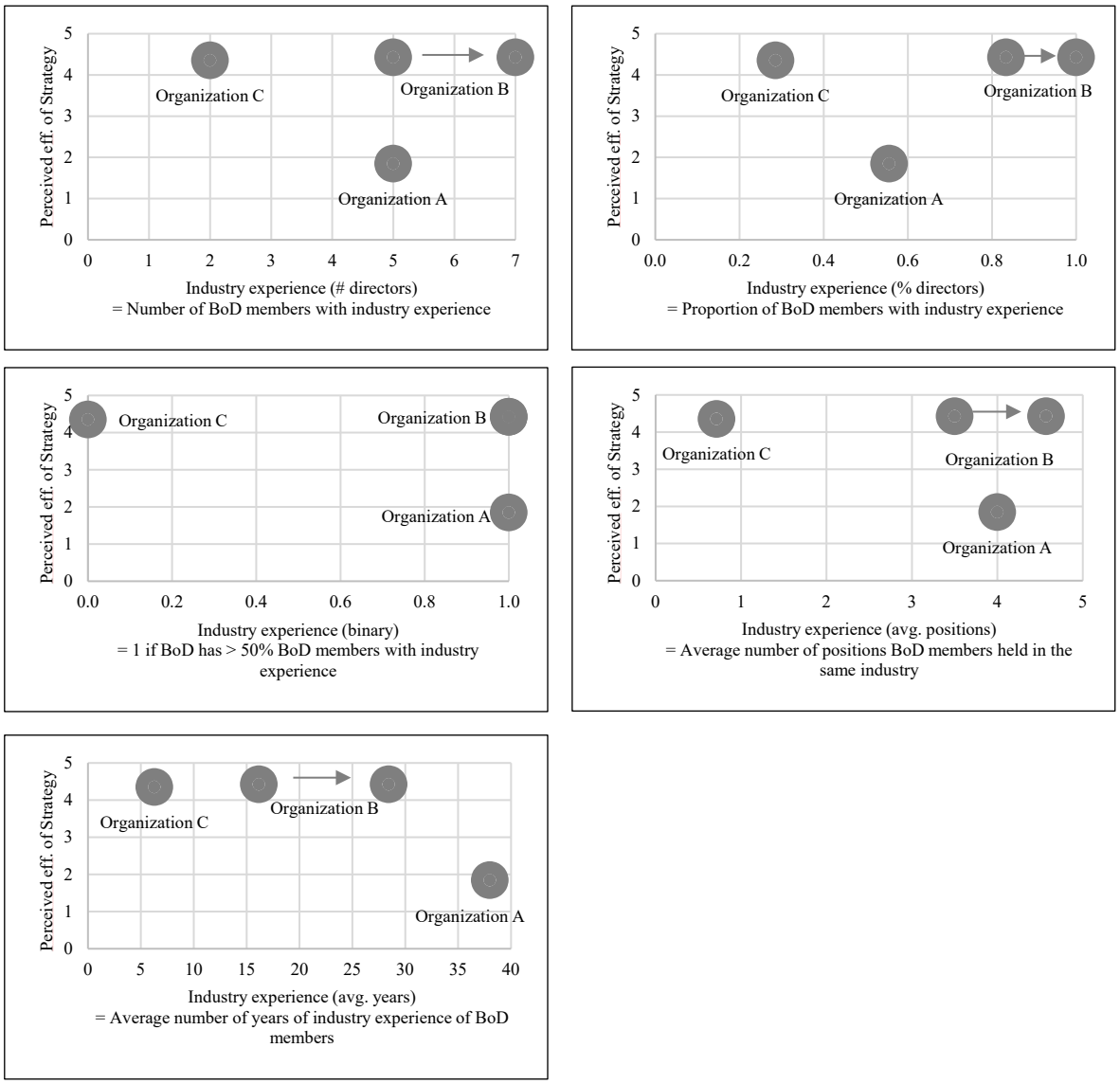
**Table 2:**
**Overview: Cases for Perceived Effectiveness of Strategy**

| | Organization A | Organization B (until 2017) | Organization B (2017 onwards) | Organization C |
|---|---|---|---|---|
| Perceived effectiveness of strategy: Media** | 1.50 | 4.80 | 4.80 | 4.5 |
| Perceived effectiveness of strategy: Expert-panel*** | 2.19 | 4.20 | 4.20 | 3.95 |
| **Perceived Effectiveness of Strategy** | **1.85** | **4.5** | **4.5** | **4.23** |

*This table gives an overview of the case selection for the selection criterion 'perceived effectiveness of the strategy process.'*
***Score for perceived effectiveness of strategy (press release analysis): 1 = very negative tone, 2 = somewhat negative tone, 3 = moderate tone,*
*4 = positive tone, 5 = very positive tone.*
****Score for perceived effectiveness of strategy (expert-panel question): Do you perceive the current strategy of the resp. organization as being effective?: 1 = definitely no, 2 = somewhat no, 3 = indifferent, 4 = somewhat yes, 5 = definitely yes; This score has been tested for robustness with sub-questions on the strategic and financial contribution of the strategy to the success of the respective organization. Source: Own illustration.*

Figure 16 illustrates the case selection for the two selecting factors.

**Figure 16:**
**Illustrations of the Case Selection**




Combining the scores for industry experience (five different measurements) and perceived effectiveness of strategy leads to the distribution displayed in the graphs above. The distribution is robust against different measurements of 'industry experience,' which were derived from the literature review summarized in 'Appendix A.' Source: Own illustration.

The strategy of *Organization A*[75] was perceived as ineffective by media reports and experts. Experts said that this might be due to the organization recently struggling to capture the value, not creating enough revenue, and not being profitable. This seemed to make experts even skeptical about Organization A's long-term survival. Also, experts

[75] More details on Organization A can be found in Chapter Three (section 2.3.3.2).

specifically mentioned that the effectiveness of the strategy is low. Further, media reports even argued that the organization "might be liquidated due to liquidity problems through not enough revenue being created" and "no trust in the organization's future."

The strategy of *Organization B*[76] was perceived as being very effective in the media and expert panel. The organization specifically scored high in terms of adapting to changes in the regulatory environment. Also, the expert-panel explicitly addressed the strategy to be effective. Further, through the tone of media reports, I was able to identify that the majority shareholder of the organization appears to be very satisfied with the current strategy and acknowledges that all strategic objectives for this strategy have been fulfilled. More mainstream media even noted that organization B is among Switzerland's most popular organizations, being a role model for other Swiss aviation organizations.

*Organization C's*[77] strategy was perceived to be somewhat effective. One media report summed it up with "the organization created an exceptional strategy that opens doors for future developments and being an extraordinary example for such a business." The general media tone was that Organization C creates new business opportunities with exciting and relevant strategic development. Further, experts agreed with the media and emphasized that Organization C was very good at differentiating from competitors and introducing new products and services. Besides, experts also specifically addressed the high effectiveness of the strategy of Organization C.

### 2.3.2 Similarities and Differences of Cases

Overall, the three organizations *differed* in their scores for each selection criterion. Consequently, a multiple case study and, thus, a possible cross-case comparison offers vast potential. How is this possible that an organization with industry-experienced BoDs has an ineffective strategy (Organization A), and another organization that does not have superior BoD characteristics in terms of industry experience had a somewhat effective strategy process (Organization C)? This finding is counterintuitive to what previous research suggested. Only Organization B appeared to support the previous notion of industry experience's impact on strategic outcomes.

However, to conduct a proper cross-case comparison, it is also important that the cases have *similarities* (Bezemer et al., 2018; Yin, 2011). As Table 3 indicates, the cases were similar since they are all from the same industry – the Swiss aviation industry. Thus, they needed to cope with the same environmental changes of increased regulation and information processing demand. Further, they were similar since all cases were actively engaged in the strategy process at my study time.

[76] More details on Organization B can be found in Chapter Three (section 2.3.3.3).

[77] The reader finds more details on Organization C in Chapter Three (section 2.3.3.4).

**Table 3:**
**Similarities Among and Differences Between Selected Cases**

| Similarities among cases | Differences in cases |
|---|---|
| ▪ Same industry: the Swiss aviation industry<br>▪ Same environment: Increase in regulation and information processing demand in recent years<br>▪ Actively engaged in the strategy process at the time of my study | ▪ Industry experience of BoD members<br>▪ Perceived effectiveness of the strategy |

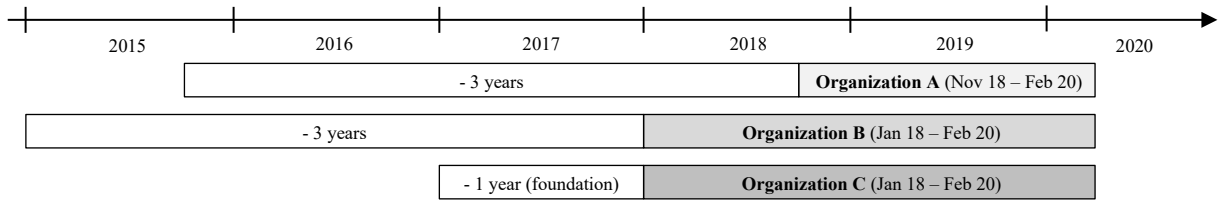
*This table shows the similarities among and differences in the observed cases of this dissertation. All cases are from the same industry and needed to cope with the same environmental changes of increased regulation and information processing demand. They differed in their scores for the selection criteria 'industry experience' and 'perceived effectiveness of the strategy.' Source: Own illustration.*

### 2.3.3 Description of the Case Study's Background and Strategy Process

In the following sections, I describe each of my three selected organizations' background and strategy process. I had to comply with strict confidentiality agreements to access the BoDs and these organizations' strategy process. Thus, while making sure that the reader understands the necessary background, the explications' depth is limited.

The following Figure 17 shows the window of observation of the three different cases. As described before, I also measured the constitution of the BoD up to three years before the window of observation to monitor for possible changes on the BoD team, which might have influenced the case selection. Only in Organization B was there a change in composition, whereas this did not affect the strategy process but rather increased the industry experience while decreasing the financial experience of BoD members.

**Figure 17:**
**Window of Observation of the Three Selected Cases**




*The above figure illustrates the window of observation of the three different cases for the data collection. To monitor possible changes, which might have influenced the case selection and data collection, the constitution of the BoD team was measured up to three years before the window of observation. Source: Own illustration.*

#### *2.3.3.2 Organization A*

Organization A has been the operator organization of a regional aerodrome in Switzerland. In late 2018, the BoD and EM team started to develop a new strategy, meeting the new demands of the environmental change that Organization A was facing at that time. Moreover, in late 2018, the CEO of Organization A left the organization. The BoD installed the CFO as CEO ad interim until appointing another person as an external consultant. The latter was later appointed CEO of the organization. He was responsible for the strategy development process that started in November 2018 and concluded with

preparations for implementing the new strategy in February 2020. Thus, my window of observation for this case is from November 2018 to February 2020.

In November 2018, the CEO started the strategy process by conducting several one-on-one meetings with selected BoD members. In particular, he developed the strategy in strong collaboration and several one-on-one meetings with the Chairperson. The CEO presented a first draft of the strategy in a BoD meeting in spring 2019, where the BoD approved its status. In June 2019, a strategy workshop with the BoD was conducted to approve the developed strategy formally. In the following months, the EM team further developed an implementation strategy and presented it to the BoD for another formal approval in a regular BoD meeting in late 2019.

To create more revenue, Organization A decided to found a new spin-off organization, independent of Organization A. The CEO of Organization A was constituted as a BoD member, the Vice-Chairperson of Organization A was made Chairperson, and the head of Business Development of Organization A made CEO of the spin-off organization. By the beginning of 2020, Organization A was finalizing the strategy implementation plans, while the date for implementing the strategy had to be postponed from spring 2020 to at least summer 2020 due to the Covid-19 pandemic.

The BoD team for the window of observation consisted of nine BoD members.

#### *2.3.3.3* ***Organization B***

Organization B has been a central actor in the Swiss aviation industry. It has been formally a limited private organization under Swiss law.

My window of observation, in this case, ranges from 1 January 2018 to 1 February 2020. At the beginning of 2018, Organization B started a strategy process by working for one year on its vision for 2035. The organization tried to identify and define their long-term goals and describe these in terms that they could 'touch.' Instead of developing a two-line vision statement, they wrote a vision narrative that was constructed as an initial outline set of ideas by the EM team. This document was then exchanged and adapted significantly with the BoD in a strategy day in June 2018. After an iteration phase between the BoD and the EM team, the EM and BoD team members, including the CEO and Chairperson, visited the majority shareholder and proposed the document as their initial strategy document. After an informal confirmation of the majority shareholder, the idea was to develop a strategy from this starting point. A second strategy document was prepared after several iteration rounds between the EM team and the organization's upper management team. This was an advanced but somewhat open document. It was again discussed with the BoD during the strategy workshop in June 2019. Following the strategy workshop, EM team members, mainly the CEO, CSO, and CIO, made

adjustments to this document, brought these adjustments to a regular BoD meeting, discussed them with the BoD, and adjusted the entire document again only slightly. Subsequently, the CEO and EM team were responsible for presenting a document to the BoD that showed a strategy as a way forward to achieve the vision 2035. The process of drafting the document took until early 2020. Consultants assisted in the writing process of the strategy document. In the end, the strategy document was a narrative of 19 pages, which described the strategy, i.e., Organization B's path to their vision 2035, with basic orientation and a roadmap. At a regular BoD meeting in early 2020, this document was approved by the BoD and handed over to the EM team for implementation. At the end of the observation period, i.e., in February 2020, Organization B was on the verge of implementing this strategy.

During the entire observation period, the BoD team of Organization B consisted of seven BoD members. There was one change in composition in 2017 before my window of observation when one BoD member replaced another one.

#### *2.3.3.4* ***Organization C***

Like Organization A, Organization C has been a regional aerodrome. From 2004, the aerodrome was owned by the local Canton while contracting a corporation to operate it.

Since 2007, the regional aerodrome has been preparing for the demands of the future. In several stages, the existing buildings have been replaced, and the additional infrastructure has been expanded in line with demand. In 2018, the strategic commission[78] was founded and renamed in the trade register to account for the new owner conditions and relationships. The strategic commission has had a partnership agreement with the aerodrome operator organization to secure alignment and long-term planning for the aerodrome. The strategic commission's obligation and role has been to promote the development and implementation of a vision and strategy for the aerodrome.

The window of observation, in this case, ranges from 1 January 2018 (the foundation of the strategic commission) to 1 February 2020. In the early stages of 2018, the strategic commission started their strategy development phase of the strategy process. Subsequently, they worked together with the aerodrome stakeholders and operators on the vision of the aerodrome. The strategic commission's duty was to translate the vision into a concrete strategy to implement the vision. The vision was intensively discussed in the strategic commission at regular BoD meetings and handed over to the CEO for revision, streamlining and implementation into a strategy with more measurable strategic objectives. The CEO and his team then developed a strategy and reviewed this draft in several

[78] In terms of the strategy process, the duties, roles, responsibilities, and the power of the strategic commission are the same as for a BoD of an organization under Art. 716 pp. of the Swiss OR.

iteration rounds with the regular BoD meetings' strategic commission. In February 2020, the organization was ready to complete the strategy development phase and started the implementation phase. However, there was no guiding strategy document for this.

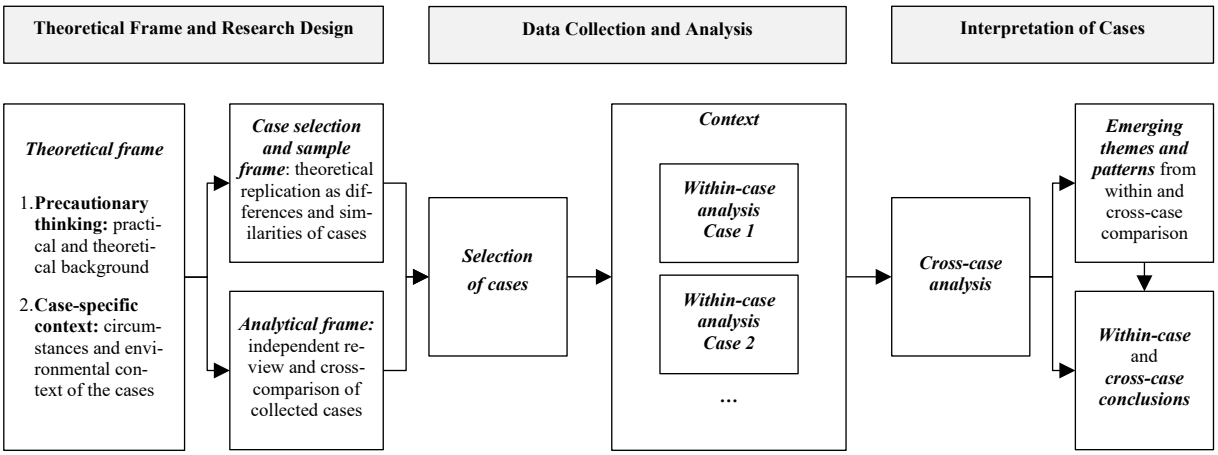
The organization's BoD was composed of seven members in my window of observation.

# 3 Research Procedures

## 3.1 Multiple Case Study Approach

The multiple case study was conducted based on the framework of Yin (2011), which is illustrated in Figure 18.

**Figure 18:**
**Multiple Case Study Approach**




*This figure presents the multiple case study approach of this dissertation and highlights the different steps taken to analyze the observed cases. I conducted an extensive literature review and derived my case-specific context for this dissertation (i.e., environmental change). Thereafter, I selected my cases, described the case-specific context and conducted within-case and cross-case analysis. Thereby, I was able to identify themes and patterns, from which I drew within and cross-case conclusions. Source: Own illustration; Based on Yin (2011).*

Accordingly, I first established the empirical study's theoretical frame with the theoretical background (Chapter Two) and the case-specific environmental change context in the Swiss aviation industry (Chapter Three, section 1.1). Then, I selected my cases based on two factors (Chapter Three, section 2.3). Subsequently, and as I describe in the following section(s), I collected data on each case (Chapter Three, section 3.2), which I analyzed and compared within (Chapter Three, section 4.1) and cross-cases (Chapter Three, section 4.2). This enabled me to identify emerging themes, draw individual and cross-case conclusions (Chapter Three, section 4.3), build theory, and develop practical checklists and models (Chapter Three, section 5).

## 3.2 Data Collection

My primary research method included semi-structured and retrospective *interviews* with the leading actors in the three selected organizations. The latter included the BoDs and other key strategy actors, such as EM members, external facilitators, and strategic leaders (if not part of the EM team). Thereby, I collected a minimum of nine interviews per organization. If necessary and relevant, I also conducted preparatory discussions for the interviews and follow-up e-mails or phone conversations (Langley & Abdallah, 2011; Martin & Eisenhardt, 2010).

When possible, I *participated* in formal and informal strategy interactions of the BoD and *visited* the organizations on-site to familiarize myself with the inside- and outside view of the strategy process and the perception of the employees and middle managers. Furthermore, I used *secondary data sources* to triangulate my interview data. Internal and external reports and documents as well as archival data on the strategy process and the organizations' BoD played an essential role in this triangulation.

Overall, this unique dataset allowed me to offer rich insights into the actual doings and processes of the BoD teams and their single forms of strategy interactions and the entire strategy process in times of environmental change. The following sections give more details on my data collection.

### 3.2.1 Semi-structured Interviews

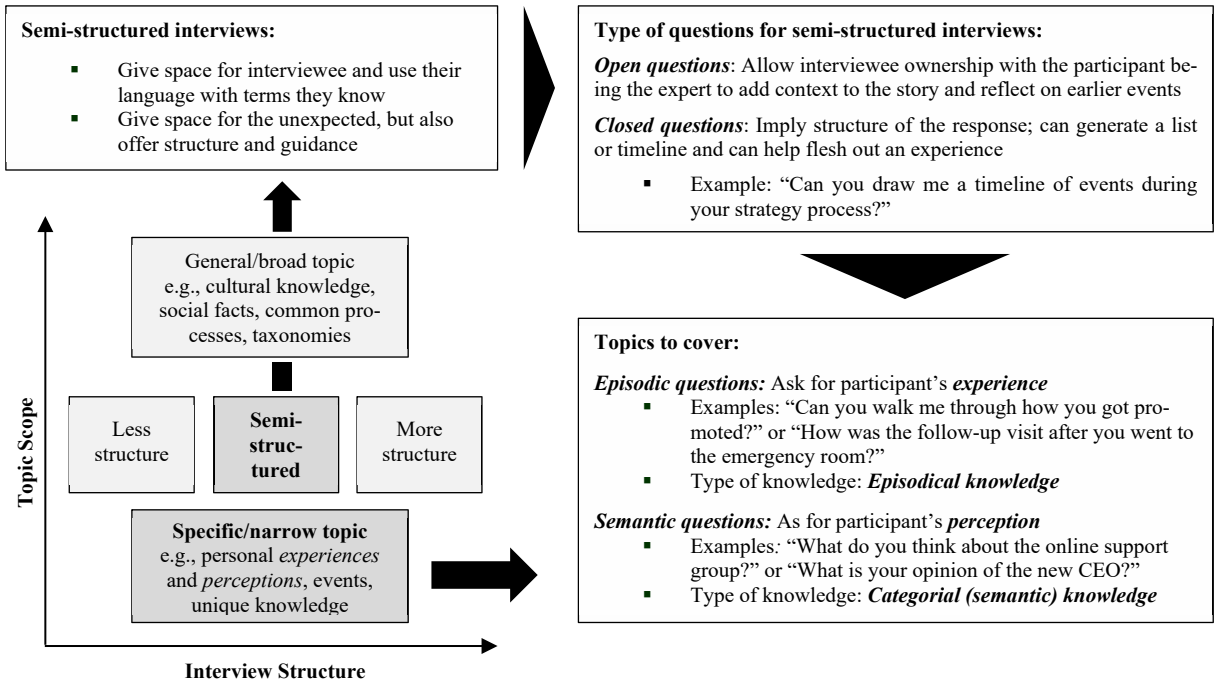
#### *3.2.1.2 Interview Types*

To answer the main research question of how BoDs shape the strategy process in times of environmental change, I conducted retrospective and semi-structured interviews. Other scholars also adopted retrospective interviews in the same research strand (e.g., Eisenhardt, 1989b; Garg & Eisenhardt, 2017; Jarzabkowski & Seidl, 2008). It is commonly used when taking a post-positivist Eisenhardt-approach to research strategizing, which is highly episodic and infrequent (Ma et al., 2020). Also, I conducted my study based on an *interpretative-history approach* (Vaara & Lamberg, 2016, p. 58). Conducting interviews with such an approach enabled me to acknowledge the historical embeddedness of strategy practices and the BoDs as strategizing actors. Further, Eisenhardt and Graebner (2007) emphasized that "interviews are a highly efficient way to gather rich, empirical data, especially when the phenomenon of interest is highly episodic and infrequent" (Eisenhardt & Graebner, 2007, p. 28).

In line with previous scholars in my research field, the interviews themselves were *semi-structured* to identify and measure characteristics, processes, and interactions of the BoD team (Hoppmann et al., 2019). Keeping a certain level of structure offered guidance to

both the interviewer and the interviewee[79] (e.g., Flick, 2018; Gläser & Laudel, 2009; Helfferich, 2019). I worked with relatively closed questions to generate a timeline of the strategy process, identify the most important strategy actors, and discuss the role and relevance of the BoD team (Flick, 2018). However, the interviews also allowed a certain degree of structural flexibility, permitting the interviewee to state the unexpected and the interviewer to work with open questions (Flick, 2018; Helfferich, 2019). Further, this openness enabled the interviewee to take ownership as the expert in adding context to the story and reflect on so far unconsidered activities, processes, and interactions (Flick, 2018). Thereby, participants were encouraged to explore other matters. I aimed to elicit the interviewee's episodic knowledge by asking for the participant's experience of BoD processes, single interactions, and the entire strategy process with episodic questions (e.g., Flick, 2018; Küsters, 2014; Nohl, 2010). Moreover, I intended to address the personal perceptions as categorical (also called semantic) knowledge of the interviewee in terms of specific processes, strategy interactions, and the entire strategy process with semantic questions (e.g., Gläser & Laudel, 2009; Küsters, 2009; Nohl, 2010). Thereby, I moved from very structured and narrow topical questions to open and broad topical questions within the interview. This approach is illustrated in Figure 19.

**Figure 19:**
**Type of Interviews for This Dissertation**




*This figure shows my approach for conducting the main interviews of this dissertation. It shows that I conducted semi-structured interviews to address the respondents' episodic and semantic knowledge. Therefore, I used open and closed questions to distinguish between rather broad and general as well as very specific and narrow topics. Source: Own illustration; Adapted from Guest et al. (2013); Based on Flick (2018), Gläser and Laudel (2009), Helfferich (2019), and Küsters (2009, 2014).*

[79] The reader finds the interview script in 'Appendix B.'

#### *3.2.1.3* ***Pre-Interview Talks***

To prepare for the actual interviews, I conducted 25 *pre-interview talks* with the respective organization's main strategy actors, including the Chairpersons, Vice-Chair, CEOs, CSOs, and members of the senior management team responsible for strategizing. Some of these pre-interview talks were done via mail or phone, while others were combined with on-site visits of the organization.

These talks served four objectives. First, they helped me reconstruct the BoD team's role and the sequence and characteristics of strategy interactions in the strategy process. Second, these relatively informal talks with BoD and EM members enabled me familiarize myself with the organization and the BoD team and create trustworthiness in my research. Third, they supported me nurturing an open interview atmosphere in the main interviews. Last, the pre-interview talks allowed me identify the language and terms they used during the strategy process, making my questions more applicable to the interviewee's specific circumstances and more comfortable to answer.

#### *3.2.1.4* ***Interview Script***

To accommodate the main interviews, I developed a one-pager interview script that helped me prepare, conduct, and debrief each interview. 'Appendix B' shows this interview script. This script was divided into three main blocks[80]. At the beginning of the interview, I asked open-ended questions to get the interviewee 'into the narrative.' These so-called 'icebreaker questions' included questions about the respondents' background and their history with the observed organization.

In the second main block of the interview, the respondents were asked to describe their experience and perceptions of what has happened in the observed strategy process. I specifically asked what forms of interactions were conducted with whom and why. For these questions on strategy interactions, I used the landscape of BoD's strategy interactions that I developed in Chapter Two (section 2.3). These questions helped the respondents to structure their thoughts and allowed them to articulate more practical examples and details of BoD processes and strategy interactions. In this main block, the respondents were also asked about their experience and perceptions of the BoD team in the strategy process, including its characteristics, structure, and processes. In the interview and within the respective sub-blocks on these topics, the questions became more straightforward. Therefore, I moved from open-ended questions at the beginning of each sub-block to closed-ended questions at the end of each sub-block. The aim of these open and

[80] Refer to right-hand side of the interview script in 'Appendix B.'

closed questions of the main building block of the script was to understand how different sub-blocks are related to draw causal links and better analyze the research question.

The interviews concluded with a third block, including some final, critical questions about the process, monitoring questions about what has been discussed so far, and an outlook to round up the interview chronologically. I also gave the interviewee the chance to add further inquiries and comments at the end of the interview.

Also, I prepared for different paths throughout the interview, marked with arrows in the script. I developed these paths further while conducting more interviews and learning about the script retro-perceptively. Naturally, the interviews with those actors outside of the BoD mainly focused on their perception of the BoD team instead of a self-assessment. Moreover, I prepared for spontaneous deviating from the pre-defined questions and more in-depth questions when statements were not clear or ambiguous. Additionally, I planned for some of the questions to be delayed or discussed earlier in the interview, as soon as people talked a little more freely and were interested in the particular topics.

Moreover, to trigger the interviewee's interest and enhance the interview flow, I prepared storytelling, specifying, evaluating, interpreting, directing, maintaining, steering, verifying, and suggestive questions[81]. Also, using techniques such as "courtroom style questioning" as closed yes or no questions while also using different types of questions, I already prepared for my subsequent data analysis phase to ensure better data triangulation (Langley & Abdallah, 2011).

Lastly, to further enhance my interviewing techniques, I maintained a list of important definitions of main terms and a list with general recommendations for conducting interviews, such as avoiding my own evaluations to remain neutral[82]. Besides, I made sure to take notes during the interview, reflect on the interview as soon as possible, write memos, and transcribe the interview. Also, I build a template to fill in the most important content and general aspects to keep myself organized and not swamped with too much information about these complex interviews being conducted.

#### *3.2.1.5* ***Interviews***

To increase the credibility of the interviews' insights by considering multiple perspectives, I interviewed various actors in each organization. This approach was suggested by Eisenhardt and Graebner (2007), who noted that to minimize method bias using interview data, "a key approach is using numerous and highly knowledgeable informants who view the focal phenomena from diverse perspectives" (p. 28). Thus, I conducted

[81] Refer to lower left-hand side of the interview script in 'Appendix B.'

[82] Refer to upper left-hand side of the interview script in 'Appendix B.'

interviews with the so-called 'key informants' of the strategy process. In my case, this included BoD members and CEOs of the organizations and selected EM members or outsiders relevant to the strategy process (Graebner, 2004, 2009; Martin & Eisenhardt, 2010). Thus, even though the unit of analysis is BoDs of the respective organization, the data collection unit also developed converging inquiry lines.

I interviewed a total of 36 key informants[83]. All pre- and post-interview talks provided me a richer contextual understanding of the organizations and their strategizing, are not included in these 36 interviews. I was eager to interview the most relevant and knowledgeable actors first; thus, strategic managers or leaders on the EM level, the Chairperson, and the CEO. I then used the snowballing technique to identify further interviewees while ensuring that I interviewed every BoD member at least once. I conducted the interviews between July and September 2020.[84] In total, the 36 interviews lasted 35.7 hours, accounting for a total of 797 pages of interview transcripts. The interviews lasted between 26 and 122 minutes. The different length was not intended, but it gave me a rough idea of the importance of the organization's issues in question. Also, the interviews' length was dependent on the available time of the interviewee and the "personality" (e.g., speech flow, speed, openness).

Moreover, most of the interviews were done in German, sometimes switching to Swiss German spontaneously. Some were conducted entirely in Swiss German or in English to use the interviewee's native language or, at the least, their most common business language. Using different languages was done for two reasons; first, to ensure that terminology and language would not be an issue; second, my interview partners felt comfortable and able to share their perceptions and feelings on the topics discussed.

In total, I conducted 14 interviews at Organization A (two with the Chairperson, eight with BoD members, and four with EM members), 13 interviews at Organization B (one with the Chairperson, five with BoD members, and seven with EM members), and nine interviews at Organization C (two with the Chairperson, five with BoD members and two with EM members). At Organization B, despite several attempts, I was unable to conduct an interview with one BoD member for health reasons. At Organization C, one BoD member did not want to be interviewed since he stepped out of the BoD shortly after my observation period. Despite this, I was able to interview all members of the BoD of the three organizations.

[83] Refer to 'Appendix C' for a list of all interviews conducted for the main interviews of this dissertation.

[84] One exception was the interview with the Chairperson of Organization A. It was already conducted in March 2020 due to his availability. In addition, it was shorter than the other interviews. Therefore, I conducted another interview with him in summer 2020.

To encourage more open and controversial statements and not constrict the interviewees in their answers, I highlighted the anonymity of the interviews and the signed NDA[85]at the beginning of each interview. Then, I asked for permission to record the interview, which was given to me by each interviewee. These recordings allowed me to create transcripts of each interview and prevented the loss of relevant information. The strict confidentiality enabled an open, informal, and conversational atmosphere, where the interviewees felt more comfortable discussing personal feelings and perceptions of BoD processes, strategy interactions, and the entire strategy process.

Based on suggestions in my research field, I conducted interviews until further insights led to only marginal improvements (Eisenhardt, 1989b; Hoppmann et al., 2019). Of course, some topics were repeatedly mentioned by the interviewees. However, this assured me that the previous respondents' sometimes subjective statements were more likely to be accurate or at least perceived similarly.

#### *3.2.1.6* ***Post-Interview Talks***

In a final step, after the actual interviews, I contacted the interviewees to eliminate final inconsistencies in their statements or between respondents and conducted post-interview talks, if necessary. I did more than one post-interview talk with some strategy actors, while for others, this was not necessary. In total, I conducted 50 post-interview talks. Most of these were follow-up conversations via mail or phone, while others were combined with on-site visits. These post-interview talks allowed me to gain rare and exclusive insights into more personal perceptions and challenge the already collected data. This triangulation of data, interpretations, themes, and patterns emerging from interviews was key to the next step of analyzing the data. Further, the post-interview talks were vital for creating further trust in my research and nurture an atmosphere of sharing additional thoughts or documents. Also, they allowed both the interviewer and interviewee to discuss observations and clarify uncertainties.

To conclude, for the main empirical part of this dissertation, I conducted *111 interviews*, including 25 pre-interview talks, 36 main interviews, and 50 post-interview talks.

### 3.2.2 Other Data Sources

While interviews tended to be the primary source of information, I placed strong emphasis on collecting other data types (Langley & Abdallah, 2011). Thus, I enriched my data with archival data and further observations. Table 4 summarizes these other data sources.

[85] I signed an NDA only with two of the three observed organizations.

**Table 4:**
**Other Data Sources of This Dissertation**

| Data source | Type of data | Use in the analysis |
|---|---|---|
| ***Archival data*** | *Organization-related documents:*<br>Regular BoD meeting minutes, bylaws, organization charts and presentations, competence matrix for the BoD, press articles on strategizing, annual reports. | Familiarize with the organizational context and its history, regulation, main actors, and dynamics. Also, focus on the organization and the BoD team. |
| | Further insights into the organization, the BoD team, and individual members from other sources outside the organization through industry and personal networks. | |
| | *Strategy-related documents*:<br>Final vision and strategy documents, internal strategy presentations, workshop presentations, strategy interaction documentations, and regular BoD meeting minutes. | Familiarize with the organization's and BoD team's dynamics, strategizing interactions, and practices. Also, reconstruct (the interactions of) the strategy process. |
| ***Further observations*** | *Field notes from meeting attendance:*<br>Detailed record and making notes of regular BoD meetings. | 'Triangulate' data, interpretations, themes, and patterns emerging from interviews. Discuss observations with informants and clarify uncertainties of other data. |
| | *On-site visits:*<br>Visits of the organization's venue and the facilities of the organization's strategizing practices. Informal talks with employees and middle managers while being on-site. | 'Triangulate' data, interpretations, themes, and patterns emerging from interviews. Familiarize with the 'outside' view of the strategy process and the employees' perception. |
| | *Participation in formal interactions:*<br>Other formal interactions of the organizations, such as business days. | 'Triangulate' data, interpretations, themes, and patterns emerging from interviews. |
| | *Participation in informal interactions:*<br>Informal interactions of the BoD team, such as apéros or coffee breaks. Further, informal interactions with stakeholders, customers, and other owners via the Swiss Aerospace Cluster network. | 'Triangulate' data, interpretations, themes, and patterns emerging from interviews. |

*This table shows the different further data types used for this dissertation. I relied on a multitude of sources to triangulate my data and increase trustworthiness in my research results. These other data sources allowed me to feel as if I was part of the organization's strategizing. Source: Own illustration.*

*Archival data* comprised organization- and strategy-related documents. The former included BoD meeting minutes, bylaws, organization charts and presentations, competence matrix for the BoD, press articles on strategizing, and annual reports. The latter included final vision and strategy documents, internal strategy presentations, workshop presentations, strategy interaction documentation, and BoD meeting minutes.

Besides, I had access and was able to *participate in regular BoD meetings* and formal (e.g., the business day or the general assembly) and informal *strategy interactions* (e.g., apéros, coffee breaks or other social encounters). During all forms of interactions, I made detailed notes to challenge my data, interpretations, themes, and patterns emerging from the interviews. In discussing with informants during these encounters, I was able to clarify the uncertainties of other data sources and confirm my previously made assumptions.

Moreover, I enhanced this already rich dataset with exclusive *on-site visits*. Sometimes, even the CEO or Chairperson took me on a short or, at times, rather long tour to show me the organization's facilities. Thereby, I visited the organization I researched, their

meeting rooms, and the facilities where the organization was strategizing. I also used these opportunities to conduct informal talks with employees and middle managers.

Finally, I *participated in formal and informal interactions*. In terms of formal interactions, I participated at business days while for informal interactions, I was in contact with stakeholders, customers, and majority shareholders of the three observed organizations. These different further observations helped me triangulate my data, interpretations, themes, and patterns emerging from my interviews and other data sources. Further, it helped me familiarize myself with the inside- and outside-view of the strategy process and even with the employees' and middle managers' perceptions.

In using this multitude and variety of data, I tried to feel like part of the organization, BoD team, and the strategy process I researched. Therefore, I relied on multiple sources of evidence to converge and triangulate my data (Stake, 2013; Yin, 2011). I thereby increased my research findings' trustworthiness. These other data sources allowed me to participate in the strategizing of all BoD teams rather than just asking BoDs questions from an outside perspective at one point in time. This approach helped my multiple case study to be inclusive and pluralistic, with the potential to accommodate diverse paradigms and research techniques (Stake, 2013). Overall, my dataset is richer and more in-depth than previous research on BoD's strategizing. This approach addressed recent shortcomings of BoD research to move from survey data to more in-depth and longitudinal data. Indeed, with this more in-depth research design (e.g., Huse, 1998), I aimed to explore and explain BoD processes, single strategy interactions, and the entire strategy process, as well as the links in-between that have been neglected or misinterpreted in BoD research so far (Bezemer et al., 2018; Pugliese et al., 2015; Zhang et al., 2011).

## 3.3 Data Analysis

To analyze my data, I made use of memos and a five-step analysis process. I show both aspects in more detail in the following sections.

### 3.3.1 Memos

After collecting the interview data, I directly wrote several memos and reflected on them to account for possible collection biases or coding biases later in the process (Gibbert et al., 2008). Moreover, I transcribed the main interviews within 24 hours to facilitate fast and systematic analysis of the raw data.[86] Thereby, I followed previous literature: "Electronic recording and rapid transcription are cited as further means of enhancing validity

[86] The majority of interviews were conducted in German to allow the interviewees to express themselves in their native or business language. Since the data analysis has been conducted and the text is written in English, the key quotations were transcribed verbatim.

and reliability" of multiple case studies (Langley & Abdallah, 2011, p. 208). Besides, I wrote and reflected on the following memos before, during, and after each interview:

- *Key quotations*: During the interview, I physically noted down seemingly important or surprising statements. I recorded these as key quotations in a separate memo after transcribing the interviews. This memo format has helped me walk an 'audit trail' that showed me how my understanding changed over time, including the themes and patterns' breadth and depth.
- *What I know so far*: I began to write this memo after reviewing all relevant data sources to develop a short narrative for each BoD team. This memo helped me structure my thoughts and provided insights into how the BoD team and the strategy process were run. After each interview, I wrote my fundamental thoughts into this memo and added the key quotations from each interview after transcribing them. Therefore, I continuously added to and revised this memo in a very iterative way. I used some of the reflected content in my still pending interviews and thus gathered more in-depth data and a better understanding of the researched topic.
- *Method Memo*: After each interview, I reflected on my interview script and my other data sources to increase the flow of the interview, find new sources of evidence, or further themes or patterns that came up during the interviews.

Writing these memos helped me to (1) reflect on what is hidden in the background, (2) develop my writing voice, (3) avoid forcing the data into existing concepts, (4) explore connections, (5) discover gaps in the data collection, and (6) increase the level of abstraction of my ideas. I also developed these detailed memos to ensure that all valuable themes and assumptions of my analysis and possible relationships between codes were recorded (e.g., Strauss & Corbin, 1997).

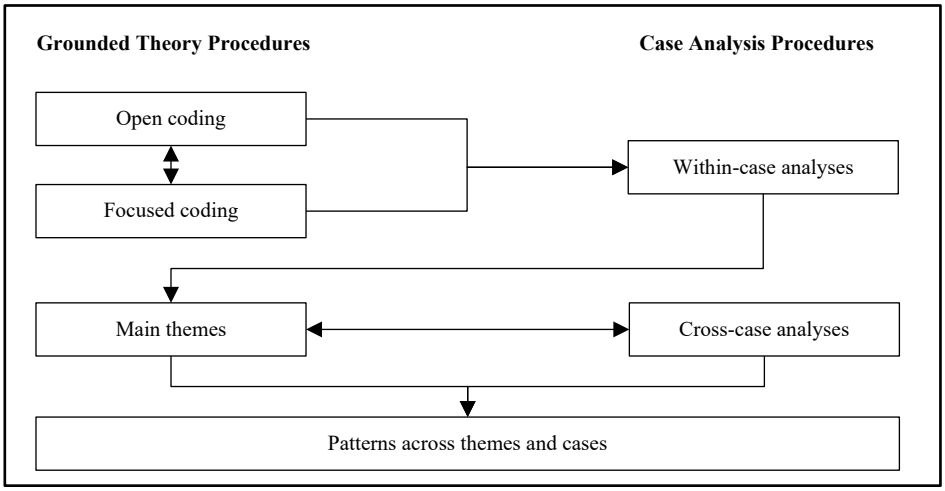
### 3.3.2 Data Analysis: A Five-Step Process

For every step of data analysis, I used the qualitative analysis tool 'ATLAS.ti,' which enabled me to have one platform for all data sources, memo-writing, coding, and further data analysis.

In terms of the actual data analysis, I combined standard methods of grounded-theory (Beyer & Hannah, 2002; Strauss & Corbin, 1967) and comparative case analysis (Eisenhardt, 1989b) to explore a new research field and build theory (Charmaz, 2014; Strauss & Corbin, 1997). Thereby, I followed recent works in strategic management research of Järvi et al. (2018) and Charmaz (2014). In terms of *grounded theory*, I used open and focused coding to analyze within-case and identify main themes. Therefore, I used all data sources to challenge established themes from literature and new, inductive themes emerging from my data collection (e.g., Concannon & Nordberg, 2018; McNulty

& Pettigrew, 1999; Stiles, 2001). Following each interview, I expanded and reviewed the within-case analysis findings and the list of main themes. After collecting at least three interviews at each organization, I did a first *cross-case analysis*. At the same time, data collection and analysis proceeded iteratively. Thus, when new data was collected, I tested the robustness of already emerging themes and patterns across themes and cases until new interviews did not offer me new insights in these areas. This five-step process is illustrated in Figure 20.

**Figure 20:**
**Five-Step Research Analysis Process**




*This figure shows the five-step process of data analysis for my dissertation. I combined standard methods of grounded-theory and comparative case analysis to explore a new research field. I used open and focused coding to conduct my within-case analyses. Thereby, I was able to identify themes and patterns within and across cases. Source: Own illustration.*

In the following paragraphs, I offer the reader more details of this analysis described above and illustrated in Figure 20. Given the exploratory nature of my study, I followed a five-stage process to analyze my data.

First, I conducted *open and focused coding* on my interview transcripts, in line with other scholars in my research field (Bezemer et al., 2014; Järvi et al., 2018). When coding, I kept in mind my theoretical constructs, which I had derived from previous literature, as so-called 'a priori codes.' Thereby, I followed Bryman and Bell (2015, p. 258) in coding interview questions: I used a coding frame of theoretical constructs to identify the types of answers associated with each question. At the same time, however, I was open to new aspects. Thus, I developed 'in vivo codes' to pick up the interviewee's language and develop new themes myself. Therefore, I initially coded line by line and phrase by phrase, as recommended in inductive, theory-building approaches (Järvi et al., 2018). This open coding helped me remain open to data and themes emerging from the interviews, resulting in many early codes and contextual options. I also created 'word clouds' to identify additional codes. These open codes varied in length from a couple of words to full sentences or even paragraphs. I then made iteration rounds for more focused codes

through my previously build 'a prior codes' of the theoretical background. I followed Charmaz (2014) in this approach, who stated that "for most of my analyses, focused coding simply meant using certain initial codes that had more theoretical reach, direction, and centrality and treating them as the core of my nascent analysis." (p. 141). This approach improved the codes and helped me to move from more descriptive to more interpretive codes. Therefore, I went step by step from grounded and open coding to 'entire document' coding: I read through the transcripts several times and analyzed them individually while bearing in mind my theoretical foundations, i.e., the BoD team (characteristics, structure, processes), strategy interactions, and the entire strategy process. Whenever the data made it possible, I coded in terms of interactions and processes to "gain a strong sense of action and sequence" (Charmaz, 2014, p. 120). I am confident that theoretical saturation was reached in coding, as analysis of the later interviews yielded no new codes and patterns.

Second, I conducted *within-case analyses*. The combination of open and focused coding enabled me to analyze each case's most vital aspects (Järvi et al., 2018). Meanwhile, I continued writing my memos to refine my within-case thoughts and become more detailed and structured in the statements and possible themes. Besides, in this second step of my data analysis, I constructed strong within-case narratives. These were continuously enhanced through conducting the interviews until I reached theoretical saturation. Overall, in this second step, I already started to identify the most critical themes within each case, which was then essential for the third step in the data analysis.

The third step included the identification and definition of the *main themes* in a grounded theory approach. The latter is described by Suddaby (2006, p. 634) as being "most suited to efforts to understand the process by which actors construct meaning out of intersubjective experience." I conducted this approach to develop themes from my empirical study and show the relationships among concepts in a more illustrative way. This is suitable for researching processes or inter-personal relations (Langley & Abdallah, 2011). To summarize my data analysis for the development of main themes, I developed an illustration that one can find in section 4.2 of this Chapter. This illustration shows the first and second-order concepts and aggregated dimensions that emerged from both the data analysis of open and focused coding and the case analysis. I identified four aggregated dimensions: first, the BoD team as a literal strategizing team with its Chairperson, BoD, and BoD team characteristics; second, the BoD-EM interface with specific characteristics for this interface; third, single strategy interactions, with the forms of interactions, the phases of interactions, and general characteristics of strategy interactions; and fourth, the strategy processes with general characteristics and its effectiveness.

Fourth, I fragmented the data, defined processes in data for the cross-case analysis, and made comparisons between data and cases. This analysis step was an iterative process, as suggested by Eisenhardt (1989b) and Langley and Abdallah (2011). Thereby, I moved from within-case analysis to cross-case analysis. While conducting the within-case and cross-case analysis, I specifically focused on the similarities and differences between them[87]. The development of these cross-case analyses was a somewhat cognitively challenging moment of my data analysis due to bringing together pieces of individual case evidence and refining emerging themes by merging data and assumptions. It was also time-consuming since I had to continually reflect on my understanding of how and why emerging themes and links might make sense.

In the last step, I was eager to find *patterns across themes and cases*. This last analysis step helped me identify possible connections of themes. Therefore, I made comparisons to find patterns between the interviews, themes, and the cases. Thereby, I moved from cross-case analysis to more in-depth, grounded approaches. I also searched previous literature for main themes and concepts that would help make sense of my initial findings and assumptions while also being open to challenge these established themes with my own data analysis. In doing so, I used the power of multiple case studies to build theory in generating findings that are claimed as novel or even surprising while rendering these findings highly credible in the established literature on BoD teams and their strategizing. I thereby focused on an established rhetorical move of scholars conducting such a research approach and analysis design (Eisenhardt, 1989b; Langley & Abdallah, 2011): First, I established novelty of my findings; second, I presented evidence through frameworks and tables; and third, I discussed the findings critically with established frameworks and theories from other fields of research. Thereby, my study follows the lead of Langley and Abdallah (2011), who emphasize that

> *"the need for both defamiliarization and plausibility in qualitative research is probably universal and has been noted before (...). However, it seems to be a particularly strong leitmotiv underlying this particular approach, and both the logic of the method and the rhetoric of the writing in empirical articles seem designed to achieve it."* (p. 111)

## 3.4 Quality Measures of the Research Design

Conducting a multiple case study method with a post-positivist Eisenhardt-approach and focusing on processes requires *data validity* and *reliability* (Concannon & Nordberg, 2018; Hoppmann et al., 2019; e.g., Langley & Abdallah, 2011). In particular, I ensured

[87] These similarities and differences of cases are described in more detail in Chapter Three (section 2.3.2).

the concept of *validity* by the three sub-concepts of construct, internal, and external validity (Hoppmann et al., 2019; Yin, 2011).

I ensured *construct validity* by using triangulation based on multiple external and internal organizational and strategic data sources[88]. Thereby, I reduced the subjectivity of respondents' answers and the method bias. For example, to identify the strategy process sequence, I used interviews from different organization levels, regular BoD meeting minutes, and other data sources. I also conducted pre- and post-interview talks to account for possible remaining questions or clarifications in terms of constructs. I initiated several iteration rounds with a detailed review of all interview summaries and a reflection of BoD documents with my memos on within and cross-case comparisons to clarify any remaining uncertainties. The key results were also presented in informal feedback sessions or the course of post-interview talks to selected and influential BoD members, the CEO, EM members, or external facilitators to increase trustworthiness in my research and ensure face validity – an essential aspect in BoD research (Pugliese et al., 2015).

Further, I focused on *internal validity* by finding, analyzing, reflecting, and discussing contrary explanations throughout the entire research process. I also strengthened internal validity in theoretical sampling, cross-case analysis, and researching multiple cases impacted by the same environmental change of regulation and information processing demand on BoD level within one industry and within one geographical location. In doing so, I was more confident in my data collections' and analysis's internal validity since significant cultural, national, or industry specifics were not possible to arise in my data set. Thereby, I was also better able to match my data collection and analysis to the frameworks and checklists, which is vital to increase internal validity (Bryman & Bell, 2015). Also, by solely interviewing key strategy actors instead of actors not directly responsible for strategizing (e.g., middle managers), I ensured that the interviewees were competent and trustworthy to answer my questions on the BoD's strategizing. Therefore, I further increased my measurements' internal validity in establishing trustworthy cause-and-effect relationships between income and outcome variables.

*External validity* supports the generalization of research findings (Bryman & Bell, 2015). This type of validity is especially critical when researchers conduct single case studies, based on Bryman and Bell (2015). Therefore, to increase external validity, I conducted a multiple case study, including a cross-case comparison, to ensure more generalizable results. In doing so, I was also able to identify patterns across organizations and, more generally, patterns across cases to increase our understanding of BoDs and their strategizing in times of environmental change. Besides, I made a considerable effort

[88] For more details find Chapter Three (section 3.2) on the data collection and data sources.

and spent much time on studying the current state of research and identify research gaps, to not only be able to find a theory for one specific industry but create generalizable results for BoD's strategizing in times of environmental change across industries.

In terms of *reliability*, as mentioned earlier, I developed an interview script, made transcripts of my interviews, developed case study protocols, and wrote memos on various issues. Further, I integrated all documents into comprehensive case study databases (Gibbert et al., 2008) to allow for the coherence of my methods, data collection, and data analysis (Bryman & Bell, 2015). For example, the various memos increased my discussions' transparency and prevented and eliminated potential contradictions in the data. Moreover, during the later stages of my research project, I used closed coding to ensure that my coding was reliable and generated distinct themes and patterns. In terms of replicating the study – also crucial for the study's reliability – I intended to be as transparent and explicit as possible in data collection and analysis. However, this is difficult and not common when conducting multiple case studies, since, in my case, I researched social interactions that are constantly changing and challenging to replicate (Bryman & Bell, 2015). Also, it was hard to be more transparent because of the signed NDA. Thus, I had to assure confidentiality and anonymity.

# 4 Research Findings

The following sections detail my research findings based on my previously described five-step research analysis process of focused and open coding, within-case analysis, identification of main themes across cases, and the cross-case analysis and the identification of patterns across themes and cases.

## 4.1 Within-Case Analysis

As previously described, through a combination of open and focused coding, I described and analyzed each case's most vital aspects (Järvi et al., 2018). To build a strong story for my individual cases, I developed within-case narratives for each case (Stake, 2013). In particular, this involved writing actual text on the complex matter and the multiple levels of my research and the observed cases. Thereby, I focused on "conceptual-theoretical descriptions and on explanations of the phenomenon under inquiry" (Shkedi, 2005, p. 131). In doing so, I was able to interpret the experiences and feelings of the different actors and their roles in the strategy processes, make sense of the BoD team and strategy interactions they used, as well as to reflect on the entire strategy process and its main building blocks. Thus, I was able to find the main themes and links between data sources, statements of respondents, and levels of analysis for each case. Also, this analysis step allowed me to reflect on the own codes and memos I developed.

In conducting this within-case analysis, I also prepared to identify the most important themes within these cases, which was key for the next analysis step in merging these themes and identifying overarching main themes across cases. These themes across cases and the subsequent cross-case analysis are described in the following section.

## 4.2 Identification of Main Themes Across Cases

After the previously mentioned within-case analysis, I was eager to identify the main themes for all cases. Therefore, based on a grounded theory approach as described by Suddaby (2006), Dattée et al. (2018), and Masucci et al. (2020). This research step was a time intensive moment of my data analysis. Finally, I was able to structure interpret perceptions of the different actors and their roles in the strategy processes across cases. For example, I was able to identify a strong role of the Chairperson and how this person facilitates the entire strategy process. Strikingly, my cases differed greatly which was exciting for my later discussion and results of my dissertation but challenging for my data analysis. This was mainly due to the selection of extreme cases which allowed me to see differences in the cases and helped the later identification of patterns.

In this analysis step, I was able to identify main themes and links between data sources, statements of respondents, and levels of analysis across cases. Finally, I was able to also develop a table that shows the first and second-order concepts and aggregated dimensions that emerged from the data analysis of open and focused coding and the previously describes within-case analysis. I identified four aggregate dimensions: first, the BoD team as a literal strategizing team with its Chairperson, BoD and BoD team characteristics; second, the BoD-EM interface with specific characteristics for this interface; third, single strategy interactions, with the forms of interactions, the phases of interactions as well as general characteristics of strategy interactions; and fourth, the strategy processes with general strategy process characteristics and the effectiveness of the strategy process. Table 5 illustrates my first and second-order concepts, as well as the previously described aggregate dimensions. In ‘Appendix E,’ readers find tables for each of these concepts and dimensions, including exemplary quotes of respondents. Also, in ‘Appendix D,’ the reader finds the definitions of these terms in my codebook.

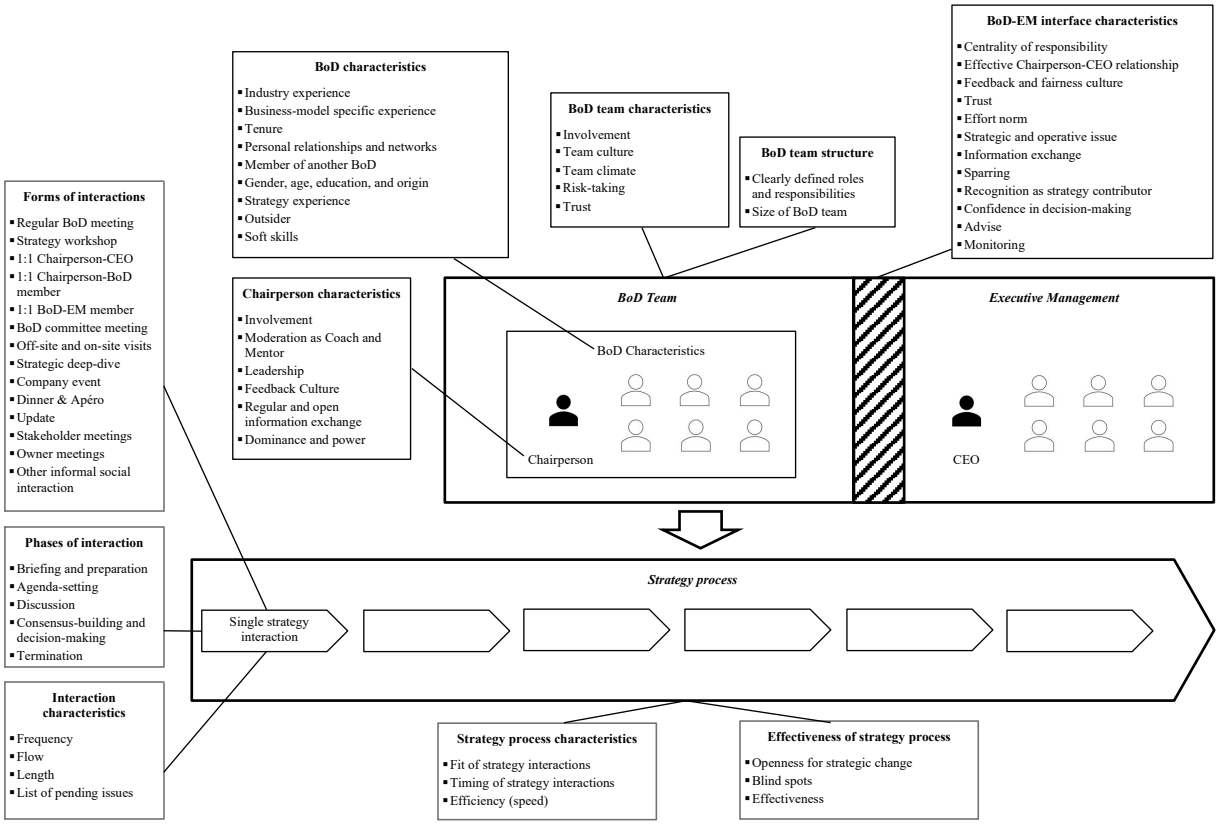
**Table 5:**
**Grounded Theory Approach**

| 1st order concepts | | 2nd order themes | Aggregate dimensions |
|---|---|---|---|
| - Level of involvement<br>- Moderation<br>- Leadership | - Communication<br>- Dominance & power | → ***Chairperson characteristics*** | |
| - Industry experience<br>- Business-model specific experience<br>- Tenure<br>- Personal relationships & networks<br>- Member of another BoD | - Gender, age, education, & origin<br>- Strategy experience<br>- Outsider<br>- Soft skills | → ***BoD characteristics*** | → ***BoD team*** |
| - Size of the BoD team | - Clearly defined roles & responsibilities | → ***BoD structure*** | |
| - Level of involvement<br>- BoD team's strategy culture<br>- BoD team's strategy climate | - Level of trust<br>- Level of risk-taking | → ***BoD team characteristics*** | |
| - Level of advice | - Level of monitoring | → ***BoD task performance*** | |
| - Centrality of responsibility<br>- Effective Chairperson-CEO relationship<br>- Feedback and fairness culture<br>- Level of trust<br>- Level of effort norm<br>- Strategic & operative issue | - Level of information exchange<br>- Level of sparring<br>- Level of recognition of BoD team as strategy contributor<br>- Level of confidence in strategic decision-making of BoD team | → ***BoD-EM interface characteristics*** | → ***BoD-EM interface*** |
| - Regular BoD meeting<br>- Strategy workshop<br>- 1:1 Chairperson & CEO<br>- 1:1 Chairperson & BoD member<br>- 1:1 BoD member & EB member<br>- BoD committee meeting<br>- Off-site & on-site visits<br>- Strategic deep-dive | - Company event<br>- Dinner & apéro<br>- Update as other informal interaction (in-side)<br>- Stakeholder meetings<br>- Owner or shareholder meetings<br>- Other informal social interaction | → ***Forms of interactions*** | → ***Strategy interactions*** |
| - Briefing & preparation<br>- Agenda-setting<br>- Discussion | - Consensus & decision- making<br>- Termination | → ***Phases of interaction*** | |
| - Frequency<br>- Flow | - Length<br>- List of pending issues | → ***Interaction characteristics*** | |
| - Fit of strategy interactions<br>- Timing of strategy interactions<br>- Efficiency (speed) of the strategy process | - Level of openness for strategic change<br>- Blind spots | → ***Strategy process characteristics*** | → ***Strategy process*** |
| - Effectiveness | | → ***Effectiveness of the strategy process*** | |

*This table shows the first and second-order concepts, and aggregated dimensions of my grounded theory approach. I identified four aggregate dimensions: The BoD team as a literal strategizing team, the BoD-EM interface, single strategy interactions, and the strategy processes. Source: Own illustration; Based on Charmaz (2014).*

To structure the findings of main themes and ease the understanding for the reader, I developed a more holistic illustration representing my main themes in Figure 21. This illustration summarizes my research findings in terms of main themes across cases.

**Figure 21:**
**Main Themes of This Dissertation**




*This figure is a more visual and comprehensive approach to show my main themes and aggregated dimensions. In 'Appendix E,' readers find tables for each of these concepts and dimensions, including exemplary quotes of respondents. Also, in 'Appendix D,' the reader finds the definitions of these terms in the codebook. Source: Own illustration.*

## 4.3 Cross-Case Comparison and Identification of Patterns

> *"The central notion is to use cases as the basis from which to develop theory inductively. The theory is emergent in the sense that it is situated in and developed by recognizing patterns of relationships among constructs within and across cases and their underlying logical arguments"* (Eisenhardt & Graebner, 2007, p. 25).

The themes developed through the coding process and the within-case analysis were an important foundation for my cross-case comparison (Flick, 2006). To perform this cross-case comparison, I used replication logic to confirm emergent patterns across cases (Eisenhardt & Graebner, 2007). Therefore, I systematically searched for similarities and differences across cases. Using tables, I listed theoretical themes, such as the Chairperson's role or single strategy interactions, and compared them across cases. This analysis

step aimed at revealing processual factors and identifying patterns across main themes and cases that might explain the different strategy outcomes across cases.

More operationally, to identify patterns, it was important that patterns can only be recognized over time and researching objects for an extended period (Abdallah et al., 2017; Eisenhardt, 1989b; Langley & Abdallah, 2011). Thus, my approach to research a more extended strategizing episode, the strategy process, helped me in this data analysis step. Further, the sampling approach in identifying and selecting extreme cases also helped the process of pattern identification and development, as Eisenhardt and Graebner (2007) highlight, "a particularly important theoretical sampling approach is 'polar types,' […] in order to more easily observe contrasting patterns in the data [… and] very clear pattern recognition of the central constructs, relationships, and logic of the focal phenomenon" (p. 27). In using extreme cases, I used the power of multiple case studies to build theory in generating findings that are claimed as novel-even surprising, while rendering these findings highly credible in the established literature on BoD teams and their strategizing.

Moreover, somewhat operationally, I fragmented the data, defined processes in data and made comparisons between data and cases. Thus, I conducted an iterative process of refining assumptions, building underlying theoretical and causally linked arguments, and related them to existing theory (Eisenhardt, 1989b; Hannah & Eisenhardt, 2018; Langley & Abdallah, 2011). This iterative process was a somewhat creative moment of my data analysis because it meant that I had to reflect on my understanding of how and why emerging themes and links might make sense or not. My grounded theory approach for data analysis also helped me here since I was also open and eager to find emerging themes and patterns in my data while keeping in mind previous research and theories on my main themes. For example, I could causally and theoretically link concepts and BoD composition theories with BoD processes and strategy interactions. By doing so, I was able to identify emergent patterns by analyzing across cases through the main research question's lens. These final patterns can be found in exemplary form in 'Appendix F.'

These patterns were beneficial for my dissertation's final discussion because they externalized implicit assumptions of my research as much as possible. This helps the readers of my dissertation review the analysis process and better understand how and why I arrived at a particular comprehensive framework or causal links. Furthermore, this identification and illustration of patterns helped me contextualize my findings and results while developing precise theoretical formulation (e.g., Eisenhardt & Graebner, 2007; Pettigrew, 2001). The grounded theory also helped me to inductively find emerging patterns from the data, such as the Chairperson-CEO relationship or subgroups of the BoD team, which have not been on the top list of my themes from the very beginning (Strauss & Corbin, 1967; Strauss & Corbin, 1997).

These patterns are discussed in the following section, including developing a comprehensive framework and a critical reflection of previous research findings.

# 5 Discussion of Main Findings

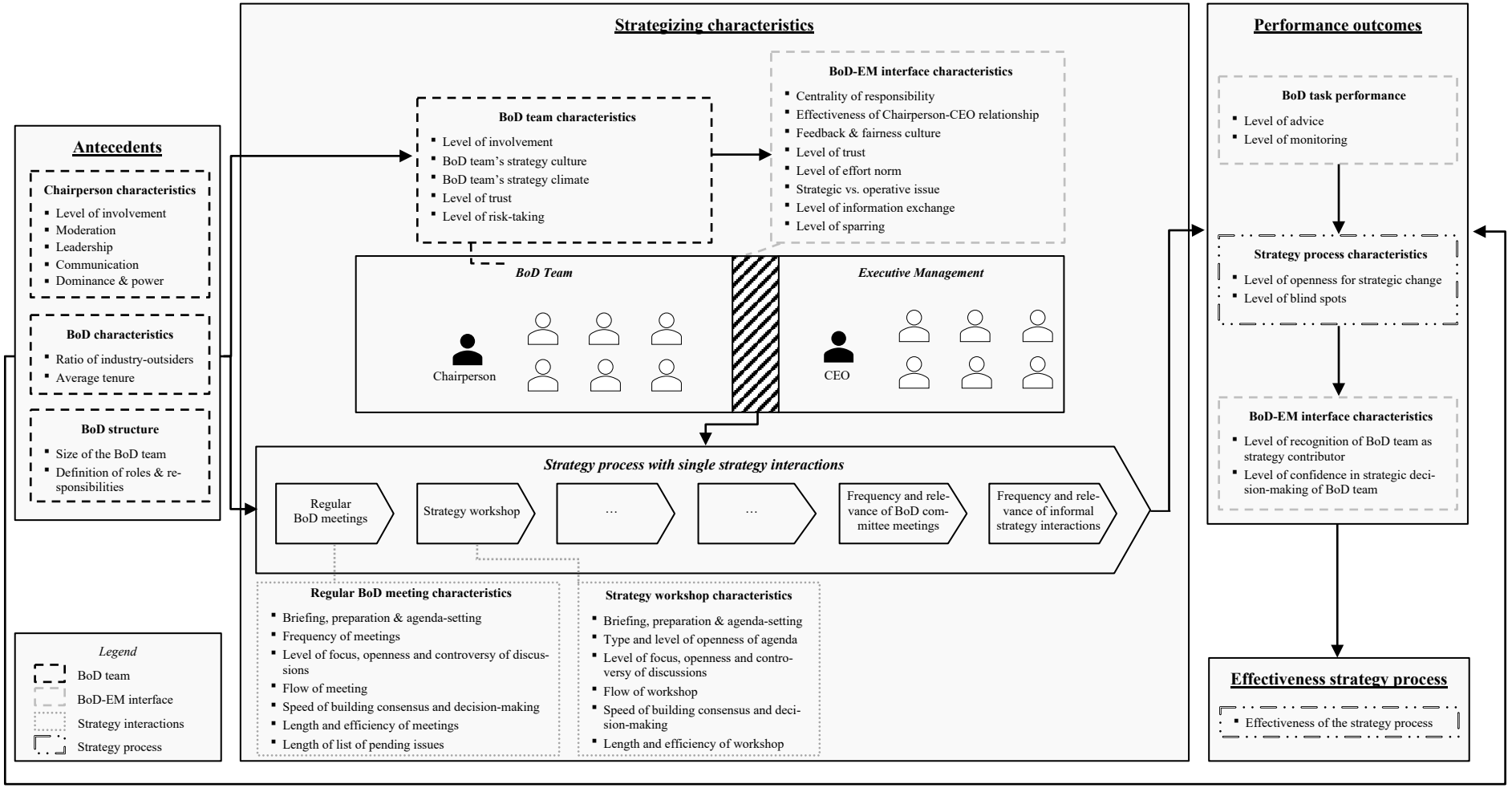
My main research question of this dissertation is *how BoDs shape the strategy process in times of environmental change.* I intend to avoid any simple response that would describe BoDs as either rubber stamps or dominant supervisors. Instead, I address BoD characteristics, structure, processes, and strategy interactions and reflect differences in their impact on the entire strategy process. My emphasis on a comprehensive set of features is distinctive, as I believe that such a multi-level approach offers the potential to investigate BoD's doings in greater detail.

Therefore, I developed a comprehensive framework based on identified patterns, which is illustrated Figure 22. The latter are empirical linkages (highlighted as arrows) between the different levels of antecedents, strategizing characteristics, and performance outcomes.[89] The framework shall serve as an orientation and visual guideline throughout the discussion of this dissertation. Moreover, following an explicit call of McNulty et al. (2013b), one of my main objectives was to build theory on BoD's strategizing. With this framework, I contribute to this call. Further, this illustration significantly increases the dissertation's scientific and practical usability since it makes the results easier to grasp and use in practice or future research studies.

To supplement this illustration, the reader will find checklists and models at the end of each chapter, which are intended to additionally increase the practical relevance of the dissertation. These checklists and models are listed once again chronologically and collectively in the appendix (Appendix Gl-G15).

[89] Find a definition of the terms used in this framework in my codebook in 'Appendix D.'

**Figure 22:**
**Comprehensive Framework of BoD's Strategizing**




*This figure displays the comprehensive framework of BoD's strategizing developed in this dissertation. It shows the main elements and levels discussed in this study, and highlights their links. The interplay of the different elements and levels ultimately describes the effectiveness of an organization's strategy process. This comprehensive framework is based on the within- and cross-case analyses of this dissertation. In the subsequent sections, the framework will be applied to the different themes and presented in exemplary form for the individual organizations. Find the definitions of the terms used in this framework in my codebook in 'Appendix D.'. Source: Own illustration.*

Based on this framework, the key findings of this dissertation lie in the following areas: Chairperson characteristics with a particular emphasis on the Chairperson-CEO relationship (section 5.1), BoD characteristics (section 5.2), and BoD structure (section 5.3) as *antecedents* (left-hand side of the framework). Further key findings concern important *strategizing characteristics*, i.e., BoD team characteristics (section 5.4), the interface of the BoD and EM team in terms of strategizing (section 5.4), and single strategy interactions of the strategy process (section 5.5). This comprehensive framework also shows that these factors impact *performance outcomes*, i.e., BoD task performance, strategy process characteristics, BoD-EM interface characteristics, and the effectiveness of the strategy process (see right-hand side of the framework).

In the following sections, I reflect on these factors in more detail while also discussing their relation to performance outcomes, i.e., BoD task performance, BoD-EM interface characteristics, strategy process characteristics, and the strategy's effectiveness process (see right-hand side of the framework). I use the previously identified patterns and critically discuss them. This also implies connecting these patterns with the theory and previous literature reviewed in Chapter Two to identify new theoretical insights and avenues for future research (Abdallah et al., 2017; Langley & Abdallah, 2011).

## 5.1 The Chairperson and the Chairperson-CEO Relationship

In practice-oriented literature, the Chairperson's role is often highlighted and discussed (e.g., Cadbury & Cadbury, 2002; Kakabadse, 2010; Krause, 2017). But how does the Chairperson contribute to an effective strategy process? Legally, the Chairperson is obliged to ensure that all formal requirements concerning the BoD processes are met, among others, conducting regular BoD meetings, chairing meetings, compliance with the law, the bylaws and regulations, or provision of information for BoD members (Müller et al., 2014). Other researchers argued that the Chairperson is one of the most influential actors in strategizing (Machold et al., 2011; Oliver et al., 2018). I offer new insights into the Chairperson's relationship and the strategy process's effectiveness in times of environmental change. In a subsequent section, I also shed light on the Chairperson and the CEO's relationship – the two most vital strategy actors of organizations.

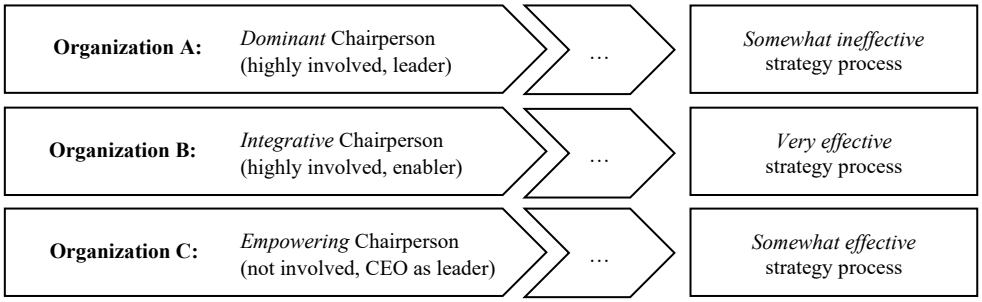
### 5.1.1 Chairperson

Agency theory proposed the Chairperson's independence (Bernstein et al., 2016) and the avoidance of CEO duality (Krause & Semadeni, 2013; Withers & Fitza, 2017). In stewardship, resource dependence, leadership, and social identity theory, the Chairperson is the key actor in enabling other BoD members to work effectively while stimulating involvement, debate, and effective decision-making as BoD team (Bezemer et al., 2018;

Krause et al., 2016; Morais et al., 2019). Others described the Chairperson as authoritative figure rubber stamping or dominating BoD decisions, detached from the organization while acting strategically in the CEO's shadow (Kakabadse, 2010).

The observed organizations' results enabled me to contribute to this scholarly debate. I find three different kinds of Chairpersons leading to different outcomes regarding the strategy process. Organization A had a dominant Chairperson who was intensely involved in the strategy process and led strategic discussions and interactions while nurturing a somewhat ineffective strategy process. Organization B had an integrative Chairperson that was also intensely involved but enabled other BoD members to contribute and dominate in certain situations, resulting in a very effective strategy process. Finally, Organization C had an empowering Chairperson that did not dominate while making the CEO mainly responsible for the strategy interactions and the strategy process, resulting in a somewhat effective strategy process, which is illustrated in Figure 23.

**Figure 23:**
**Types of Chairpersons**



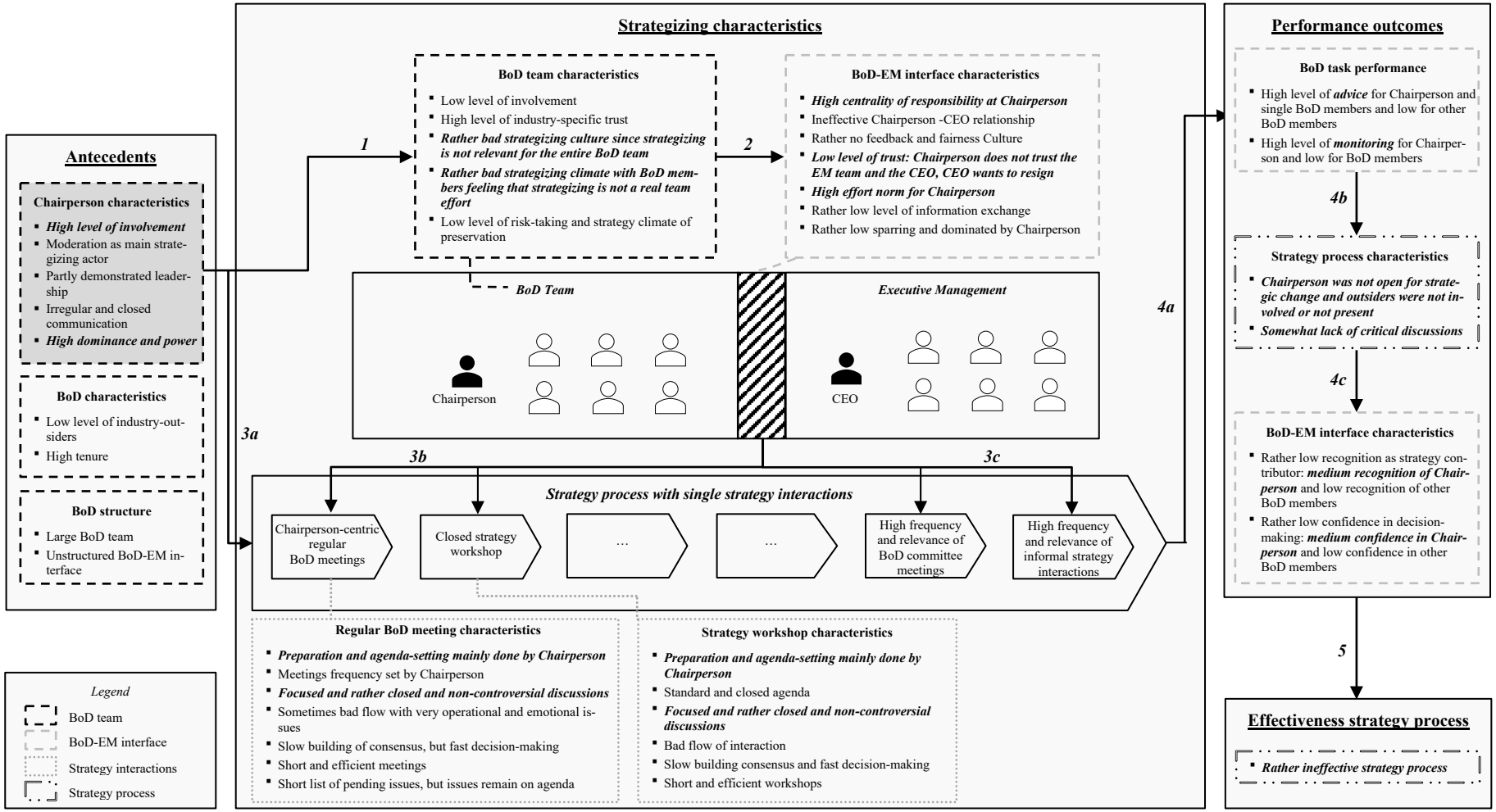

*This figure displays the different types of Chairpersons in the three observed organizations and their ultimate effect on the effectiveness of the strategy process. Organization A had a dominant Chairperson, Organization B had an integrative Chairperson, and Organization C had an empowering Chairperson. Source: Own illustration.*

In the following, I discuss these three types of Chairperson and how they impacted BoD team characteristics, the BoD-EM interface, single strategy interactions, BoD task performance, ultimately leading to different levels of strategy process's effectiveness.

#### *5.1.1.2* ***Organization A: The Dominant Chairperson***

In Organization A, the Chairperson was highly involved and dominant in the strategy process. Also, the Chairperson investment a lot of time and effort for the strategizing of Organization A. Thereby, he tried to compensate for the increasing regulation and rising information processing demands. As highlighted by one BoD member, "[the Chairperson] has always been like this, even outside of formal interactions, actively getting involved and leading discussions." The Chairperson also communicated when critical strategic decisions were taken bilaterally and moderated the strategy process as the main strategy actor. This led to a multitude of factors (see also Figure 24):

**Figure 24:**
**The Dominant Chairperson in Organization A**




*This figure illustrates the comprehensive framework (introduced in section 5) exemplary for Organization A for the topic of the 'Chairperson.' Organization A serves as a specifically interesting case in this area with its 'dominant Chairperson.' The respective most important themes are highlighted in bold and italics. The numbers next to the arrows are included in the text of the discussion in this section. Source: Own illustration.*

The approach towards strategizing and the role of the Chairperson in Organization A was summed-up nicely by the Chairperson himself:

> *"[In principle, the ...] strategy process was top-down. Basically, we knew where we wanted to go. […] We had to collect elements and important information with one-on-one (interactions) and meet people, and then to mirror it afterwards, so to speak […]."* Chairperson, Organization A

This dominant behavior of the Chairperson of Organization A led to a low level of involvement of other BoD members since they felt satisfied with the Chairperson's strategizing and did not feel that they also need to get involved. Besides, it caused the strategy culture and climate to be dominated by the Chairperson (1)[90]:

> *"I am just saying it is not like we developed [the strategy] together, and then based on that, the next step was taken. It is rather that […] I know where we are going [and the strategy development] is more likely to happen bilaterally and cognitively."* Chairperson, Organization A

This resulted in a high level of centralized responsibility at the Chairperson, a high level of effort norm for the Chairperson's strategizing, and a low level of trust between the Chairperson and the EM team (2). It also led to personal discrepancies between the CEO and the Chairperson (2). Through these characteristics, strategy interactions were dominated by the Chairperson (3a). He was mainly responsible for the preparation and agenda-setting of regular BoD meetings and strategy workshops. Also, he promoted focused, relatively closed, and non-controversial discussions (3b). As mentioned by the CEO, "[the Chairperson] has a clear idea, often he explains at the beginning of the interaction what we are going to decide."

Further, the Chairperson promoted a high frequency and relevance of informal strategy interactions. In parallel, he also pushed for a high frequency and relevance of BoD committee meetings (3c). The latter was the leading platform where the strategy was developed and discussed. This resulted in a high level of advice and monitoring by the Chairperson and poor performance of these tasks by other BoD members (4a). Moreover, it led to somewhat many blind spots[91] through strategy interactions and resistance to strategic change (4b), as pointed out by one BoD member:

> *"Nobody has rebelled because it was, of course, convenient to be able to count on such good preparation. However, that can also mean that many ideas do not*

[90] The numbers in brackets correspond to the numbers next to the arrows in the framework of Figure 24, representing the empirical linkages between the different elements of the framework. This shall serve as an orientation for the reader.

[91] Find a definition of the term 'blind spot' in my codebook in 'Appendix D.'

> *come to the surface if you were not [involved] during the [strategy development].”* BoD member, Organization A

This resulted in a low recognition of the BoD team as a strategy contributor and low confidence in the BoD teams’ strategic decision-making (4c). Overall, these factors contributed to the somewhat ineffective strategy process at Organization A (5).

These findings suggest that the Chairperson’s excessive dominance over other BoD members and the EM team may undermine BoD composition and structure to contribute to the strategy process. It seems evident that blind spots and biases are created when conducting closed instead of open strategy interactions that are dominated by the Chairperson. Furthermore, my findings suggest that such an intense role of the Chairperson in the strategy process might negatively affect BoD’s task performance. Whereas this type of behavior led to a predictable boardroom as suggested by Parker (2007), I empirically show that this behavior might also lead to negative tendencies in BoD processes and strategy interactions. This finding is in line with previous studies highlighting that excessive BoD powers negatively influence BoD’s task performance (Huse, 2005; Zhang et al., 2011). However, I enhance this notion of the dominance of specific individuals to the interface of BoD-EM and the entire strategy process.

Based on my results, I argue that a dominant Chairperson can lead to *satisficing* – a core concept of behavioral BoD research (Huse et al., 2011). It describes BoD members’ tendency to accept decisions or viewpoints that are *good enough* based on their needs. Thereby, these BoD members did not search for alternatives or more optimal solutions. The theory of satisficing is deeply rooted in the theory of bounded rationality. I empirically show that a dominating Chairperson, who offers ‘good enough’ results for other BoD members can lead to less controversial debate and faster consensus and decision-making. This can increase blind spots in the strategy process and lower advice and monitoring task performance of the entire BoD team. As the CEO put it, the Chairperson’s intense involvement led to BoD members “eat[ing] out of the Chairperson’s hand. […] That is probably a dangerous mixture for boards of directors to say, yes, [... the Chairperson and the CEO] will handle [the entire strategy process themselves].” It also led to other BoD members not getting involved in the strategy process, even though they would have preferred to get involved more often and more intensely:

> *“I would have liked to have been more or better involved [in strategizing] because many things were already finished [when some of us as BoD members were involved. ...] Of course, we received documentation, [… but the strategy] was also always quite advanced in the idea of how it should be.”* BoD member, Organization A

#### *5.1.1.3 **Organization B: The Integrative Chairperson***

Contrary to Organization A, the Chairperson of Organization B was highly involved and somewhat dominant and powerful in the strategy process only in certain situations. The Chairperson was also moderating the BoD team as their leader during the entire strategy process and proactively promoted information exchange between the BoD and EM teams to account for the large increase of regulation and rising information processing demands. An EM member described the Chairperson as a leader "in the sense of positively saying how [to] help me and how [to] help the […] management. [...] This is not to blame or anything else, but to say that we are part of the team." The Chairperson also tried to involve each BoD member and, in preparing, conducting, and terminating strategy interactions, he proactively engaged individual BoD members to contribute to strategic issues. He also conducted individual feedback meetings with every BoD member, dedicated to improving BoD members' involvement in the entire strategy process and their contribution to discussions and decisions in single strategy interactions.

This approach led to a multitude of factors: It led to a high level of involvement of other BoD members since they felt that they were needed for strategizing. This caused a very positive strategy culture and climate, enabled by the Chairperson's lead[92]. This, in turn, resulted in a shared responsibility for strategizing and a high level of effort norm for the strategizing of BoD members, and a relatively high level of sparring between the BoD and EM team. Through these characteristics, strategy interactions were not dominated by single individuals. Instead, preparation and agenda-setting of regular BoD meetings and strategy workshops were mainly done by the Chairperson and CEO while being open to everyone's input. This also promoted relatively controversial, open and focused discussions:

> *They were aware of their accountability as [BoD] members, so they made sure that things were under control and they asked questions when it was needed. [...] It just flowed naturally. When there was a need for control they were there. When they had doubts or questions that required full attention, they just acted."*
> EM member, Organization B

Further, through his effective moderation, the Chairperson nurtured an excellent flow[93] of regular BoD meetings and strategy workshops. The Chairperson also promoted a medium frequency and relevance of informal strategy interactions and BoD committee meetings. At the same time, the latter was the primary platform for preparing and more

[92] The overall framework for Organization B is integrated in Chapter Three (section 5.3.1).

[93] Find a definition of the term 'flow' in my codebook in 'Appendix D.'

intensely discussing strategic issues, which were then finally decided in subsequent regular BoD meetings with the entire BoD team. The integrative Chairperson resulted in a very high level of advice and monitoring of BoD members, with relatively low levels for only a few BoD members. This led to very few blind spots in strategy interactions and only a few blind spots in composition while cultivating a culture and openness of strategic change. Therefore, the result was a high recognition of the BoD team as a strategy contributor and high confidence of the EM team in BoD's decision-making. In sum, these factors contributed to the very effective strategy process at Organization B.

Overall, I found that the Chairperson's integrative approach positively impacted BoD's processes, single strategy interactions, and strategic outcomes, i.e., the strategy process's effectiveness. This is in line with TMT research generally emphasizing a positive relationship of TMT members' integrative behavior and performance outcomes (Arnold et al., 2000; Chung et al., 2015; Richard et al., 2013). Also, it is congruent with previous findings of similar behavior for CEOs (Cannella & Holcomb, 2005; Finkelstein et al., 1996) while being fairly close to theories of collaborative decision-making (Ansell & Gash, 2008; van Popering-Verkerk & van Buuren, 2016). I enhance this notion to the Chairperson in showing that such behavior positively impacts strategic outcomes.

Further, by providing detailed insights into how BoDs use self-evaluation and self-reconfiguration with feedback sessions led by the Chairperson, this dissertation answers calls to examine the learning or evolutionary processes within the BoD team (Gabrielsson & Huse, 2002; Shen, 2003). The findings of this dissertation show that such feedback sessions align the BoD in terms of strategizing, promote a climate for openness, strategic involvement, and strategic change for all BoD team members. My results also show that a Chairperson promoting a definition, active invitation, and reflection of roles and responsibilities further increases involvement of BoD members and cultivates an inclusive strategizing culture and climate in which blind spots are reduced and openness to strategic change is nurtured.

Also, by cultivating a culture of fairness (e.g., in- and outside the feedback sessions), the Chairperson enabled every BoD member to speak their minds, raise issues and concerns, and permitted mistakes to happen. Promoting more disruptive statements or questions to get to the surface and attracting the BoD team's attention reduced blind spots. The Chairperson even encouraged this controversial debate proactively when statements seemed somewhat one-sided: "I have tried to activate and involve the Board of Directors a little more and thus develop a culture of discussion even more than before" (Chairperson Organization B). This supported the cultivation of a feedback and fairness culture, helped to break with well-established routines and social networks on the BoD team, resulting

in critical debate and a culture of openness for strategic change while also promoting a more effective strategy process.[94]

#### *5.1.1.4* ***Organization C: The Empowering Chairperson***

Compared to Organizations A and B, very interestingly, Organization C had an empowering Chairperson. The Chairperson was not especially dominant and powerful in the strategy process, but instead trying to enable others to contribute and get involved in the strategy process. As the Chairperson put it himself: "I see myself as the person who is supposed to make things easier." The Chairperson was involved in the strategy process in certain situations while delegating somewhat a lot to the organization's CEO. Thereby, the negative consequences of the environmental change triggered by increasing regulation and rising information processing demands was rather perceived by the CEO. He had to cope with enormous amounts of information while trying to make this information useful for the BoD team. However, the Chairperson tried to moderate strategy interactions and decision-making, partly demonstrated leadership while rarely communicating between regular BoD meetings. His objective was to keep regular BoD meetings the most critical platform for strategizing while not decentralizing strategic discussions and decisions to subgroups, BoD committees, or informal interactions.

This led to a multitude of factors[95]: It led to a relatively low level of involvement of other BoD members since they felt satisfied with the strategizing of the CEO and the Chairperson-CEO relationship. Besides, it caused a moderate strategizing culture since strategizing was not always relevant for the entire BoD team. The strategizing climate was also moderate, with BoD members feeling that strategizing was only partially a real team effort. It resulted in a high level of responsibility centralized at the CEO, somewhat operative issues being discussed in regular BoD meetings, a relatively low effort norm for the BoD team, and a fairly low sparring level between the BoD and EM team. Through these characteristics, strategy interactions were mainly dominated by the CEO. He was primarily responsible for preparing and agenda-setting for regular BoD meetings. However, Organization C had very controversial, open, but not focused discussions, which were led and moderated mainly by the CEO. This resulted in slow consensus-building and decision-making. Further, informal strategy interactions were rare since the Chairperson specifically said that he wanted to centralize strategizing to regular BoD meetings. Regular BoD meetings were the primary platform for the strategy process. This led to a very high level of advice and monitoring for only a few BoD members and relatively low levels for most other BoD members. The controversial discussions and the CEO's

[94] More details on this topic can be found in Chapter Three (section 5.4.2).

[95] The overall framework for Organization C is integrated in Chapter Three (section 5.2.1).

openness led to a high openness to strategic change. However, the composition of the BoD, in combination with the low performance in BoD tasks, eventuated in relatively many blind spots in the strategy process. This resulted in a mediocre recognition of the BoD team as a strategy contributor and mediocre confidence of the EM team in strategic decision-making of the entire BoD team. Finally, this led to a somewhat effective strategy process.

Thereby, my findings on Organization C are in line with previous research on CEOS that found a negative influence of empowering behaviors on TMT functioning: "When it is unclear what the CEO wants or will support, it is naturally more difficult for TMT members to hold open discussions and reach any sort of consensus" (Cannella & Holcomb, 2005, p. 225). I enhance this notion to the level of the Chairperson. If the Chairperson is relatively open and enables the CEO to rule and dominate strategy interactions, such as regular BoD meetings, it is hard for the BoD team to keep focus on strategic discussions and to build consensus as independent strategizing team. Thus, performance in BoD's tasks of advising and monitoring the CEO and the EM team will suffer, resulting in less effective strategy processes due to somewhat many blind spots.

Previous research showed that besides the Chairperson, the CEO exerts an important and powerful role as a strategy actor in opening up or raising awareness for specific discussions, issues, and processes (Cannella & Holcomb, 2005). However, a powerful CEO might also discourage debate and dialogue (Miller, 1991). Agency theory also suggests that CEOs possess a deeper knowledge of their organization than their BoD members, which provides opportunities for self-interested action (Jensen & Meckling, 1976; Schiehll et al., 2018). This might lead to CEOs pushing their agenda to strategize and in BoD meetings if they are allowed to do so. I highlight that an empowering and very open Chairperson might lead to a somewhat dominant and powerful CEO. Thus, this interplay might impact the effectiveness of strategic outcomes, as shown in this discussion. Thereby, an empowering Chairperson can increase the risk of agency costs. Does this mean that having an empowering Chairperson directly leads to an ineffective strategy process? I show that answering this question is very complex. I discuss this question in more detail in section 5.1.2.4, when I specifically address the Chairperson-CEO relationship of Organization C.

#### *5.1.1.5* ***Concluding remarks for the Chairperson***

The results of my dissertation show that integrative Chairpersons are well-positioned to positively influence the effectiveness of the strategy process by impacting BoD structure, processes, strategy interactions, and the BoD-EM interface. Such a behavior also positively affects BoD's task performance. Therefore, and in line with Bezemer et al. (2018) and Shekshnia (2018), I assert that Chairpersons should not be 'commanders'

and actively lead as a counterbalance to the CEO's and EM's power (Furr & Furr, 2005; Krause, 2017; Vandewaerde et al., 2011) but "create the conditions under which the directors can have productive group discussions" (Shekshnia, 2018, p. 11). However, my results also show that a Chairperson should not merely be an enabler for other BoD members to be more effective. Instead, Chairpersons should be leaders and moderators themselves while also dominating at times. This will enable them to monitor and advise the EM team effectively while also being a role model for other BoDs to do so too.

To conclude, I am in line with the recently published work of Bezemer et al. (2018) and Krause et al. (2019), who noted that the Chairperson's role is more nuanced than just dominating or rubberstamping the boardroom. I am in line with scholars arguing for more nuanced approaches to research the Chairperson. Also, by taking a more in-depth approach towards studying the Chairperson and its impact on strategic outcomes, I allow discussions of power and biases to emerge. I also report an immense importance of this position for strategy interactions and BoD team's effectiveness. Therefore, my dissertation answers recent scholars' calls for a "substantive qualitative investigation of the chair's role and responsibilities" (Krause & Semadeni, 2014, p. 281)

To make these contributions also valuable for Chairpersons in practice, I developed a checklist for the Chairperson to conduct an effective strategy process in times of increasing regulation and information, which is illustrated in Figure 25.

***Figure 25:***
**Checklist for the Chairperson**

***Checklist for the <u>Chairperson</u>***
***in times of increasing regulation and information processing demand***

- ❑ Get ***involved*** regularly and continuously, but do not run the strategy process by yourself.
- ❑ Be ***dominant*** and ***powerful*** in raising the tough questions in certain situations of controversial debate or conflict, but act integratively and as one of the BoD team members.
- ❑ ***Moderate*** the BoD team as their leader during the entire strategy process and ***promote information exchange*** and ***sparring relationships*** between the BoD and EM teams.
- ❑ ***Allow every BoD member to contribute*** to agenda-setting, discussions, and decision-making.
- ❑ ***Communicate*** regularly and openly to every BoD member, also in-between regular and formal strategy interactions to involve every BoD member while not promoting the development of subgroups or decentralization.
- ❑ Introduce and live by a ***feedback and fair culture*** that allows every BoD member to speak his or her mind, raise issues and concerns and allow mistakes to happen.
- ❑ Build a ***structure*** of a medium-sized BoD team and clearly define roles and responsibilities, so that the BoD team can develop and learn.
- ❑ Break with well-established routines and social networks on the BoD team to stimulate ***critical debate*** and a ***culture and climate of openness for strategic change***.
- ❑ Go the ***extra mile*** in terms of time and commitment because environmental change can be time- and resource-intense episodes.

*This figure shall serve as a checklist for the Chairperson in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

### 5.1.2 Chairperson-CEO Relationship

Previous research emphasized that the Chairperson has to share power with the CEO to solve agency problems (Krause & Semadeni, 2013; Stevenson & Radin, 2015). Also, previous research suggested that this relationship is important for organizational outcomes (e.g., Kakabadse et al., 2006; Krause, 2017; Ma et al., 2019). I enhance our understanding of the Chairperson-CEO relationship's high relevance. I specifically emphasize that this relationship is important for BoD's task performance, single strategy interactions, and the entire strategy process.

I find three types of Chairperson-CEO relationships – the cooperative, the monitoring, and the advising relationship (see Table 6). In the following, I discuss Table 6 chronologically in more detail with my three cases.

**Table 6:**
**Types of Chairperson-CEO Relationships**

| Types of Chairperson-CEO relationships | Type of Chairperson | Type of CEO | What would have happened if… |
|---|---|---|---|
| ***The cooperative relationship at Organization B*** | *Integrative and open:* The Chairperson had a clear, personal agenda on how to structure and conduct the strategy process and proactively nurturing an open Chairperson-CEO relationship based on high levels of advice and monitoring. | *Dominant and open:* The CEO had a clear, personal agenda on how to structure and conduct the strategy process and proactively nurtured an open Chairperson-CEO relationship based on high levels of advice and monitoring. | *The Chairperson had been dominant and closed:* There would have been high levels of controversy between the Chairperson and the CEO, while trust would have been somewhat low, resulting in less information exchange and less controversial discussions. Also, there would have been less advice-giving and more monitoring, leading to more blind spots, less openness to strategic change and less recognition of the Chairperson as a strategic contributor.<br><br>*The CEO had been dominant and closed:* This was the case with the former CEO, described as 'a battle of alpha-animals.' There would have been less information exchange, and the CEO might have tried to dominate the strategy process while not seeking advice from the Chairperson and the entire BoD team. This would have led to less controversial discussions in strategy interactions and more blind spots in the strategy process. |
| ***The monitoring relationship at Organization A*** | *Dominant and closed:* The Chairperson had a clear, personal agenda on how to structure and conduct the strategy process and tested the CEO in the Chairperson-CEO relationship with high levels of monitoring while opening up until the end of the strategy process. | *Dominant and open:* The CEO had a clear, personal agenda on how to structure and conduct the strategy process and viewed the Chairperson-CEO relationship as painful and focused on monitoring at the beginning and as somewhat cooperative later in the process. | *The Chairperson had been integrative and open:* The CEO might have been more dominant and might have pushed his strategic agenda more easily and earlier. However, the Chairperson-CEO relationship might have been based on more advising and less monitoring from the Chairperson, leading to fewer blind spots and more openness to strategic change.<br><br>*The CEO had been dominant and closed:* There would have been less information exchange, and the CEO might have tried to dominate the strategy process while not seeking advice from the Chairperson and the entire BoD team. This would have led to less controversial discussions in strategy interactions and more blind spots in the strategy process. |
| ***The advising relationship at Organization C*** | *Empowering and open:* The Chairperson had a thorough agenda on how to structure and conduct the strategy process and proactively nurturing an open Chairperson-CEO relationship based on advising. | *Dominant and open:* The CEO proactively nurtured an open Chairperson-CEO relationship while wanting less centrality of responsibility in his position and higher levels of monitoring and advising. | *The Chairperson had been dominant and closed:* The Chairperson would have focused more on monitoring, and the CEO would have shared responsibility with the Chairperson. However, discussions would have been less controversial. This would have led to more blind spots in the strategy process but higher recognition of the Chairperson as a strategic contributor.<br><br>*The CEO had been dominant and closed:* The CEO would have dominated the strategy process because the Chairperson lacked monitoring the CEO. This would have led to blind spots in the strategy process and even less recognition of the BoD and Chairperson as a strategic contributor. |

*This table displays the three different Chairperson-CEO relationships identified in this dissertation. It further illustrates the respective type of Chairperson and CEO. Also, the last column is dedicated to a possible scenario of the Chairperson or CEO being different than today, which serves as a discussion basis and opportunity for future research to explore. The table is based on the analyses and discussions of this dissertation. Source: Own illustration.*

#### *5.1.2.2* ***Organization B: The Cooperative Chairperson-CEO Relationship***

Despite being involved regularly and continuously throughout the entire strategy process, the Chairperson of Organization B did not run the strategy process himself. Being a former CEO, the Chairperson knew what the CEO needed and shared his power with the CEO, making this relationship key for the strategy process:

> *"I think I still know today, what a CEO needs from such a Chairperson of the Board. […] But I also know when it is enough because the CEO does not want to have the Chairperson in the organization every day. […] But,] from time to time, [the CEO] needs a discussion partner. The CEO is all alone then. All those great stories about the team, the people who work together, who support each other, through thick and thin. There are limits to what the CEO can achieve when it comes to personal sensitivities and when personal careers could possibly take turns that are not necessarily wanted. […] He needs someone."* Chairperson, Organization B

Thus, the Chairperson conducted regular and bilateral one-on-ones with the CEO. These were either more formal face-to-face interactions, but also informal interactions at dinners or apéros. The Chairperson-CEO relationship was an intense, interactive relationship with controversial debates and at times very detailed discussions on strategic issues:

> *"So, the Chairperson here was more trying to understand the nature of where [the strategy] was, [where] we were going. He then [gave] some inputs […]. An example of that is 'where is the role of the customer in that?' […] 'I am not getting enough customer in this.' [Then I said,] 'ok, right. So, we will take that back and think about that as well.'"* CEO, Organization B

Simultaneously, the Chairperson and CEO made an effort to update each other regularly and openly while trying to inform and involve as many BoD members as possible bilaterally, which led to a very effective and good Chairperson-CEO relationship: "It was an important element of this strategy process that [the CEO] can express himself to [the Chairperson] and [the Chairperson] can express himself to [the CEO]. I have the feeling that they have a good relationship with each other" (EM member, Organization B). Therefore, the agenda of regular BoD meetings was not ruled by this tandem. Instead, every BoD member felt involved and relevant for single strategy interactions and the entire strategy process, such as through agenda-setting and discussions. Interestingly, the CEO was somewhat dominant in this matter as having a clear, personal agenda on how to structure and conduct the strategy process while being open to the Chairperson and other BoD members' input. The CEO acknowledged that he is heavily dependent on the BoD and especially the Chairperson to get the strategy process officially approved:

> *"[The CEO] always has the door to the BoD open. There is always a gap. There is always a next step. He says to the BoD, you can decide this now, but when we are one step further, this will be refined, and we will come back to you with a new version."* Management member, Organization B

This openness towards the BoD and the Chairperson meant that the CEO received valuable advice, reducing blind spots in the strategy process. For example, the Chairperson supported the CEO in the preparation of important strategic issues with his experience. This helped the CEO and EM team to cope with the environmental change triggered by increasing regulation and rising information processing demands.

The CEO's openness also led to more effective monitoring by the BoD in allowing the Chairperson and BoD team to refine and challenge the CEO and EM team's preparations and decisions. These BoD decisions contributed to a more effective strategy process by promoting an openness to strategically change, reducing blind spots, and - at the same time – underlining higher-level phenomena (e.g., political developments) that might make the strategy more effective in the long run:

> *"The risk in deciding on a BoD today seems lower to me because there are several stages. It is never black or white. It is just a rolling thing, and step by step, the CEO can bring his ideas across because the door is always open for further discussion. So, step by step, everything that is presented is approved, but with many details. Thereby, everything is on the table and always open."* Management member, Organization B

Through this openness of the CEO, the Chairperson could take a step back and did not have to be very dominant during the entire strategy process. This made the rest of the BoD team feel more involved, increasing the BoD team's recognition as a strategic contributor and their perceived effectiveness in strategic decision-making. Also, due to using the CEO and the EM team's information seriously, the EM's confidence in the strategic decision-making of the BoD team was increasing since the strategic decisions of the BoD team were perceived to be more broadly based and controversially discussed, resulting in very high levels of openness for strategic change:

> *"[In our strategy process,] we looked at the possibility of having [completely] different technological approaches and then integrating these into our business and strategy. [What we ended up developing in the strategy] was unthinkable in the beginning. Exactly this [disruptive] thinking then became our strategy."* Management member, Organization B

***Excursion: A Potentially Dominant and Closed CEO***

If the CEO had been more dominant and relatively closed for advising and monitoring by the BoD team and the Chairperson, this cooperative relationship might have looked tremendously different. Most probably, there would have been less exchange of information at this interface but also between the BoD and EM team overall. The CEO might have tried to dominate the strategy process, increasing agency costs and information asymmetries while not seeking advice from the Chairperson and the entire BoD team. This would have led to less controversial discussions in strategy interactions and more blind spots in the strategy process.

Very interestingly, this was the case with the same Chairperson but the former CEO of Organization B. The relationship at that time was perceived by other BoD members and the Chairperson himself as a competition of two alpha animals fighting for dominance and power of being the central decision-maker: "I once exposed [our former CEO] a little bit, and said, 'now summarize in your words at BoD level what was presented to us.' That was a bit embarrassing and was a good lesson [for him]." Also, this relationship at the time was neither built on trust nor on advising cooperatively. Instead, the relationship was built on monitoring while having less controversial and often preferably operative discussions in strategy interactions, not stimulating strategic change but continuing the status quo. The BoD team also perceived the former CEO as trying to rule the agenda and discussions of regular BoD meetings. This led to somewhat ineffective strategy interactions and resulted in somewhat many blind spots in the strategy process, making the strategy process less effective at that time.

***Excursion: A Potentially Dominant and Closed Chairperson***

If the Chairperson of Organization B had been dominant and closed, this would have led to a different relationship between the Chairperson and the CEO. The Chairperson's enhanced dominance over the CEO might have reduced relational risks (Zhang et al., 2011). However, this might have led to higher levels of controversy between the Chairperson and the CEO. The trust would have also been relatively low between the Chairperson and the CEO, resulting in less information exchange and less controversial discussions. Also, the CEO would have seeked for less advice, further enhancing negative effects of this relationship. Most probably, there would have been less advising and more monitoring by the Chairperson, leading to more blind spots, less openness to strategic change, and less recognition of the Chairperson as a strategic contributor.

#### *5.1.2.3* ***Organization A: The Monitoring Chairperson-CEO Relationship***

Strikingly, I observed this exact monitoring relationship in Organization A with a dominant Chairperson. As previously described, the Chairperson of Organization A had a

clear, personal agenda on structuring and conducting the strategy process. Therefore, mainly the opinions and perspectives of the Chairperson mattered for the strategy process, while he was saying that the Chairperson-CEO relationship was important for him: "The exchange between Chairperson and CEO is crucial. There is a lot of preparation and fine-tuning [in terms of strategy in these interactions]". However, the Chairperson closely monitored the CEO: "The [current CEO] is the one in which I have the most confidence to be able to do the partnership dialogue in the future. However, at the moment, I cannot do that because he is still too little experienced for that". This led to the CEO having a tough time at the beginning of the strategy process:

> *"It was a painful exercise at the beginning. […The Chairperson] once accused me of withholding information from him. […] I approached him about that and told him that I had a huge problem. So, I told him directly, if that is his opinion, then I am the wrong man for him. He then apologized formally because he realized that he went too far. […] But that was necessary. We had to adjust the pendulum."* CEO, Organization A

This relationship led to adverse effects for the entire BoD team and BoD-EM dynamics at Organization A. For example, due to this relationship and the high levels of monitoring, discussions derailed in regular BoD meetings at the beginning of the strategy process. This caused distractions from strategizing and the discussion of strategic issues.

Whereas strategic issues were intensely debated between the Chairperson and CEO, the Chairperson pointed out that he was ruling the strategy process and the external voice to the press and other stakeholders. Remarkably, this relationship opened up until the end of the strategy process: The Chairperson increasingly trusted the CEO and perceived him as a growingly valuable resource for the organization and the strategy process. The Chairperson was also less dominant towards the end of the strategy process, giving the CEO more freedom and room to develop own viewpoints and strategic options while also supporting him by performing more intense advising and less monitoring.

***Excursion: A Potentially Integrative and Open Chairperson***

If the Chairperson had been this integrative and open from the very beginning, the CEO would have been, most probably, more dominant and might have pushed his strategic agenda more efficiently and earlier in the strategy process. The Chairperson might have allowed the CEO a "honeymoon period" (Shen, 2003, p. 470). During such a time, the Chairperson grants the CEO a learning period "without worrying about being dismissed because of mistakes in their learning process" (p.470). This would have allowed the CEO to make organization-specific experiences earlier in the process, leading to a promotion of openness for viewpoints and more advice-seeking (Ma et al., 2019). Besides, the

Chairperson-CEO relationship might have been based on more advising and less monitoring by the Chairperson. Also, negative aspects of tenure might have been reduced. This could have led to an increasing number of extreme viewpoints in the strategy process. These factors might have led to breaking with well-established routines and social networks on the BoD team, resulting in fewer blind spots and more openness to strategic change from the very beginning of the process. Also, strategy workshops, which were perceived as disruptions, might have been more open, liminal, and effective.

***Excursion: A Potentially Dominant and Closed CEO***

On the other hand, The CEO of Organization A sought advice and monitoring, even though he knew that the Chairperson's relationship was challenging at the very beginning. If the CEO had been more closed for monitoring and advice by the Chairperson, this might have resulted in what was previously described under the Chairperson and CEO's former relationship at Organization B. Most probably, less information would have been exchanged, and the CEO would have tried to dominate the strategy process even more. This would have led to less controversial and effective discussions in one-on-one interactions between the Chairperson and the CEO while also causing less effective strategy interactions, more blind spots in the strategy process, and less openness for strategic change. Besides, this would have eventuated in a slower building of trust between the Chairperson and the CEO. This would have also led to less opening-up of the Chairperson towards sharing the power with the CEO, which was quite positive for the strategy process at Organization A towards the end of the strategy process, as mentioned by the CEO: "And twice it was quite loud between [the Chairperson] and me. But that was necessary. We had to adjust the pendulum. Now we trust each other. […] But the first six months, they were quite hard."

#### *5.1.2.4* ***Organization C: The Advising Chairperson-CEO Relationship***

At Organization C, I observed another type of Chairperson-CEO relationship, which was quite different from the two relationships described above. Both the CEO and the Chairperson had an explicit agenda on structuring and conducting the strategy process. However, the Chairperson was rather empowering the CEO to dominate the strategy process. Despite, both proactively nurtured an open Chairperson-CEO relationship based on advising. As previously discussed, it is exciting to explore if an empowering Chairperson directly leads to higher agency costs.

In Organization C, the CEO dominated the Chairperson-CEO relationship while also dominating regular BoD meetings through ruling the agenda-setting and running the discussions. This was previously mentioned as one of the most significant flaws of BoD's strategic leadership by Lombriser (2018). One might expect that such a powerful CEO

openly discourages debate and dialog and dissents any opposition. However, and somewhat counterintuitively, the CEO was very open to the feedback of the BoD. He continuously involved the BoD team and opened controversial and in-depth discussions, which he dominated and led. Thus, the CEO was an advice- and even monitoring-seeker, as the Chairperson of Organization C put it: "He is also open, so you can easily shed light on [a strategic] issue […]. For example, 'I see this point completely differently now. Why do you see it that way?' […] And that works great [between him and me]." The CEO of Organization C encouraged open and controversial discussions and actively involved or even addressed BoD members to contribute to strategizing. Despite these factors being somewhat positive, the CEO was not feeling comfortable with the level of monitoring of the BoD team. He would have preferred to have less responsibility. Therefore, he conducted one-on-one interactions with the Chairperson to share responsibility:

> *"I am helping myself in such a way at the moment [in the strategy process] that a relatively large number of Chairperson-CEO interactions are being made and things are waved through there. Then, the responsibility is with the Chairperson and me. However, otherwise, we are stuck [and do not change and progress at all]."* CEO, Organization C

This led to sometimes somewhat many information asymmetries on the BoD level:

> *"[Bilateral] interaction between the strategic and operational level are of course inevitable [, especially between the Chairperson and the CEO]. It is a must [for the strategy process to be successful]. The challenge is then always that they do not have such a large information advantage that the other members of the BoD do not come along or do not feel they are being involved. That is then always the danger, of course, depending on how the whole process is structured. [...] I think it is important to form committees that are involved, so that everything does not just centralize with the [Chairperson and the CEO], but that certain committees deal with certain issues."* BoD member, Organization C

Although, the Chairperson-CEO relationship was perceived as being effective, the Chairperson and CEO could have improved the information exchange to the other BoD members about the bilateral interaction results. This would have led to a higher involvement of the entire BoD team in the strategy process and thus, to fewer blind spots. Consequently, even the CEO suggested to establish a BoD committee or increase the level of monitoring by the BoD team to not feel 'alone' in the strategy process.[96] Therefore,

[96] This feeling of loneliness in terms of strategizing was also previously mentioned by the Chairperson of Organization B. Refer to Chapter Three (section 5.1.1.3) for more details.

the CEO even tried to create an additional structure to monitor himself due to anxiety about the sole responsibility of strategizing and the corresponding consequences. The CEO struggled with the environmental change being solely responsible to cope with it. Thus, I support organization theory in that the CEO was trying to build structure to cope with complexity (Lawrence & Lorsch, 1967). This additional structure would have made it easier for Organization C to handle the complexity of increasing regulation and rising information processing demands through building subgroups (Carton & Cummings, 2012; Fang et al., 2010; Lawrence & Lorsch, 1967).[97]

To conclude, taking into account the discussion on Organization C, I show that answering the question of a direct effect of empowering Chairpersons on strategic outcomes is very complex and neglects important links of the BoD team and strategy interactions. Rather positivistic answered, valid for Organization C, and in line with previous research findings, I found that powerful CEOs can also have pro-organizational motives and use their superior experience for a higher level of risk-taking and for the benefit of the organization rather than creating agency costs (Finkelstein et al., 2009; Lewellyn & Muller-Kahle, 2012). This increased risk-taking of powerful CEOs may outweigh a BoD's tendency towards the status quo (Haynes & Hillman, 2010; Schiehll et al., 2018). Therefore, the CEO's power affects how BoD's perform their advising and monitoring tasks (Golden & Zajac, 2001; Yoshikawa et al., 2014). At Organization C, the CEO recognized that the BoD is limited in BoD characteristics (especially industry experience and tenure) and did not leverage his dominance and power excessively. This positively impacted BoD's task performance and the effectiveness of the strategy process. However, it can be assumed that if the CEO had not been that open and somewhat dominant, the strategy process would have most probably not been that effective.[98]

### *Excursion: A Potentially Dominant and Closed CEO*

If the CEO had been less open towards this shared responsibility, the CEO would have dominated the strategy process even more. The relationship between the Chairperson and the CEO would have been somewhat closed while the CEO would have also sought less advice and monitoring from the Chairperson. The CEO would probably have not shared information relevant to strategic decision-making by the BoD team and the Chairperson. This would have increased agency costs, information asymmetries, and thus fostered ineffectiveness of strategic decision-making to preserve the power in terms of strategizing. This would have led to even more blind spots in the strategy process and

[97] The reader finds a more detailed discussion of BoD structure and possible consequences for Organization C in Chapter Three (section 5.3.3).

[98] The reader finds a more in-depth discussion of this in the following Chapter Three (section 5.1.2.4).

even less recognition of the BoD and Chairperson as strategy contributors, eventuating in a less effective strategy process.

***Excursion: A Potentially Dominant and Closed Chairperson***

On the other hand, if the Chairperson of Organization C had been more dominant and closed, the Chairperson would have focused more on monitoring and less on advising the CEO. If this more intense monitoring had led to the CEO sharing responsibility with the Chairperson, this might have positively contributed to the strategy process's effectiveness. For example, this might have eventuated in the Chairperson dominating regular BoD meetings, even causing more controversial discussions while focusing more on strategic and BoD-conform issues. Further, previous research highlighted that BoDs should be free from influence by dominant CEOs and conduct more intense discussions, leading to more diverse viewpoints (Schiehll et al., 2018).

Although, such behavior might have also led to more cognitive conflict (Forbes & Milliken, 1999), resulting in less information sharing between the CEO and Chairperson. This could have caused less objective and ill-informed discussions and decisions. This could have led to more blind spots in the strategy process – maybe even negatively outweighing the positive effects of the CEO's responsibility-sharing with the Chairperson.

#### *5.1.2.5* ***Concluding Remarks for the Chairperson-CEO Relationship***

My findings show that the Chairperson-CEO relationship affects the strategy process to a large extent – positively or negatively. The case analyses show that an open relationship between the Chairperson and the CEO is important for the effectiveness of single strategy interactions and the entire strategy process. Chairpersons and CEOs should find an effective type of interaction while at least conduct regular, bilateral interactions to allow the exchange of information, knowledge, and experience. Moreover, the Chairperson and CEO should build a relationship on the foundation of trust and fairness, while the Chairperson should monitor and advise the CEO seriously. Also, sharing the results of discussions and interactions with other BoD members is important for the entire strategy process. This enables a more informed decision-making process for the entire BoD team and engages ordinary BoD members more intensely.

Interestingly, I also find that neither a very weak nor a very dominant Chairperson serves the CEO best. When the Chairperson is dominant, the CEO might feel restricted. In the case of a weak Chairperson, the CEO might feel alone and solely responsible for strategizing. Instead, the CEO needs a sparring partner or even a mentor. Through these findings, I align my results with Garg and Eisenhardt (2017), who put it nicely as such studies begin "to pave the way for a behavioral perspective on the CEO–board relationship that is less atomistic, more dynamic, and more focused on firm performance" (p. 1853).

Based on these findings, I developed a checklist for the Chairperson-CEO relationship to positively impact the strategy process in times of increasing regulation and information. This checklist can be found in Figure 26.

**Figure 26:**
**Checklist for the Chairperson-CEO Relationship**

***Checklist for the Chairperson-CEO relationship***
***in times of increasing regulation and information processing demand***

- Build a ***strong relationship*** between the Chairperson and the CEO. Be aware that this relationship might affect the strategy process to a large extent – positively or negatively.
- Find an effective ***type of interaction*** between the Chairperson and the CEO. Conduct at least conduct regular, bilateral one-on-one interactions between the Chairperson and the CEO.
- Build a ***trusting and fair relationship*** between the Chairperson and the CEO. However, the Chairperson should take its task of monitoring and advising the CEO seriously.
- ***Inform other BoD members*** about the results of the Chairperson-CEO interactions. Otherwise, they might feel overlooked and not involved in the strategy process.
- Do not be a weak Chairperson and let the CEO out-power you. The CEO wants a Chairperson that takes ***advising*** and ***monitoring*** seriously.
- Be a ***sparring partner*** for the CEO, because the CEO might feel alone in the strategy process or solely responsible for strategic issues from time to time.

*This figure shall serve as a checklist for the Chairperson-CEO relationship in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

Readers also find a template for the Chairperson to identify what type of CEO exists at their respective organization and what to do about it in 'Appendix G6.' This shall help Chairpersons increase this important relationship's effectiveness, thereby personally contributing to the strategy process and nurturing more effective strategizing.

## 5.2 Industry Experience and Tenure

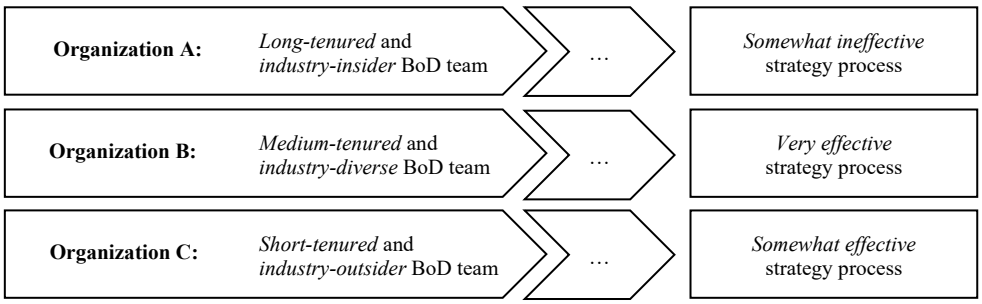
For this study's case selection, I analyzed the literature on BoD characteristics and discovered that industry experience is the only BoD characteristic showing unequivocal results regarding strategic.[99] I derived from my literature review that having higher industry experience on the BoD team leads to superior performance and more strategic change being discussed and implemented (e.g., Faleye et al., 2018; Kor & Misangyi, 2008; Oehmichen et al., 2017b). In terms of tenure, I found that results were inconclusive while scholars stressed that too low and too high tenure might lead to ineffectiveness of the BoD team's task performance and might have negative consequences for strategic outcomes (e.g., Hillman et al., 2011; Huang & Hilary, 2018), especially in times of environmental change due to rather supporting the status quo and not fostering strategic change (e.g., Hoppmann et al., 2019; McNulty & Pettigrew, 1999).

[99] The reader finds more details in Chapter Two (section 1).

During my data collection and analysis, two BoD characteristics were mentioned to be of utmost importance for strategizing in times of increasing regulation and rising information processing demand – industry experience and tenure of BoD members. Several interviewees even highlighted these two factors as first-level characteristics, which are considered more important than any other characteristic, making them decisive when composing a BoD team. Other factors, such as BoD's social capital, busyness, or other human capital characteristics, appear to be subordinate.[100] In the following, I explore and discuss why these two factors were highlighted to be of this great importance for the strategy process in my observed organizations and what this means for practice and future research in this strand.

In terms of these two important BoD characteristics, my three cases had the following operationalization: Organization A had a long-tenured and industry-insider BoD team, Organization B a medium-tenured and industry-insider BoD team, and Organization C a short-tenured and industry-outsider BoD team (see Figure 27).

**Figure 27:**
**Overview: Industry Experience and Tenure**




*This figure displays the different operationalizations for the BoD characteristics 'industry experience' and 'tenure' in the three observed organizations and their ultimate effect on the effectiveness of the strategy process. Source: Own illustration.*

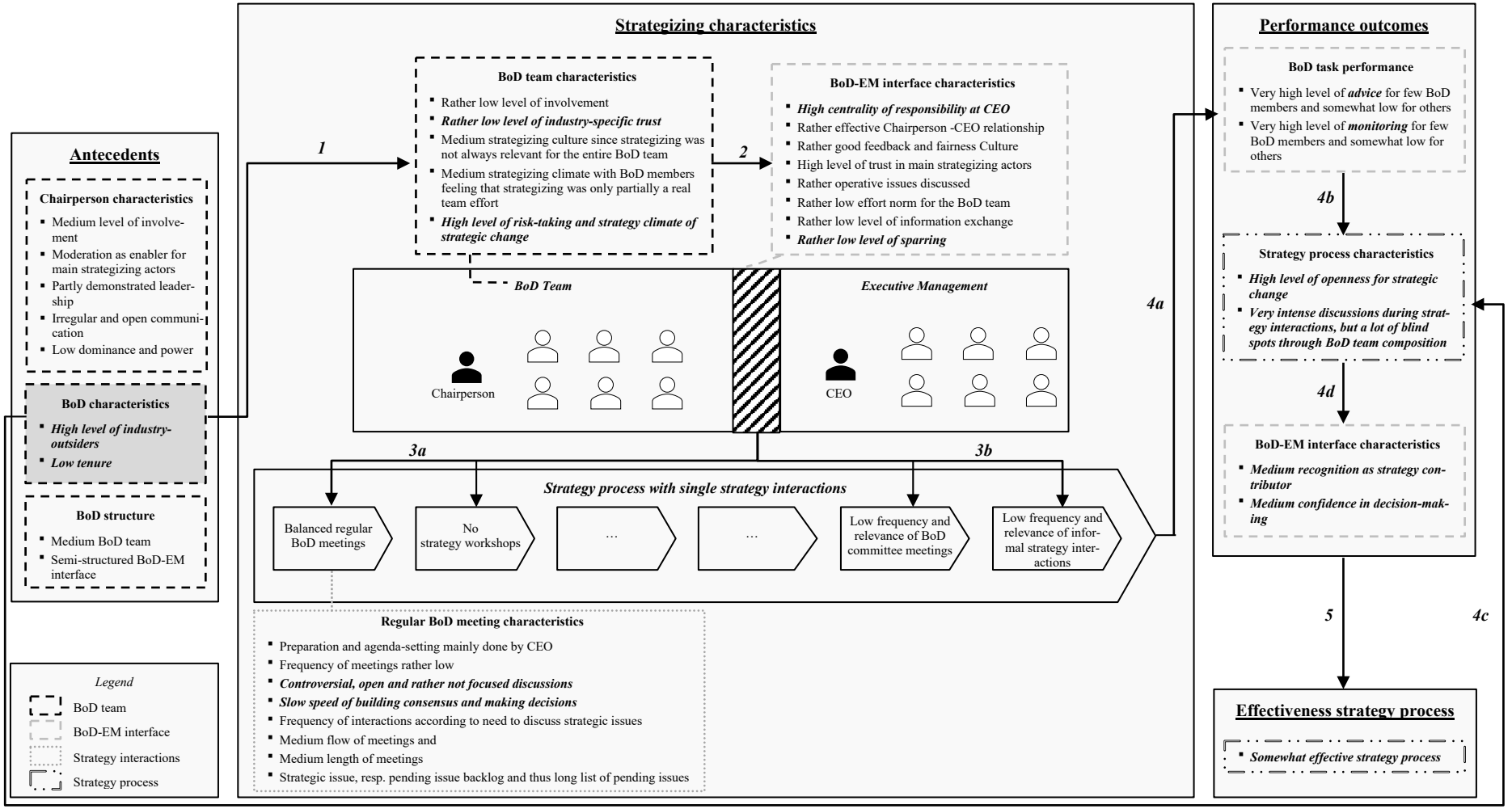
In the following, I discuss these three different forms of composition of the BoD team and how their characteristics in regards to industry experience and tenure impacted BoD team characteristics, the BoD-EM interface, single strategy interactions, BoD task performance, ultimately leading to different levels of strategy process's effectiveness.

### 5.2.1 Organization C: The Outsider BoD Team

The BoD composition at Organization C serves as a helpful example for illustrating the causal links, identified for the factor of BoD characteristics (see Figure 28).

[100] The other characteristics addressed in the literature review in Chapter Two (section 1.1.1) were also discussed in the interviews. However, since their relative importance was rated considerably lower than for 'industry experience' and 'tenure,' the focus in the subsequent discussion will be placed on the latter.

**Figure 28:**
**The Outsider BoD Team in Organization C**




*This figure illustrates the comprehensive framework (introduced in section 5) exemplary for Organization C for the topic of 'industry experience' and 'tenure.' Organization A, with its Outsider BoD team serves as a specifically interesting case in this area. The respective most important themes are highlighted in bold and italics. The numbers next to the arrows are included in the text of the discussion in this section. Source: Own illustration.*

The high level of industry-outsiders and low tenure led to a multitude of factors[101]: It caused a relatively low level of involvement and industry-specific trust (1), as highlighted by the CEO of Organization C: "We have had many personnel changes lately, that is true. This is not stable. And trust can also be a blind trust. I would say 50 percent of it is blind trust at this point. […] So, it is not trust based on knowledge […]." However, it also led to a high level of risk-taking and a strategy climate of strategic change (1). This resulted in a high centrality of responsibility with the CEO and a relatively low level of sparring (2), as pointed out by the CEO himself:

> *"For me, [the lack of industry experience of the BoD] means that I have even more responsibility. I cannot hope for professional support in the development of the [strategy]. Many [issues] will pass through without being seen [or discussed in detail]."* CEO, Organization C

Through these BoD team characteristics, the preparation and agenda-setting of regular BoD meetings were mainly done by the CEO, with discussions being very controversial and open but somewhat not focused. This led to a backlog of strategic issues, which was not compensated by a higher frequency of regular BoD meetings (3a). Further accelerating the inefficiency of regular BoD meetings, the low tenure of BoD members led to a somewhat bad flow of information since no routines have been established yet (3a). A BoD member of Organization C specified this:

> *"It took a lot of [regular BoD meetings] in the beginning [for our BoD members] until the flow of information was better. […] The [regular BoD] meetings were then quite often almost overloaded. Sometimes we did not really have the time to discuss in the required depth. Some of them were perhaps not always very satisfying."* BoD member, Organization C

Besides, BoD committee meetings and informal strategy interactions were low frequency and relevance, making regular BoD meetings the central platform for discussing strategic issues (3b). Also, Organization C fostered only somewhat traditional and formal strategy interactions (3b). This resulted in a medium level of advice and monitoring, with some BoD members being intense advisors and monitors and others somewhat poorly performing these tasks (4a). Moreover, it led to an extensive range of opinions included and very intensive discussions during strategy interactions (4b), as mentioned by one BoD member of Organization C: "The composition with other members who are not otherwise active in [our area] was very important. These have brought an outside

[101] The numbers in brackets correspond to the numbers next to the arrows in the framework of Figure 28, representing the empirical linkages between the different elements of the framework. This shall serve as an orientation for the reader.

view." However, through many BoD members being industry-outsiders, the BoD team experienced many blind spots through composition[102] (4c). This resulted in a medium recognition of the BoD team as a strategic contributor and medium confidence in the strategic decision-making of the BoD team (4d). To conclude, the previously mentioned factors contributed to the somewhat effective strategy process at Organization C.

Very interestingly, Organization C scores well in terms of the strategy process's effectiveness – even though its BoD team's composition appears not ideal due to a lack of industry insiders and tenure. This might be due to the *industry-outsiders* of the BoD offering new insights and viewpoints and the BoD team overall being very open to strategic change. This finding supports previous research in this area as to outsiders contributing with valuable new viewpoints (Hillman et al., 2000).

However, the balance of industry-outsiders could have been better to influence the effectiveness of the strategy process even more positively. By increasing the industry insiders' level, the CEO might have had more competence-related trust in the BoD team and perceive the BoD team as a more relevant strategizing contributor. This might have also increased the strategy process's effectiveness through more industry-specific advice and monitoring by the BoD team. This assumption finds support in the study by Ma et al. (2019), who found that CEOs seek advice from insiders, since they are more trustworthy and reliable due to previous experiences in the same industry. This would have meant that advice and monitoring are not done via external experts or facilitators but rather via the BoD team. This would have enhanced the BoD team's involvement in strategizing, positively contributed to their recognition as contributor, and overall, positively impacting the strategy process's effectiveness.

Most probably, such a change in BoD composition would have also led to more power-sharing since the CEO, in this case, was open to power-sharing anyways. Thus, this would have resulted in less centralized responsibility with the CEO or the Chairperson-CEO relationship. More power-sharing would have also led to the CEO not dominating the strategy process and every single strategy interaction. If single BoD members had been more dominant and powerful in agenda-setting and discussions due to more tenure or higher industry experience, interaction-related blind spots might have been reduced. Also, if the Chairperson had been more experienced in the aviation industry, this could have led to more power-sharing in the Chairperson-CEO relationship and to the Chair-

[102] 'Blind spots through composition' means that there was certain experience missing in the BoD team's composition, which resulted in blind spots in certain areas of strategizing. For example, the BoD team might not have detailed experience in the management of regional aerodromes or experience in aviation regulation.

person, instead of the CEO, mainly leading regular BoD meetings. This would have signaled to the CEO that the Chairperson is more powerful, possible shifting agenda items to be more strategic or enhancing a more focused debate. This, in turn, would have enhanced BoD's task performance in monitoring the EM team, resulting in an even more effective strategy process in Organization C.

### 5.2.2 Organization B: The Balanced BoD Team

This positive relationship between a more balanced composition of industry-outsiders and tenured BoD members was observable at Organization B. *Industry-outsiders'* and *low-tenure* BoD members role seemed to have impacted the strategy process's effectiveness positively, with industry-outsiders giving important inputs and raising awareness for strategic change: "My experience is that some of the best inputs […] came from members who have just been appointed to the BoD and who knew absolutely nothing about what we were doing" (EM member, Organization B). These diverse BoD members also actively nurtured strategic change:

> *"Impatience in the sense of we must and we want [to change]. There is nobody who does not want this [strategic] change or does not believe that this change is needed. We all agree on that. This applies to Executive Management as well as to the Board of Directors."* BoD secretary, Organization B

More generally, these industry-outsiders and low-tenured BoD members seemed to have cultivated a climate for openness to strategically change and reducing blind spots, especially industry-specific blind spots. One BoD member summed it up quite nicely:

> *"I also find it interesting (and challenging to be an outsider) because you have a completely different view and postures if you do not know the industry (or the outcome of a strategy process). It is like looking at a Rubik's Cube. You only see three colors at a time. You have to turn it or look in another corner."* BoD member Organization B

Thus, these industry-outsiders and low-tenured BoD members asked very critical questions, sometimes challenging the status quo and established industry characteristics. The Chairperson of Organization B stressed this as

> *"The composition of the Board of Directors as a whole was and is ultimately helpful in that there are not seven industry experts looking to ensure that the organization will continue to do the same in the future as it did in the past."* Chairperson, Organization B

Organization B's continuous *renewal of the BoD team* can positively influence the effectiveness of the strategy process. This helped to break with established routines at the BoD-EM interface and processes on the BoD team level:

> *"Such transversal thinking is interesting on this level in order to make comparisons with other industries. For example, in the area of compliance this has brought us a lot of discussion, because some members of the board of directors saw how compliance is managed in other companies; apparently much better, more professionally or at least managed differently, even with different tools than what we had. This can of course lead to interesting inputs."* EM member, Organization B

An EM member of Organization B explicitly pointed this out: "the fact of having people from outside the industry sector, I think is very, very valuable because you do not get caught in your own bubble." The CEO agreed on this and mentioned that:

> *"Those members who have outside experience […] is very valuable. People who know our industry get stuck in the belief that this is it. And to take us somewhere into the future, we have got to have people who do not believe that the only real strategy is status quo."* CEO, Organization B

This led to Organization B also fostering new and less traditional strategy interactions as well as the development of new communication channels.

However, some EM members' statements also pointed towards not exaggerating the outsiders' ratio at Organization B. A certain degree of inside-experience is important for advising, monitoring, and sparring the EM team. One EM member even said that Organization B needs more regular and more intense sparring relationships to provide other EM members valuable advice, not only the CEO and certain EM member. For this purpose, the BoD needs to be composed to allow the BoD team to be capable advisors and monitors for the EM. This is partly not the case, as mentioned by several interview partners of Organization B. However, a slightly different composition might further enhance the effectiveness of the strategy process, as described by one EM member:

> *"The important thing is to understand what is the value chain and do we have for reengineering processes or projects or process excellence [the right people]. In my opinion, we do not have that enough. [...] So, we have to bring in people from the outside and mix them with the internal people to push such things forward [in both the BoD and EM teams. ...] On the other hand, it also allows us to develop and we can learn [from these outsiders or the outsiders from the insiders. ...] But this [lack of experience) has been recognized, and [we] are smart enough to understand that it needs more."* EM member, Organization B

### 5.2.3 Organization A: The Insider BoD Team

On the contrary, Organization A's BoD team entailed a very high industry experience and tenure on the BoD level. The high industry experience and tenure led to forming a strategizing subgroup, which consisted mainly of the most experienced industry-insiders and long-tenured BoD members while excluding industry-outsiders and shorter-tenured BoD members. This overlap in BoD characteristics led to BoD members aligning with each other in strategy interactions and developing groupthink while supporting the organization's status quo:

> *"The problem [to realize new projects] was the airport's past [and the past experience of the BoD with the airport]. The BoD said that we have already had many airlines and none of them made it. But we came up with a completely new strategy and product. The thoughts [of the BoD] were with past products. All of them have withdrawn. Nobody made money here. That was the general statement. Probably that is where the problem [of no strategic change] was."* Management member, Organization A

It eventuated in a bad strategizing culture and climate since non-subgroup members felt excluded from the strategy process. Also, it led to fostering somewhat informal strategy interactions, decentralizing the strategy process. However, due to their high industry experience and long tenure, these subgroup members were very trustworthy. Thus, the outsiders of this subgroup did not challenge the subgroup's assumptions and decisions. This further accelerated blind spots through composition while also strengthening blind spots through discussions and interactions on the BoD level:

> *And, as always, when the same people who have been with us for years or decades, and who are strongly locally anchored, blindness develops. […] It makes it impossible to understand or accept that nothing is the same as before. The conditions are different, the regulation is different, and the topography and the obstacles cannot simply be changed."* Management member, Organization A

This resulted in relatively low levels of BoD task performance, especially for the non-subgroup members. Simultaneously, it also led to an overall relatively low recognition of the BoD team as a strategic contributor and low confidence of EM members in BoD's strategic decision-making.

This finding of Organization A supports previous research of decision-making groups. For example, Westphal and Shani (2013) found that BoD members have less respect and admiration for members outside of their subgroup or with whom they lack common experience or accomplishments. Thus Barkema and Shvyrkov (2007) emphasized that teams that worked together for a more extended period develop mutual trust in each

other. These scholars noted that this negatively affects the building of subgroups. However, by finding the opposite for Organization A, I show that this might not always be the case. This might be explained through research of other scholars in this strand of BoD subgroups. Accordingly, in subgroups where BoD members possess similar experience, these actors will likely form social identities (Jansen et al., 2016; Morais et al., 2019) and share and support each other's viewpoints rather than encouraging conflict (Chung et al., 2015; Jehn et al., 1999). A reason for this might be source credibility theory (Birnbaum & Stegner, 1979), which emphasizes that the EM team or other BoD members might seek advice or form identities with BoD members that possess previous experience in an industry. Also, experience-based trust[103] will further promote this tendency. Such social bias might result in groupthink and pluralistic ignorance (Porac et al., 1989; Westphal & Bednar, 2005). These 'inner-BoD team' and 'micro-social orders' might negatively influence BoD team's performance (Cummings & Cross, 2003; Stevenson & Radin, 2015). Exactly these social biases were observable in Organization A. One BoD member even said that there was a culture of 'sparing' each other rather than promoting controversial debate. The subgroup-outsiders who raised concerns and were somewhat critical about the strategy development were experiencing this notion of 'sparing' themselves. This might be due to out-group biases: The respective BoD members might have not wanted to risk their social status and their social capital in the BoD team (Westphal & Bednar, 2005).

Moreover, I observed somewhat informal communication between subgroup-members, which is also typical when managers share high industry experience levels (Smith et al., 1994).[104] Further, scholars showed that more experienced and trustworthy team members are a highly credible source (Birnbaum & Stegner, 1979). Such source credibility can even change another person's conflicting attitude (i.e., of an outsider) towards an issue in a way that protects feelings and relationships in the BoD team (Burleson & Samter, 1990; Lungeanu & Zajac, 2019). This might explain why every BoD member of Organization A experienced an almost continuous pleasant culture of conversation and friendly nature of interactions, during which there were only a few conflicts[105], unanimous voting results, but relatively many blind spots. Also due to these social biases, BoD members did not intervene in the Chairperson's dominance.

Besides, regular BoD meetings of Organization A were not central strategy interactions, where the BoD members discussed as a literal team on the strategizing. Instead, these

[103] For a more nuanced discussion, find a discussion on the topic of trust on the BoD level in Chapter Three (section 5.4.2.3).

[104] The reader finds more details on these informal strategy interactions in Chapter Three (section 5.5.4.3).

[105] Despite the open conflict at the strategy workshop in 2019.

were very symbolic and information-sharing events where the BoD came together 'to bring everyone on the same page.' Major strategic discussions occurred outside regular BoD meetings, precisely in BoD committee meetings and informal strategy interactions of subgroup-members, as noted by a BoD member of Organization A:

> *"[These interactions were] a semi-outside consensus-forming process. There were various such [informal] discussions. All BoD members had that in their respective constellations. [...] Of course, we did not hear about all of these discussions. But there, you can assume that the [BoD members] involved have also expressed themselves or obtained a third opinion in their respective networks."* BoD member Organization A

This meant that social subgroups were further promoted, also enhancing the centrality of power, dominance, and responsibility in the strategy process.

Thus, it can be assumed that a BoD team composed of more industry-outsiders and members that did not blindly trust the Chairperson because of a long common past and source credibility, might have conducted a more effective strategy process. Such a change in composition would have led to more controversy in strategy interactions, decreasing the number of blind spots and allowing greater openness for strategic change. Such a different composition could also be naturally promoted by appointing new BoD members who are industry-outsiders, entirely detached from the organization, have no role conflicts or social ties to other BoD members or the Chairperson, and bring in new viewpoints. Besides, one can assume that more dominant and powerful BoD members could have reduced the Chairperson's influence and dominance in the strategy process. This tendency could be observed in the sparring between the Chairperson and the CEO. The CEO started to firmly give contra at a specific point in time, enabling a slight power shift towards the CEO. The Chairperson also stated that he could increasingly trust the CEO. This reduced the pure dominance of the Chairperson, giving the CEO a small share of the dominance:

> *"And twice it was quite loud between [the Chairperson] and me. But that was necessary. We had to adjust the pendulum. […] We have had, I would say, an excellent relationship since, I would say, the first six months were over. But the first six months, they were pretty exhausting."* CEO, Organization A

Thus, having BoD members, most probably new BoD members or industry-outsiders, who would *challenge the status quo* and *break with well-established routines* could have enhanced the effectiveness of BoD team processes and strategy interactions, as the quote of an EM member explains:

> *"[Through the discussions with the BoD], the strategy process took too long and we lost half a year. […] The BoD only saw the risks [...]. However, they forgot that if we do not pursue this strategy, we will be on the losing side anyway. […] If the BoD had been a bit more demanding and encouraging, and had said, 'do something yourself, (take the risk and we will support you.' Then [the strategy process] would have been faster. We almost desperately had to explain [our strategy and] that we had no other chance [to follow the developed strategy] in the summer of 2019."* EM member, Organization A

These new members and outsiders might have increased fragmentation of the subgroup and opened avenues for the creation of new relationships. This might have disrupted existing power-relationships (Lungeanu & Zajac, 2019). Among others, this would have increased the relevance of strategy interactions as cognitive and political discussion and decision-making encounters. Thereby, the active involvement and push towards more integration of all BoD members at regular BoD meetings might have enhanced the level of sparring, and therefore, BoD's task performance in advising and monitoring the EM team. This performance could have increased the overall level of openness towards strategic change and could have reduced blind spots through the composition of the BoD team and the BoD team's strategy interactions. This might have increased the BoD team's recognition as a strategic contributor and the confidence in BoD's strategic decision-making, therefore, positively impacting the effectiveness of the strategy process.

### 5.2.4 Concluding Remarks for Industry Experience and Tenure

My findings on industry experience and tenure answer a recent call of Johnson et al. (2013) by exploring neglected BoD team factors, combining them with BoD characteristics research, and illustrating their influence on strategic outcomes. Excitingly, industry experience and tenure in all three organizations appear to make other characteristics, such as social capital or busyness, less important. The BoD members interviewed for my study agreed on the existence of two levels of BoD characteristics. First-level characteristics include industry experience and tenure, second-level characteristics entail other human and social capital characteristics and the busyness of BoD members. When appointing and composing a BoD team, one has to focus on a balanced composition of these first-level characteristics before considering diversity in other characteristics. This might be due to the demands of the external environment in my cases as they increased the need for insider experience and promoted a demand for strategic change. In my case, increasing regulation and information processing demand makes it more critical for BoDs to understand their strategizing context. At the same time, they need high levels of industrial and organizational experience to perform their task of advising and monitoring the BoD team.

Despite this, I find that existing literature on industry experience neglects 'industry blindness,' which can be a necessary consideration for BoD team's composition. I specifically find that BoD teams might cultivate industry blindness when placing too much weight on industry experience when composing a BoD team. I also find that an overrepresentation of industry-insiders, in combination with long-tenured BoD members, can strengthen social biases (e.g., social identity, source credibility, and groupthink) and in-group biases (e.g., social categorization, more informal interactions). Such biases might also result in a continuation of established routines and patterns, thus, promoting the status quo instead of nurturing strategic change, eventuating in a negative impact on the strategy process's effectiveness. Especially in changing environments, these characteristics might promote well-established routines and make it more difficult for the BoD team to adapt to new contexts (Boeker, 1997; Wu et al., 2005). Scholars suggested that this might cause organizational inertia and delay strategic change (Hoppmann et al., 2019). Thus, I support these scholars and argue that BoD teams should be composed of members with diverse experiences of industries and varying tenure. Such diversity will result in more varied opinions and viewpoints in strategy interactions, more controversial debates, more diversity in forms of strategy interactions, fewer blind spots, and eventually in more strategic change and increasing effectiveness of the entire strategy process.

Previous governance research suggested that subgroup members are open and promote strategic change (Chung et al., 2015; Lungeanu & Zajac, 2019). However, I discover that subgroup-insiders tend to align with BoD members with similar characteristics. Thereby, subgroups with high industry experience and tenure rather promote the status quo and create path dependencies or organizational inertia. This can promote groupthink and result in blind spots throughout the strategy process. This discrepancy with previous findings might be due to pluralistic ignorance. Westphal and Bednar (2005) showed that BoD members, such as in the case of Organization A, had a "systematic tendency for outside directors to underestimate the extent to which fellow directors shared their concerns about the focal firm's corporate strategy when firm performance had been relatively poor" (p. 262). Thus, subgroup-outsiders' underestimation of the differences between their and inside-subgroup members' viewpoints might lead to satisficing based on bounded rationality. Subgroup-outsiders will feel satisfied with subgroup members' results and will not exert extra effort to find additional and altering viewpoints.

Simultaneously, the findings of Organizations B and C show that a certain level of industry experience is important for the BoD to perform its advising and monitoring task. Without these essential characteristics, the BoD team cannot properly advise and monitor the EM team, resulting in a dominant CEO or EM team ruling the strategy process.

Despite, organizations B and C's insights show that having fewer industry experts and tenured BoD members also comes with advantages. At first, this seems counterintuitive, especially in an industry characterized by increasing regulation and information processing demand. However, composing the BoD team with more industry-outsiders and shorter tenures stimulate controversial thinking regarding established industry characteristics and functioning. Therefore, I support the notion of Keck (1997) that shorter tenured BoD members are more effective in complex environments. Moreover, based on recent innovation research on the BoD level, more industry-outsiders allow for more risky decisions (Kurzhals et al., 2020). I extend this notion to the strategy process and shows that the appointment of industry outsiders or new BoD members can make the BoD team less risk-averse and open for decisions against the established industry structures or characteristics. This will reduce industry blindness and, thus, reduce social biases and in-group biases. Besides, such a diverse composition might lead to more controversial discussions, thereby nurturing an openness for strategic change and fewer blind spots in strategizing. The quote of an EM member of Organization B shows that the 'best and wildest strategic inputs' might come from such members:

> *"My experience is that some of the best inputs brought by members came from members who have just been appointed to the BoD and who knew absolutely nothing about what we were doing. This is something not to underestimate. This freshness, this freedom from the organization's history, has a huge value. Quite often, over time, the value the members bring, goes down because the members will fall into the comfort of the organization's history. […Thus,] during strategy discussions, we had new members coming with statements that seemed absolutely wild to those within the organization for 20 years. But then, when you stop and sit back and think, you will think, 'why not?' Then, when you look deeper, you say, 'well, that is probably the best thing that we have heart during the day.' And it forces you to rethink your assumptions."* EM member, Organization B

However, one needs to be aware that this 'resetting the clock' when appointing new members to the BoD is a time- and resource-consuming social process (Levine & Moreland, 1999; Zhu et al., 2014). Especially in times of increasing regulation and information processing demand, and time being scarce on the BoD level anyways, this might also be a risky strategy. To reduce such risks, I recommend a proper and extensive onboarding process. More practice-oriented scholars agreed and suggested having "a face-to-face conversation with each newly appointed director, during which he describes the company, its strategy, its key executives, and its board, but—most important—also sets clear expectations" (Shekshnia, 2018, p. 5). By doing so, industry and organizational

characteristics might be understood more quickly, and motivation and involvement of BoD members might be stimulated more easily.

To conclude, I find that the importance of BoD composition, and thus BoD member's characteristics, decreases when psychological biases, such as bounded rationality and the associated satisficing, are considered. If BoD members are simply not interested in participating in the strategy process, do not see the possibility to get involved, are satisfied with the consensus already formed by a subgroup or dominant actors, or do not feel motivated or able to challenge the consensus, this balanced ratio of industry and tenure may still not lead to an effective strategy process. For example, an improvement in the BoD composition of Organization A would most likely not have overcome the path dependencies established for years or even centuries.

Thus, breaking with these routines through a different composition has to be done hand in hand with a share of power and responsibilities between the entire BoD team and generally more structure to positively impact the strategy process's effectiveness[106]. Overall, a change in the BoD teams' composition must not directly lead to a positive impact on the strategy process's effectiveness. Therefore, this dissertation is a strong call for multi-level and processual research designs of relating BoD structural, processes, and strategy interaction-related characteristics, which I offer in the following sections.

Based on these findings on BoD characteristics, I developed a checklist for how BoD characteristics can positively impact the strategy process's effectiveness in times of increasing regulation and information. The reader finds this checklist in Figure 29.

**Figure 29:**
**Checklist for BoD Characteristics**

***Checklist for <u>BoD characteristics</u>***
***in times of increasing regulation and information processing demand***

- ***Compose the BoD diversely*** in terms of industry experience and tenure, but make sure to have enough experience so that the BoD team is able to advise and monitor the EM team
- Find a ***natural balance of renewal and continuity*** in the BoD team. Too much renewal leads to less efficiency and effectiveness in interactions and distrust in the BoD team while too little renewal leads to groupthink and pluralistic ignorance
- Find a ***balance of experience-based trust*** and ***controversial debate*** without nurturing personal conflict or blind trust
- Do not promote a culture of comfort and routines, but move consciously ***outside of the comfort zone, established industry patterns or organization-specific routines*** to learn and apply new approaches and ways of thinking
- Proactively ***break with industry blindness*** and ***industry-specific pluralistic ignorance*** to stimulate openness for strategic change

*This figure shall serve as a checklist for BoD characteristics in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

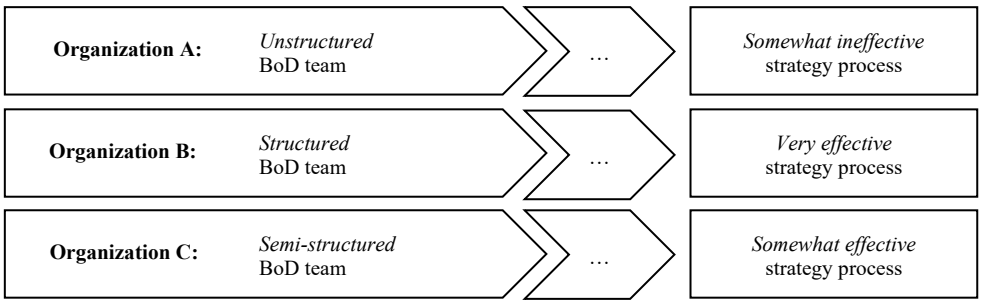
[106] For more details on these matters, find Chapter Three (section 5.3).

## 5.3 BoD Structure

As highlighted in this dissertation's literature review, BoD structure decisions answer critical organizational design questions. BoD structure consist of BoD team size and the definition of roles and responsibilities (Kakanda et al., 2016; Orozco et al., 2018). Previous research on the relationship between BoD's structural characteristics and organizational or strategic outcomes did not find conclusive results (Kakanda et al., 2016; Radek & Menz, 2020). At the same time, recent studies found that this relationship is influenced by other BoD factors, such as composition, processes, and interactions (Beckman & Burton, 2008; Ferguson, 2015). Moreover, the BoD team might only define roles and responsibilities to a certain extent so that the legal duties of specific roles (e.g., the Chairperson) are not harmed (Müller et al., 2014, p. 68).

I support this notion and highlights that BoD processes and strategy interactions impact the relationship of BoD structure with strategic outcomes. The observed organizations' results enabled me to contribute to this scholarly debate in that Organization A had an unstructured, Organization B a very structured and Organization C a semi-structured BoD team (see Figure 30).

**Figure 30:**
**Overview: Level of Structure**



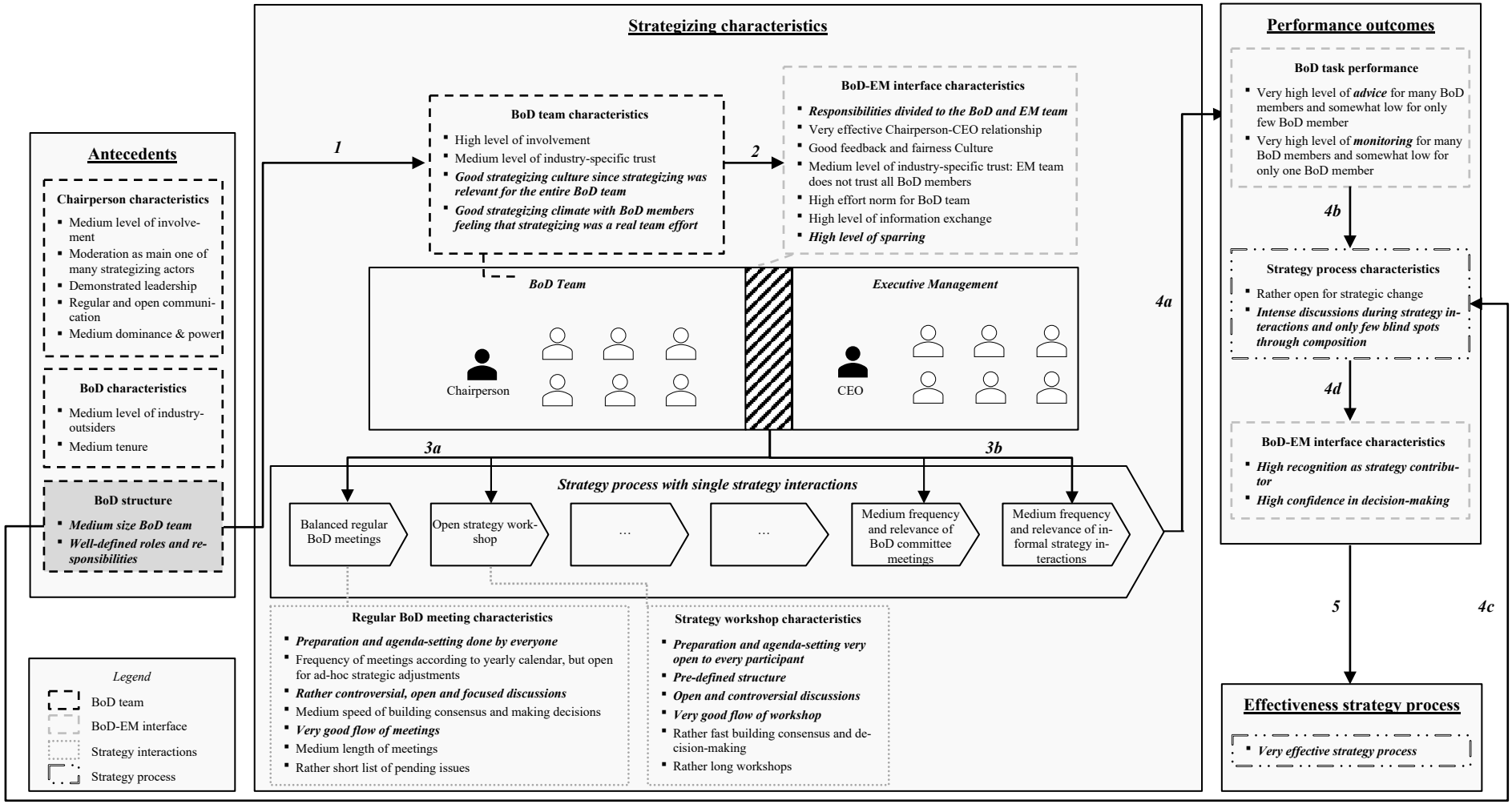

*This figure displays the different operationalizations for the level of structure in the three observed organizations and their ultimate effect on the effectiveness of the strategy process. Organization A had an unstructured, Organization B a very structured, and Organization C a semi-structured BoD team. Source: Own illustration.*

In the following, I discuss this difference in structure and how this impacted BoD team characteristics, the BoD-EM interface, single strategy interactions, and BoD task performance, ultimately leading to different strategy process levels' effectiveness.

### 5.3.1 Organization B: The Structured BoD Team

The BoD structure of Organization B serves as a good example to illustrate the links I found in this dissertation (Figure 31).

**Figure 31:**
**The Structured BoD Team in Organization B**




*This figure illustrates the comprehensive framework (introduced in section 5) exemplary for Organization B for the topic of the 'BoD structure.' Organization B serves as a specifically interesting case in this area with its very structured approach for the BoD team and BoD-EM interface. The respective most important themes are highlighted in bold and italics. The numbers next to the arrows are included in the text of the discussion in this section. Source: Own illustration.*

The *medium-sized BoD team* and *structured BoD-EM interface* at Organization B led to a multitude of factors[107]: First, every BoD member was involved, eventuating in good strategizing culture and climate: Strategizing was relevant for the entire BoD team, and BoD members felt that strategizing was a team effort (1), as highlighted a BoD member:

> *There is a clear division of responsibilities, what is the task of the Executive Management [and what of the BoD] We do not want to follow all the decisions of the Executive Board. The Board of Directors should be a strategic body that respects and complements the competencies of the Executive Management. This was much less the case in the past. [… Today, we filter issues] and only bring those issues to the whole BoD that are worth discussing there."* BoD member, Organization B

Therefore, the strategic roles and responsibilities were divided between the BoD and EM team, with partly a very high level of sparring, and a feedback and fairness culture (2):

> *"I have drawn up a competence matrix for [our BoD]. […] It is clear to everyone what competencies each individual must bring to the table, what is expected of them personally in terms of their competence [, experience, and involvement]."* Chairperson, Organization B

Every BoD member did the preparation and agenda-setting of regular BoD meetings and strategy workshops through these characteristics. Both forms of interactions had controversial, open, and focused discussions. The latter was more open to liminal space[108] and had a pre-defined structure (3a). Further, discussions at regular BoD meetings had a natural flow and everyone a possibility to participate and get involved:

> *"In [this organization], I find [the size of the BoD team] really ideal. There are seven of us, and there is a discussion. And we do not have all Executive Management team members, but only [the CEO] plus the people who are responsible for the issues we are dealing with. That is how you can discuss [efficiently and effectively]."* BoD member, Organization B

Further, there was a medium frequency and relevance of BoD committee meetings and informal strategy interactions. Both forms of interactions helped the BoD team prepare and discuss strategic issues in detail and are more effective in regular BoD meetings and strategy workshops, without undermining or replacing the BoD team's responsibility as strategic decision-maker (3b). One BoD member noted this for the BoD committee:

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[107] The numbers in brackets correspond to the numbers next to the arrows in the framework of Figure 31, representing the empirical linkages between the different elements of the framework. This shall serve as an orientation for the reader.

[108] Find a definition of this term in the codebook of this dissertation in 'Appendix D.'

> *"[It is a highly] complex and very special industry. And for that, I think we have a good allocation of roles. [For example] my colleagues on the BoD, who are not in technology at all [...] must have confidence in our committee."* BoD member, Organization B

The medium frequency and relevance of BoD committee meetings and the open strategy workshops resulted in a relatively high level of advice and monitoring by all BoD members, with only a few members not performing these tasks properly (4a). Moreover, it led to very few blind spots caused by interactions (4b) and composition (4c). This resulted in high recognition of the BoD team as a strategy contributor and high confidence in the BoD's strategic decision-making (4d), as mentioned by a management member: "So, I think the Board of Directors really has a very good [strategic] role to play here." Another BoD member added that it was "really very nice if you as a BoD member are not just perceived as a disruptive factor. For me, this is also a sign of good governance that the BoD must play its role [...] to give guidance."

Also, the BoD was perceived as making effective and comprehensive strategic decisions due to the controversial but constructive discussions in strategy interactions and performing their role in advising and monitoring the BoD team:

> *"My general feeling is that [the BoD] played their role as far as the strategy process is concerned. They have to stay on the strategic level and we have to provide the information that they need to make strategic decisions. [… So, well, in my view, [the decisions of the BoD were] comprehensive [and extensive ...]. [...] The questions for understanding were good questions as well. There were not just at a very superficial level, they were really trying to understand why we thought something." BoD Secretary, Organization B*

Overall, this led to the very effective strategy process of Organization B.

### 5.3.2 Organization A: The Unstructured BoD Team

In Organization A, the relatively large BoD team and the lack of clearly defined roles and responsibilities negatively affected Organization A's strategy process's effectiveness. The BoD team consisted of nine BoD members. Through this *somewhat large BoD team*, the involvement of individual BoD members was partly lacking, as highlighted by one BoD member: "The level of commitment varies greatly within our BoD. Maybe because [the BoD] is so large. Perhaps it would be better to have a small BoD and to have everyone working on the same level of involvement and commitment." The BoD

team was even larger before the window of observation[109], with a BoD member emphasizing that through downsizing, "the meetings have become more efficient. Not everyone needs to get involved. The size reduction has not promoted a reduction in experience and knowledge." This statement also shows that the relatively large BoD team harmed the efficiency of regular BoD meetings. Further, a BoD member outlined this problem explicitly: "The larger the board is, the more you have people coming out of the group dynamics to speak badly or to speak too much." Another BoD member agreed that "in terms of decision-making, it is simply more complex if the team is big." Consequently, the flow of regular BoD meetings was not effective, with somewhat operational and emotional issues being discussed and consensus challenging to reach. Whereas the Chairperson tried to ensure an efficient meeting, "occasionally drifting off the main discussion points" (EM member, Organization A) partly disrupted regular BoD meetings, with the size of the BoD being one of the contributing factors.

Besides, the relatively large size meant that the Chairperson could not personally address every BoD member to obtain feedback and involve somewhat absent BoD members. The Chairperson was anyways already heavily involved in strategizing due the previously described environmental change, while simply not having the time to address everyone personally. Therefore, the large size also strengthened the establishment of subgroups and bilateral interactions. This hindered a feedback culture and resulted in a somewhat bad strategizing culture and climate: Strategizing was not relevant for the entire BoD team, and BoD members felt that strategizing is not a real team effort.

This finding is related to social psychological research on groups (e.g., Golden & Zajac, 2001; Janis, 1989; Latané et al., 1979), suggesting that larger groups experience a diffusion of responsibility, 'social loafing,' or 'freeriding.' In the case of Organization A, individual BoD members did not expect their lack of involvement to be detected or negatively noted by others since the BoD team was satisfied with the work of the Chairperson-CEO tandem and the social subgroup. Further, Golden and Zajac (2001) even stated that there "may actually be a 'collective action' problem that reduces the group-level inclination for strategic change" (p. 1089). Other scholars emphasized that larger groups may have more conflict and, thus, are more likely to have problems of factionalization or in-fighting (Ocasio, 1994; Zahra & Pearce, 1989). I support these notions with the discussion on Organization A while enhancing our understanding of these effects for the effectiveness of the strategy process in times of environmental change.

[109] In 2012, the BoD team of Organization A consisted of 13 members.

Thus, I find that a balanced BoD team size appears to be necessary not to stimulate social subgroup-building and enable an efficient and effective discussion in strategy interactions. It allows everyone to participate and to get involved without disrupting the flow of the interaction. When the BoD team is small, the "breadth of perspectives is significant," whereas "the disadvantages of diffusion of responsibility, free-riding, and factionalization are most severe" for large BoD teams (Golden & Zajac, 2001, p. 1089). Therefore, I am in line with previous research that found an inverted U-shape for this relationship (Calabrò & Mussolino, 2013; Yermack, 1996; Zahra et al., 2000). I extend this often-quantitative discussion and offer new insights and explanations through discussing behavioral and socio-psychological factors for BoD size and its relations with strategic outcomes, such as the strategy process's effectiveness.

Reducing the BoD team of Organization A to five or seven members, the Chairperson could have more personally and regularly addressed every BoD member in a more satisfactorily way, reducing the risk of free-riding and social loafing. This might have led to a sharing of responsibility and power, resulting in more and more regular involvement of all BoD members. For example, this shared responsibility could even be included in the organization's bylaws. This would give non-involved BoD members the legal basis to demand their involvement in the strategy process and call for the strategy process to be more integrative.

Further, the BoD team's processes also lacked a necessary structure by having *somewhat blurry roles and responsibilities* for BoD members based on informal guidelines. Whereas Organization A even had bylaws in place, they were neither used in practice nor known by all BoD members. The only clear but also informally defined role was the strong and dominant role of the Chairperson as the main actor of the strategy process. However, the roles and responsibilities for every other BoD member were not clearly defined. This led to role conflicts at times:

> *"And if [roles of BoD members are] mixed up, then you run the risk of pushing something through, of not paying enough attention […]. Then there is no longer any guarantee from the hierarchical level that someone […] will say, wait, we have a problem."* BoD member, Organization A

Moreover, the BoD informally decentralized the strategy process to the Chairperson-CEO relationship, one BoD committee, and the informal subgroup that were mainly responsible for the strategy process.

This lack of roles and responsibilities as well as the decentralization accelerated the formation of informal subgroups and decentralized the strategy process, causing frustration

and destructive conflict at strategy interactions. Behaviorally spoken, the lack of structure for decision-making led to formation of a subgroup to reduce uncertainty and develop a shared perspective, which was already mentioned by Stevenson and Radin (2015). Thus, my findings support previous research on BoD teams. He and Huang (2011) noted that a "lack of such clarity [in roles and responsibilities] tends to create confusion, frustration, and possibly even destructive conflict, compromising the effectiveness and efficiency of the board's interactions." Further, group polarization literature indicates that defining rules and regulations for small group discussions, such as in the BoD, increases the likelihood of having less biased discussions and decisions, and thus, more effective team processes and outcomes. For example, Strandberg et al. (2019) found that group polarization in discussions is more likely when there is a lack of structure. They argued that structure leads to less extreme and conflicting views over time.

Such conflicts were observable during Organization A's strategy workshops and between subgroup and non-subgroup members in 2019. The latter conflict resulted in a breach of trust between the BoD and EM team, leading to low performance of BoD tasks and shallow confidence of EM team members in BoD's strategic decision-making. At the same time, the recognition of the BoD team as a strategy contributor decreased.

Therefore, one can assume that by clearly defining the roles and responsibilities, the discussed negative tendencies of subgroup-building and decision-making biases of social loafing and conflict could have been reduced. This also manages expectations for and demands from BoD members from the very beginning on and shapes their behavior in the boardroom. If these roles and responsibilities are not clearly defined and communicated to everyone, BoD members might form identities and subgroups that are counter to an effective strategy process or contradictory to other identities in the BoD team.

### 5.3.3 Organization C: The Semi-Structured BoD Team

Interestingly, the structure of Organization C's BoD team was not highlighted explicitly by the interviewees as either being negative or positive. However, the structure was implicitly the main reason why the strategy process was not tapping its full potential. In particular, the organizational bylaws did not allow the CEO to pass certain decisions. This led to an overload of agenda items during regular BoD meetings and somewhat operative issues being discussed. More structural freedom for the CEO would allow strategy interactions to focus on the main strategic issues instead of caring about operative issues, which were sometimes not BoD-appropriate. This would most likely lead to more effective strategy interactions, more advice and monitoring outside of the boardroom, and a more effective strategy process.

### 5.3.4 Concluding Remarks for BoD Structure

In this dissertation, I find that the BoD size is important for BoD's involvement, BoD processes as well as strategy interactions, and strategic outcomes. I find that a medium-sized BoD team and structured BoD-EM interface can lead to higher BoD member involvement, eventuating in good strategizing culture and climate, a more effective performance of BoD's tasks, resulting in a more effective strategy process. I also find that a somewhat large BoD team can result in social subgroup-building, social biases, ineffective strategy interactions, negatively impacting BoD's task performance and strategy process's effectiveness.

Also, I observe that it is important to clearly define roles and responsibilities of every BoD member in the strategy process. This might be done via a competence matrix or the bylaws of the organization. Despite, I show that organizations should avoid becoming too bureaucratic in regards to structure. This may also signal to BoD or EM members a lack of trust to play their role. For example, Sørensen (2007) pointed out that managers employed in somewhat bureaucratic organizations tend to be less entrepreneurial, i.e., exploring fewer opportunities. Further, scholars of stewardship theory emphasized that managers align their motives to those of the principals (Donaldson, 1990). In turn, they feel frustrated if these principals monitor them too much (Shen, 2003). This will lead to less effective and non-cooperative relationships (Davis et al., 1997). Applying this to the Chairperson-CEO relationship or other sparring relationships, it can be postulated that the agent (i.e., the CEO) might seek less advice from the principal, i.e., the Chairperson. Thus, scholars suggested empowering individual BoD members (in their roles and responsibilities) to be able to effectively and spontaneously handle a variety of situations (Davis et al., 1997; Hendry, 2002; Shen, 2003). For example, an EM member of Organization B stated that the Chairperson situationally adapted his role in the strategy process. This positively impacted their relationship in the long-term in terms of trust, feedback and fairness culture, as well as advice-seeking:

> *" [… The Chairperson and my sparring partner changed roles and] had taken on leadership in the sense of positively saying how they could help me and how they could help [our] management."* EM member, Organization B

However, based on power theories (Finkelstein, 1992), the power of BoD members depends on their roles: For example, a multiple roles BoD member has more strategizing power than a BoD with fewer roles. Consequently, a BoD member's strategizing power is boosted by the membership in BoD committees and participating in various forms of interactions. Such BoD members will have a larger impact on the strategy process than BoD members with only minor roles and responsibilities. For example, the Chairperson of Organization A was sitting on every BoD committee and was part of merely every

strategy interaction. This further enhanced the centrality of power and made the Chairperson even more dominant in the strategy process. Thus, a balanced number of roles and responsibilities seems to positively contribute to BoD *team* characteristics (e.g., involvement, strategy culture or climate), to promote a wider variety of viewpoints, and to reduce blind spots, which eventuates in a more effective strategy process.

Based on these findings, I developed a checklist on how BoD's structural characteristics can positively impact the strategy process in times of increasing regulation and information. This checklist can be found in combination with aspects of the BoD team and the BoD-EM interface at the end of section 5.4 of this Chapter.

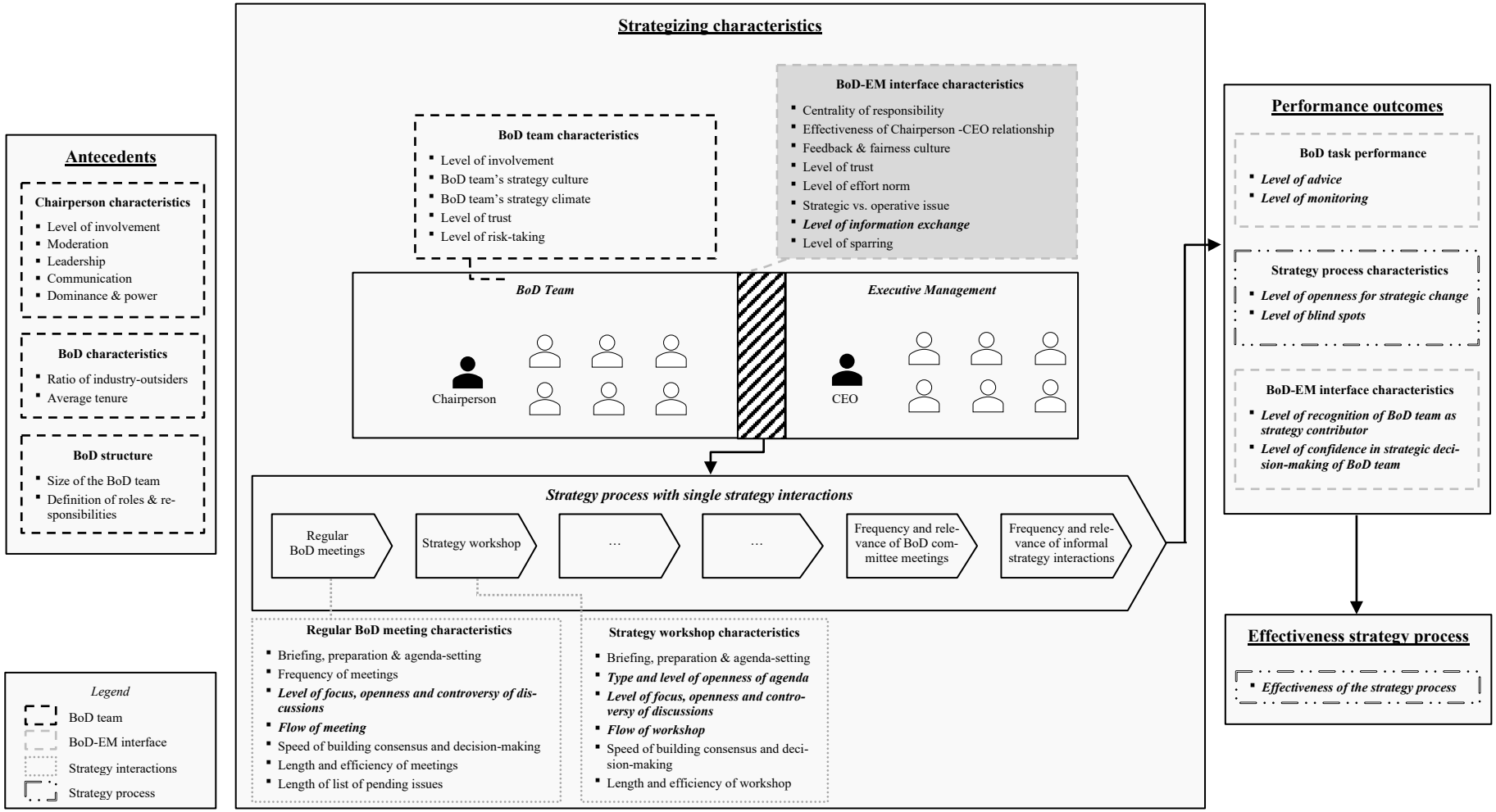
## 5.4 BoD Team and the BoD-EM Interface

Previous research suggested that the effectiveness of a BoD depends to a large extent on its functioning as a team and its team processes (e.g., Bezemer et al., 2018; Forbes & Milliken, 1999; Leblanc & Schwartz, 2007). Also, information exchange appears to be especially important in time of environmental change that is triggered by increasing regulation and information processing demand. In such times, effective information exchange enables the BoD team to spend time strategizing and making informed strategic decisions (EY, 2019; ICAEW, 2019; ICSA & Board Intelligence, 2017). Further, I identify these BoD team processes as one of the most promising research gaps in governance and BoD literature.[110] The data analysis revealed that this BoD team process view could not be researched detached from the BoD-EM interface. Thus, this interface emerged as another important topic for the functioning and effectiveness of the BoD team itself.

On the one side, BoD team and BoD-EM interface characteristics are influenced by the antecedents described in Figure 32, such as Chairperson, BoD characteristics, BoD structure. On the other side, I found that the BoD team and BoD-EM interface characteristics impact single strategy interactions as well as performance outcomes themselves, as illustrated in Figure 32. My analyses revealed that two factors are of particular importance for the strategy process's effectiveness in times of increasing regulation and information processing demand: 'feedback and fairness culture' and 'information exchange.' These two factors are located at the BoD-EM interface in the figure below. However, they are also crucial for the BoD team. Therefore, in the following two subsections, I discuss these factors' impact on single strategy interactions and the entire strategy process while referring to the BoD team as well as the BoD-EM interface.

[110] Find a detailed discussion of this research gap in Chapter Two (section 5.1).

**Figure 32:**
**BoD-EM Interface Characteristics**

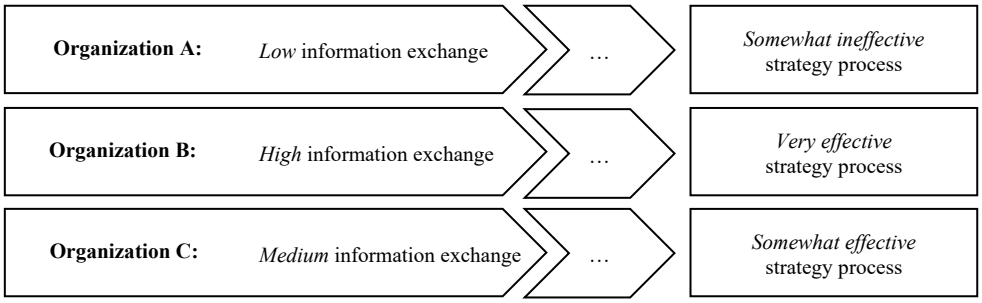



*This figure illustrates the comprehensive framework (introduced in section 5) for the topic of the 'BoD-EM interface characteristics.' The respective most important themes are highlighted in bold and italics. Details on the arrows are included in the text of the discussion in this section. Source: Own illustration.*

### 5.4.1 Information Exchange

The observed organizations' results enabled me to contribute to scholarly debate on information exchange mentioned in the previous section. Whereas Organization A was not exchanging information a lot, Organization B was intensely exchanging information and Organization C exchanged information at times but not very regularly (see Figure 33).

**Figure 33:**
**Overview: Level of Information Exchange**




*This figure displays the different operationalizations for the level of information exchange in the three observed organizations and their ultimate effect on the effectiveness of the strategy process. Organization A was not exchanging information a lot, Organization B was intensely exchanging information, and Organization C exchanged information at times but not very regularly. Source: Own illustration.*

In the following, I discuss these three approaches and how this impacted BoD team characteristics, the BoD-EM interface, single strategy interactions, BoD task performance, ultimately leading to different levels of strategy process's effectiveness.

#### *5.4.1.2 Organization B: The Highly Informed BoD Team*

By not conducting informal and social interactions very regularly, Organization B had a very intense, transparent, and open information exchange. This appears to have been a vital factor for the effectiveness of the entire strategy process. For example, the CEO and Chairperson tried to keep everyone involved in and informed about the strategy process with relatively informal mailings about the current situation. While one may assume that this caused an overload of information and BoD members experiencing bounded rationality, BoD members highly appreciated it: "In regard of 'advice,' I see the Board of Directors as very active and well informed, always with added value" (EM member, Organization B). The secretary even emphasized that the CEO's and Chairperson's regular and open communication decreased information asymmetries to a satisfactory level:

> *"[With a BoD,] you may run the risk of [information] asymmetry. I think [our CEO and Chairperson ...] are doing a very good job of keeping everyone on track informally by sending out mailings about the current situation and challenges […] or even new things, regularly and very informally. That is an informal channel that is very much appreciated, and that is where the symmetry is restored [to a BoD-conform level]."* BoD secretary Organization B

Generally, BoD members must make informed decisions about highly complex strategic issues. This requires them to have a high degree of understanding of the focal organization and its environment (Makri et al., 2006). Through this open information exchange at Organization B, the BoD was able to make such informed decisions, perform its advice and monitoring tasks, and reduce blind spots in the entire process: "[With strategic issues, it is important] that the entire BoD does not have a blind spot, but receives information and also has the opportunity to ask questions" (BoD member Organization B).

Further, Organization B's case shows that open communication before a formal strategy interaction increases BoD members' motivation to participate actively and contribute. This may also include having a BoD portal[111], allowing BoD members to get involved more easily and continuously. This, in turn, led to a better performance of advice and monitoring by the BoD since they felt more engaged and rewarded for their contributions. Also, it resulted in a higher contribution of the BoD team as a strategic contributor. Over time, this caused the CEO and EM members to share more information and proactively seek advice and monitoring by the BoD team. This proactive search for BoD's task performance led to a more intense discussion of strategic issues, eliminating blind sports for the entire BoD team. An EM member specifically highlights the importance of BoD's advice and monitoring for the CEO and the entire strategy process:

> *"The risk in deciding for the BoD seems to be lower today because there are several stages [of the strategy development process]. It is never about black or white. It is just a rolling thing and step by step the CEO can get his ideas across because the door is always open for further discussion [on BoD level]. So, everything is on the table and always open."* EM member, Organization B

Whereas the BoD of Organization B had an exemplary and BoD-level conform information exchange in the recent strategy process, they seemed to have struggled with it in the past. The Chairperson explicitly highlighted that this change in information exchange was his intention from the very beginning. In the observed strategy process though, the EM team and Chairperson tried to supply the BoD team with ample information to perform their advice and monitoring tasks, build consensus, and make strategic decisions. At the same time, the challenge for the EM team was not to overwhelm the BoD with information and to avoid problems of bounded rationality and pluralistic ignorance, as one BoD member of Organization B illustrated:

[111] A BoD portal is a virtual platform where all documents of the BoD are displayed, categorized and distributed. For more details and a dedicated discussion of the relevance of BoD portals, find Chapter Three (section 5.4.1.6).

> *"[The EM team] has to make sure that [strategic issues and strategy development] can be communicated in a step-by-step and timely manner in such a simplified way that a Board of Directors responsible for the strategy can understand it. [… The] Board of Directors [needs to be] able to identify [if] there are shortcomings, gaps, or temporal or financial differences that must be addressed, or if they are at least explainable and acceptable based on this declaration. This is the great challenge I have felt here in the area of corporate governance, in the relationship between the Executive Board and the Board of Directors."* BoD member, Organization B

#### *5.4.1.3* ***Organization C: The Semi-Informed BoD Team***

Interestingly, Organization C appears to have experienced a problem of information exchange in their strategy process. For example, Organization C's Chairperson and CEO informed BoD members between regular BoD meetings, but neither regularly nor openly. Thereby, the Chairperson wanted to avoid a decentralized strategy process and rather keep regular BoD meetings the most important platform for strategic discussions:

> *"Of course, you could also do this by mail and exchange information [sooner]. But that would then lead less to the goal [of discussing with and involving the entire BoD]. Therefore, we take the liberty to put it on the agenda of the (BoD) meeting."* Chairperson, Organization C

This meant that information was mainly exchanged during regular BoD meetings. However, because there were only a few regular BoD meetings at the beginning of the strategy process[112], the BoD and the Chairperson primarily conducted bilateral interactions to keep everyone informed. However, this led to information asymmetries between BoD members. Further, the regular BoD meetings after this period were often overloaded with agenda items. Both aspects resulted in a somewhat large frustration of BoD members not having the opportunity to contribute more and get involved more often. Also, it led to relatively low performance of BoD tasks:

> *"It took a lot of [regular BoD meetings] in the beginning [for our BoD members] until the flow of information was better. [Also, ...] they took place less often. Instead, there were more bilateral meetings, which was a challenge for the flow of information. The [regular BoD] meetings were then quite often almost overloaded. Sometimes we did not have the time to discuss in the required depth. Some of them were perhaps not always very satisfying."* BoD member, Organization C

[112] Two in 2018 (06 April, 11 September) and two in 2019 (08 October, 09 December).

More information exchange between regular BoD meetings without building subgroups or consensus bilaterally would have been needed to unload the agenda of regular BoD meetings and improve the strategy process's effectiveness. The CEO also suggests this:

> *"The [BoD] meetings must be relieved of workload. What often happens now is that the [BoD] quickly signs a short bilateral agreement, but does not completely take [the issue] off the table, because it still has to be formally included in the meeting of the BoD. [...] That makes these meetings so bloated [...] and pending issues management almost impossible. So, I come to the [BoD] meetings with two boxes I have to work through. You get endless attachments."* CEO, Organization C

#### *5.4.1.4* ***Organization A: The Uninformed BoD Team***

The information exchange at Organization A could also be improved, as one BoD member pointed out: "I sometimes think it would be useful if the active members of the BoD, the Chairperson and CEO […] could tell us more regularly […] with which committees they intend to speak or have spoken" (BoD member Organization A). Also, on important strategic issues, information exchange was done somewhat poorly, as a statement of a BoD member describes quite strikingly:

> *"[At one BoD meeting, the Chairperson] said something like, 'yes, one had dissolved a reserve'. [...] It was only through my question that this was [uncovered] at all. [...]. They didn't steal anything, but they threw in some 'silverware' and saved [the organization] with it."* BoD member, Organization A

Through this poor information exchange, and very similar to Organization C, subgroups developed in Organization A. Subsequently, subgroup-members regularly communicated with each other while excluding the other BoD members from this communication channel. Through more open and frequent information exchange between all BoD members, such a subgroup formation could have been avoided. For example, the strategizing subgroup of the BoD might have been restricted to merely discussing strategic issues. However, through the channel of the BoD committee, the power of this subgroup was enhanced, which led to less effective formal strategy interactions:

> *"Since almost without exception the votes were always unanimous, I have the feeling that on the one hand the BoD was convinced by the arguments of the Chairperson or the preparatory committees and on the other hand was perhaps not sufficiently well informed in some areas to say that they could try something else."* BoD member, Organization A

This statement shows that not every BoD member could make well-informed decisions and perform their mandatory tasks of monitoring and advising the BoD team. This lack

of information exchange further accelerated the relatively low recognition of the BoD team as strategizing contributors while also reinforcing the low confidence of EM members in the BoD's strategic decision-making process.

#### *5.4.1.5* ***Interim Concluding Remarks for Information Exchange***

In this dissertation, I find that a balanced information exchange outside of regular BoD meetings is necessary not to overload regular BoD meetings' agenda with information exchange or simply too many agenda items to handle in the short period of a regular BoD meeting. Thus, I suggest that, in the absence of a BoD-appropriate, open and frequent communication, an increase in the exchange of information does neither increase BoD team effectiveness nor the effectiveness of the strategy process. Due to bounded rationality, it causes the opposite. BoDs, like every other human being, are "boundedly rational in their ability to process large amounts of complex information" (Khanna et al., 2014, p. 563). This results in BoDs being unable to be aware of and devotes attention to every possible issue of an organization (Gavetti & Levinthal, 2000), which is especially true when information processing demand is high (Bacon-Gerasymenko & Eggers, 2019b; Khanna et al., 2014). Thus, focusing on exchanging information appears to be a central one for the effectiveness of BoD teams. Such bounded rational managers were previously found to negatively affect performance (Mengis & Eppler, 2004) due to not using their human and social capital (Oldroyd & Morris, 2012). Therefore, sometimes "boards need better information, not more, from management" (NACD & Deloitte, 2018, p. 2) not to experience an overload of information and keep the focus needed to make strategic decisions (Cossin & Metayer, 2014; ICAEW, 2019; ICSA & Board Intelligence, 2017).

I support these scholars and report similar results for the strategy process. I conclude that the BoD team needs to have an open and regular information exchange to not overload BoD members during strategy interactions but inform them regular enough to make well-informed strategic decisions. In times of environmental change that is triggered by increasing regulation and rising information processing demands, I find that such a behavior positively impacts BoD team processes and strategic outcomes, such as BoD's task performance and strategy process's effectiveness.

#### *5.4.1.6* ***Excursion: BoD portal and BoD secretary***

The problem of high information processing demand on the BoD level could also be solved using a *BoD portal*[113] or a *BoD secretary*[114], as the case of Organization B demonstrates. These two measures might reduce the high information processing demand to a minimum to make information exchange more BoD-conform and BoD's strategic decision-making process less prone to social biases and more efficient.

In particular, using a BoD portal makes information available transparently and accessible at any time. This might decrease the time investment for preparing strategy interactions while also being beneficial to the level of perceived involvement of the BoD members. This reduction of time investment for BoD member's preparation time of regular BoD meetings can be crucial if BoD members experience a continuous increase of such time investment in the last years.[115] Such BoD portals can, thus, make BoD's information management and decision-making more efficient and effective. Saving time here might free-up time in strategizing, which can be crucial for the entire strategy process, as mentioned by the BoD secretary of Organization B:

> *"[... It is good] if the informal interactions are already going in a good direction, so that I know what [for example] the Chairperson of the Board of Directors thinks about an issue. But that does not mean at all that the result is set. You can not anticipate decisions [in our BoD. ...] But I want to have a basic feeling about where we stand on issues. Ultimately, the BoD has the responsibility at the strategic level - the freedom to turn things around, of course."* BoD secretary, Organization B

Whereas many *practical tools* are already used in practice, virtual BoD portals' theoretical implications remain under-researched. I show the relevance of having a regular and open information exchange on the BoD level. Hence, such virtual portals appear beneficial for encouraging information exchange, structuring the information in a BoD-conform way, and distributing it to every BoD member in real-time. Exploring this avenue and researching BoD portals seems to be a fertile ground for future studies.

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[113] A BoD portal is a virtual platform where all documents (e.g., agendas, appendices, and protocols of regular BoD meetings) are displayed, categorized, and distributed to all BoD members and selected actors that are important for BoD's decision-making or strategy interactions.

[114] The roles and responsibilities for BoD secretaries differ greatly. In Switzerland, a BoD secretary is selected by the BoD team and is not required to be a permanent BoD member. There, BoD secretaries might be responsible for preparing BoD meetings, keep minutes in regular BoD meetings, and promote regular information exchange. In the UK, for example, the role of the BoD secretary is a statutory one, with responsibilities in the area of organizational law, finance, governance, and strategy. For reviews of roles and responsibilities of BoD secretaries, find Banks (2003), Müller (2015a), and McNulty and Stewart (2015).

[115] This is supported by the pre-study of this dissertation, which the reader finds in Chapter Three (section 1.1.3).

Besides, the *BoD secretary's role* appears to get more critical in times of high information processing demand. BoD secretaries can help gather relevant information, process and select the relevant information, and distribute it promptly to the BoD team (Müller, 2008). Scholars noted that the BoD secretary should have high levels of perceptiveness, loyalty, and discretion (Müller, 2015b) to fulfill its role as "boundary spanner," "the Chairperson's confidante" (McNulty & Stewart, 2015, pp. 523-525), an important actor of information exchange (Beechler et al., 2004). I find that an effective BoD secretary might increase the effectiveness of both the BoD team performance and strategy interactions, both positively related to the strategy process's effectiveness.

These aspects in regards to information exchange appear to be particularly relevant in times of rising information processing demand. As highlighted by Müller et al. (2014), information exchange is about collecting and sharing information. The example of Organization B shows that open communication before the meeting and a clear mandate via a BoD portal or a BoD secretary can increase the perceived involvement and BoD members' motivation to participate actively and contribute their ideas. I further note that precisely this critical and reflected discussion can lead to fewer blind spots and thus to more effective interactions and a more effective overall strategy process. This increase in effectiveness and efficiency is especially significant in times of environmental change triggered by increasing regulation and increasing information processing demands, where resources and time are exceptionally scarce on the BoD level (EY, 2019; ICAEW, 2019; ICSA & Board Intelligence, 2017).

### 5.4.2 Culture of Feedback and Fairness

Besides the aspect of information exchange, I find that a good feedback and fairness culture positively impacts the strategy process's effectiveness.[116] Again, this aspect is not exclusive to the BoD team but also relevant for the BoD-EM interface. In Organization B, this positive effect of a lived culture of feedback and fairness was very striking. This is why I discuss the effects of this culture in the following section.

#### *5.4.2.2 Best Practice at Organization B*

At Organization B, the introduction of such a feedback and fairness culture is very advanced: "We have a good climate. You can talk openly with each other, and [the Chairperson] hears that. You do not have to do a feedback interaction artificially just to make sure that [feedback] is done" (BoD member Organization B). The Chairperson invested much time in the preparation and performance of one-on-one feedbacks with every BoD member. He specifically addressed the strategizing of Organization B in these meetings:

[116] I did not create a visual representation for this matter since the links would be the same as in Figure 32.

> *"Everyone has the right to have someone tell him what he does well and what he does not do so well. I think it is rude if you just let people work in front of you, and then maybe one or the other thing bothers me, but I never say it. […] Around this issue, I clearly demanded that people give me feedback, too. Because I am not infallible. Unfortunately. […] And we want to become better as a team. […] What [did the feedback meetings] achieve? In individual cases, there has been a noticeable behavior change. […] You have to think about how to get the maximum out of these people."* Chairperson, Organization B

These individual feedback meetings improved the involvement of individual BoD members and stimulated reflection of roles and responsibilities in the strategy process. These meetings also positively impacted the strategizing culture and climate since every BoD member felt part of the strategy process and relevant by contributing to it: "We had a one- to two-hour discussion with [the Chairperson]. [...] I was [also] able to bring in everything [in terms of strategizing] at that point" (BoD member, Organization B).

Alternatively, or even additionally, as suggested by Hilb (2019) and Lombriser (2018), the BoD could use self-assessments that would be handled, distributed, and made available for discussion by the Chairperson. Also, it might also be crucial to highlight such a culture to new members appointed to the BoD team. As emphasized by the Chairperson of Organization C, "[it is important] that you lay the groundwork with new external members and say 'if anything is unclear, just ask, there are no stupid questions.'"

In terms of the BoD-EM interface, introducing and living such a feedback and fairness culture seems to positively affect the effectiveness of the strategy process positively due to very high levels of openness to strategically change:

> *"It was a strategy process where you start without knowing exactly where you will end up. [...] Of course we had ideas. We said we had to replace the entire technical infrastructure with something completely new. And the completely new is not simply to replace the old with something similar." BoD member Organization B*

EM members appreciated this feedback and fairness culture, and the openness for strategic change, since they had to deal with less uncertainty of BoD's decisions, as pointed out by an EM member of Organization B:

> *"The Board of Directors never gives me the feeling that they are trying to uncover a fault with me but rather that they want to help. I am very grateful for this, as it helps me in terms of content as well."* EM member, Organization B

Also, if EM members made mistakes, such a fairness culture helped to create a high level of trust while also promoting proactive advice and monitoring-seeking by EM members:

> *"I had the feeling that both my [sparring BoD member and the Chairperson] had taken on leadership in the sense of positively saying how they could help me and how they could help the [organization's] management. So not to say leadership, that is what you should do now, but simply to say, to define something important for us, and we understand that and are in the same boat as you. This is not to blame or anything else, but to say that we are part of the [bigger organizational leadership] team."* EM member, Organization B

The results of this cultural change were summed-up nicely by the Chairperson:

> *"[The culture of the BoD] is different today. [… Today,] the Board of Directors are supposed to become a little more actively involved and that it is not enough to simply have tons of papers presented and then just nod off at the end. And if nobody bothers, then it's okay. I have tried to activate and involve the Board of Directors a little more and thus develop a culture of discussion even more than before."* Chairperson, Organization B

#### *5.4.2.3* ***Excursion: Trust on BoD Level***

Further, there appears to be a relationship between this feedback and fairness culture and trust[117] on the BoD level. I follow the definition of Mahama and Chua (2016), who define trust as "an accomplishment constructed through the actions and routinized situated practices of multiple actors" (p. 32). For example, high levels of mutual trust developed between BoD members in Organization A because the BoD team worked together for a long time. This led to the social biases, building of subgroups, lower levels of involvement, and ultimately a bad strategizing culture and climate.

However, trust is important for BoD's task performance while promoting cooperative behavior, positive BoD dynamics (Huse, 2005; Zahra, 2003), and establishing confidence in predictable outcomes (Zhang et al., 2011). Despite, my findings support the notion of Sundaramurthy and Lewis (2003), in that too high levels of trust will lead to another extreme and ineffective cohesion: "And trust can also be blind trust. I would say 50 percent of it is blind trust at this point. […] So, it is not trust based on knowledge, it is blind trust" (CEO, Organization C). Though, reducing trust deliberately might lead to negative group dynamics.

Therefore, I suggest establishing a culture of feedback and fairness to counteract too high levels of trust more positively. This would allow for more viewpoints and greater

[117] It is important to distinguish between competence-based trust and integrity-based trust (Connelly et al., 2018; Zattoni & Cuomo, 2008). I follow the definition of Connelly et al. (2018) in that competence-based trust is "an expectation that a partner has the technical skills, experience, and reliability needed to fulfill its obligations," while integrity-based trust is "rooted in perceptions about a partner's motives, honesty, and character" (Connelly et al., 2018, p. 920).

openness towards strategic change, which is especially important in times of environmental change:

> *"In terms of the way the [BoD] team works, each member of the team needs to have both trust in the other members of the team and the Executive [Management] to be able to say what they want, to ask what they want, and to believe that they are going to be told the truth."* CEO, Organization B

Introducing and living a feedback and fairness culture does not mean that BoD members distrust each other. Instead, it helps individual members play their role as advisors and monitors in the BoD team – despite trust, or precisely because they do not have to fear a hidden agenda (integrity-based trust) or rely on their previous experience (experience-based trust) if it does not go as far as blind trust:

> *"Trust means that you can not discuss every issue down to the last detail. We cannot go through every plan to the last room and ask for every door: 'Is it important that it opens outwards or inwards?' etc. This requires trust in the competence of the people involved, so that we know it will work. I think the mix of trust and in between a monitoring question on a subject, [...] gives the basis, how we can work together. So, trust should not become blind trust, but at the same time you should not question in every little detail (as BoD)."* Chairperson, Organization C

### 5.4.3 Concluding Remarks for BoD Team and BoD-EM Interface

To conclude, implementing and living a feedback and fairness culture and exchanging information openly and regularly in the BoD team and at the BoD-EM interface is crucial for BoD teams and their strategizing. Also, via a BoD platform and a BoD secretary, information can be exchanged more efficient and effective. I follow Carter and Lorsch (2003), who noted that the "the board and the CEO must work together as partners" (p. 10). I find that offering single BoD members a platform to express their concerns and generally being open as BoD team to new thoughts is vital for strategy interactions' effectiveness. Thus, nurturing information exchange and cultivating a culture of feedback and fairness creates fewer social biases, a balanced level of trust, fewer blind spots, and higher levels of openness for strategic change. In times of environmental change with rising regulation and information processing demand, these factors can positively impact the effectiveness of the strategy process.

Based on these findings mentioned above, I developed a checklist for the BoD team and BoD-EM team interface to positively impact the strategy process's effectiveness in times

of increasing regulation and information. I created a common checklist for BoD structure, BoD team, and BoD-EM team characteristics. The reader finds this combined checklist in Figure 34.

**Figure 34:**
**Checklist for the BoD Structure and the BoD Team**

***Checklist for the BoD structure and the BoD team***
***in times of increasing regulation and information processing demand***

- ❑ Clearly *define* ***roles and responsibilities*** for every strategizing actor, thus, for every BoD member.
- ❑ Have a ***medium-sized BoD team*** (3, 5, or 7 members) to enable the BoD team to discuss critically, diversely and efficiently, but have enough experience in the BoD team to strategically contribute. The size is also depending on the size of the organization and the role of the BoD in strategizing. However, make sure that you do not have a too small or too big BoD team.
- ❑ ***Involve*** the entire BoD team through ***regular and open communication*** and through opening ***agenda-setting*** to benefit from every BoD member's experience.
- ❑ Perform ***regular feedbacks*** where you monitor and refine the roles and responsibilities of the entire BoD team and individual BoD members. This might be done in one-on-one sessions with the Chairperson and individual members or more formally via dedicated feedback forms.
- ❑ Introduce and live by a ***fairness culture***, where mistakes can and should happen while leaders should work together to solve these issues.
- ❑ Envision a ***balanced level of trust*** so that the BoD team can make strategic decisions effectively, but does not build blind trust or distrust, which can both lead to social biases and ineffectiveness.
- ❑ Use a ***BoD platform*** and ***BoD secretary*** to collect, process, and make information useful in BoD-appropriate manner. This enables to reduce the information load on BoD level and allow the BoD team to handle high volumes of information more efficiently and effectively.

*This figure shall serve as a checklist for the BoD structure and the BoD team in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

## 5.5 Strategy Interactions

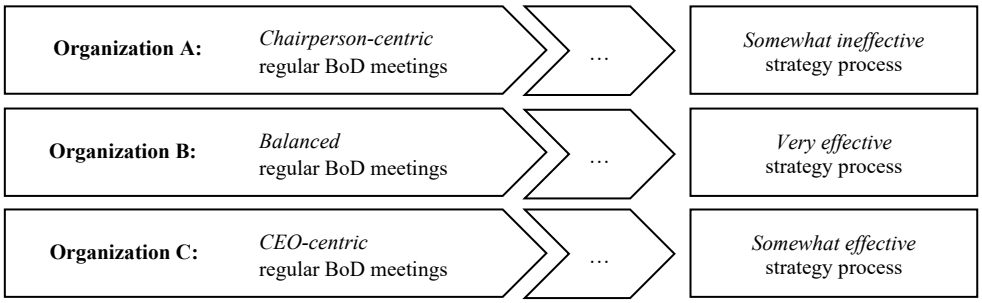
### 5.5.1 Regular BoD meetings

Regular BoD meetings are the central platform for the BoD team to perform its main tasks and make effective decisions (Bezemer et al., 2014; Haynes & Hillman, 2010; Pugliese et al., 2015). In times of environmental change, these meetings were found to be important for the BoD to stay informed about the operations (Masulis et al., 2012), to be supportive in managing complexity and uncertainty (Chen & Hambrick, 2012), and to align with EM's decision-making (Adams & Ferreira, 2009).

Therefore, in this dissertation, I aimed to explore these important platforms for BoD's strategizing, including the meeting's preparation, conduct, and termination phase. I wanted to investigate how BoD teams perform their strategic role in BoD meetings when coping with environmental change triggered by increasing regulation and rising information processing demand. Gaining such insights is rare, and the matter very hard to access due to the high confidentiality levels of BoD teams and strategizing. Very interestingly, I discovered new insights into how BoDs prepare, conduct, and terminate these regular BoD meetings, which I discuss in the following.

I found that in regards of regular BoD meetings, Organization A had Chairperson-centric, Organization B balanced and Organization C CEO-centric regular BoD meetings (see Figure 35).

**Figure 35:**
**Overview: Regular BoD Meetings**




*This figure displays the different operationalizations for the types of regular BoD meetings in the three observed organizations and their ultimate effect on the effectiveness of the strategy process. Organization A had Chairperson-centric, Organization B balanced, and Organization C CEO-centric regular BoD meetings. Source: Own illustration.*

In the following, I discuss these three types of regular BoD meetings and how they impacted BoD team characteristics, the BoD-EM interface, single strategy interactions, BoD task performance, ultimately leading to different levels of strategy process's effectiveness. The discussion follows the three phases of preparing, conducting, and terminating regular BoD meetings.

#### *5.5.1.2* ***Preparing BoD Meetings***

In this dissertation, I find that developing and distributing a proper *briefing document* is recommendable. Thereby, I support Dubs (2019) in that the preparation phase of a formal strategy interaction can be crucial for its effectiveness. For example, in Organization B, the preparation documents were highlighted as contributing and facilitating a lively debate and enabling the BoD to perform its tasks:

> *"I must admit, the BoD is well prepared and informed. [...] I think, especially through the Chairperson, the BoD performs an important supervisory function [...] that also applies to strategy. Although I rarely hear the explicit sentence 'How does that fit in with our strategy?', implicitly, [...] the question of strategy is always present [in our BoD]."* EM member, Organization B

Further, the *preparation of individual BoD members* appears to be very important for the entire BoD team's effectiveness, the performance of BoD tasks, and the overall effectiveness of regular BoD meetings. An effective Chairperson-CEO relationship, a BoD platform, and the BoD secretary might promptly distribute the BoD pack to allow the BoD members enough time to prepare. Dubs (2019) suggested sharing preparatory documents at least ten days before the meeting so that the BoD members have enough time to deep-dive and focus their attention on the most pressing issues from their perspective.

A lack of preparatory documents or unprepared BoD members might negatively affect the meeting's flow and even result in negative BoD team dynamics or conflicts with the EM team, as described by the CEO of Organization A:

> *"I see that two or three colleagues are not really interested (and involved) in the meeting. They are simply very passive. I watch them on their iPads as they flip through the documentation [...] and probably discover the topics in those moments. Maybe [I discover this] because there are no critical questions about the strategic issues. This shows me that they probably haven not read (the preparation documentation)."* CEO, Organization A

Therefore, I am in line with Shekshnia (2018), who found that BoD members need to be included and activated in the preparation phase to stimulate engagement, involvement, and motivation for the BoD meeting and its discussions.

Further, Organization C is a perfect example of how rising regulation and information processing demand may lead to many agenda items and an overload of information per regular BoD meeting. Therefore, it would have been interesting to observe how *more regular BoD meetings* impact the effectiveness of Organization C's strategy process. The advantages of conducting regular BoD meetings at Organization C more frequently are four-fold. First, the BoD would have had the possibility to discuss various strategic issues in more detail. Second, BoD members would have been better informed and less overloaded with information in each regular BoD meeting. Third, BoD members would have been more involved, leading to fewer blind spots and positive routines in conducting such interactions. Fourth, the discussion quality would have been enhanced and offered more depth in advising and monitoring while also allowing for more focus on strategic issues. The desires of the CEO confirm this:

> *"[The BoD members should] look a little more critically, work a little more into the dossier, think and have an opinion and also ask questions. To be honest, it goes, in part, almost a little too easily. Especially when it comes to responsibility, it is sometimes a bit, 'yes, that is okay, wave it through, you will have it under control.'"* CEO, Organization C

The CEO also summed up the potential for more regular future BoD meetings to reduce agenda items per regular BoD meeting, decrease overload of BoD members, and nurture an even more effective strategy process in the future:

> *"We need more [and more regular BoD] meetings. There is so much going on, and the [BoD] has no idea about it. And then we have one meeting, two and a half hours. I already know that I will be on half the agenda, and the rest will stay for four months. I cannot get the [strategic] issues off the table. That also*

> *blocks the pace of change, of course. [The EM] is much faster than the [BoD]. […] I would like to have one [BoD meeting] at least every two months [..., so] six to eight [a year]. The issue is simple, there is so much information coming in, the meetings become so overloaded, and the meetings become so long and so intense for the members that the members have no chance. It is too much. I wish that there were more meetings to talk issues through a bit more seriously. […] So, we need more meetings or a committee […] for more detailed [discussions and] issues."* CEO, Organization C

In terms of *agenda-setting*, the BoD team, and specifically the Chairperson of Organization A and C could have done a better job in selecting only relevant and strategic issues to be discussed on the BoD level: "The BoD had a slight tendency towards, 'sparing' the wishes and hopes of [our organization]. And by 'sparing' I mean continuing [agenda items] and never having the courage to say that it is not possible" (BoD member, Organization A). With the constant increase in regulation and information processing demand, the number of agenda items continuously increased at Organization A while the same in an even extremer way was observable at Organization C. A BoD member of Organization described that conducting more regular BoD meetings with fewer agenda items would create a better meeting flow and allow enough time for discussions. This, in turn, would positively impact the effectiveness of these regular BoD meetings:

> *"[Regular BoD] meetings were quite often almost overloaded. Sometimes we did not really have the time to discuss in the required depth. Some of them were perhaps not always very satisfying. [… Increasing the frequency and reducing agenda items] would have had a positive effect on the effectiveness [of the interaction] for sure. One would also be more satisfied with the outcome. There would not be the feeling, 'uff, issues should have been discussed better, but there was no time.'"* BoD member, Organization C

By focusing on the most relevant strategic issues in each BoD meeting, BoD members' satisficing at Organization A and C might have been reduced. This reduction of agenda items would give the remaining items more time, depth, and focus in the discussion – one of the main issues being criticized today by BoD and EM members themselves. Thereby, both organizations could have also reduced interaction-related blind spots, resulting in more effective regular BoD meetings.

In Organization B, agenda-setting was mainly done by the Chairperson and CEO, but other BoD members could influence these meetings' agenda. Especially the Chairperson had a "meticulous look (… and) was very accurate. He is on top of the agenda." (BoD

secretary, Organization B). Nearly all BoD member stated that they actively participated in preparing regular BoD meetings:

> *"I think there used to be more discussion of details in the full BoD in [regular] BoD meetings. Today, it is about focusing [already with the agenda]. We have defined the issues, i.e., in an annual cycle, when which issues will be discussed. The Chairperson is very much in charge of this. This gives us better control over the course and issues of the meetings. […] We filter [the agenda items before the interactions as BoD team and only bring] aspects into the entire board of directors, which are worth to be discussed there."* BoD member, Organization B

This resulted in good preparation of BoD members, higher involvement, more depth of discussions and more effective strategy interactions. This even resulted in social pressure to come prepared and get involved to keep their social status in the BoD team:

> *"I have no doubt that they feel pressure to come prepared. Maybe I am syndical, but […] it is for their own reputation that they do not want to be seen as out of sync and not knowing what they are talking about. So, I think it is also to avoid the shame of not mastering their topics."* BoD secretary, Organization B

Although, the Chairperson of Organization B described a cultural change towards agenda-setting, and specifically mentioned that this lack of focus on strategic issues being discussed on the BoD level disrupted entire meetings, led to a decrease in effectiveness of the BoD and resulted in conflicts between the BoD and EM team:

> *"We try to concentrate more on the essentials for a BoD. I followed a discussion back then on whether or not to outsource the replacement of toilet paper rolls. This kept the BoD busy for at least three meetings. […] What bothered me the most, in those early days [and before our recent strategy process], was this permanent ability of the management, I must clearly say of the management, to bring any issue that came up somewhere to the board of directors and at the very least to have an affirmative note in the minutes of a BoD meeting." Chairperson, Organization B*

#### *5.5.1.3* ***Conducting BoD Meetings***

I find that *open, controversial, and focused discussions* during regular BoD meetings and other strategy interactions can reduce blind spots while increasing strategy interaction's effectiveness and openness for strategic change. Such discussions were rated as being very influential for the effectiveness of the strategy process in Organization B. This type of discussions led to the BoD team performing its advising and monitoring

tasks very effectively. Further, it resulted in fewer blind spots through developing diverse viewpoints. Also, very interestingly, votes were not unanimous:

> *"It is really how the individuals act, their votes, their way of acting on the board of directors, but also the discussions. I have the courage to say that I do not agree with them. [...] That something like this is allowed by the climate at all and that you don't get the impression that you are becoming an outsider."* BoD member, Organization B

Contrary, BoD members at Organization A reported that votes were always unanimous. This was due to decisions being already well prepared or even taken outside of regular BoD meetings in the Chairperson-CEO relationship, BoD committees or the informal subgroup of the BoD team:

> *"The strategy was developed bilaterally in a small group. […] In the subsequent interactions of the BoD, we did not discuss the content of the strategy extensively, because we thought this is acceptable for us. […] It was rather important that the Chairperson had all the information needed and knew what he had to react to and who to talk to."* BoD member, Organization A

Thereby, I support the notion of Malenko (2014) to avoid dissension, BoD members and the Chairperson conduct preliminary talks before voting occurs.[118] This resulted in somewhat many blind spots in the strategy process:

> *"Since almost without exception the votes were always unanimous, I have the feeling that on the one hand the BoD was convinced by the arguments of the Chairperson or the preparatory committees and on the other hand was perhaps not sufficiently well informed in some areas to say that they could try something else."* BoD member, Organization A

Thus, I disagree with Leblanc and Gillies (2005) and Warther (1998), who pointed out that BoD teams always vote unanimously because they "refuse to rock the boat" (Patton & Baker, 1987). Instead, an EM team member of Organization A pointed out the following: "It seems to me as if one already knows the answer to the problems before the problems have been presented. The danger is that you are making decisions with old data, with old knowledge and not necessarily with the current situation." Therefore, I rather support the notion of Pick and Merchant (2010) and Haug (2019), emphasizing that effective discussions will lead to *unanimous voting* since diverse viewpoints surface and dissension is possible. This might also have to do with the previously mentioned feedback and fairness culture, allowing such view to surface.

[118] See also section 5.5.1 of this Chapter on these preliminary, informal interactions of Organization A.

Additionally, selecting the *participants for regular BoD meetings* seems crucial for its effectiveness. In Organization B, the previously described positive attitude towards regular BoD meetings and the corresponding discussions did not always exist. After a conflict with the former CEO, the Chairperson of Organization B changed how they conducted regular BoD meetings.[119] From that point in time, not the whole EM team was present but only those EM members in charge of the specific issues discussed. This was different at Organization A, where the Chairperson explicitly wanted every EM member to join. At times, in Organization A, this resulted in operative discussions derailing the BoD team from performing their strategizing tasks. In contrast, the participation of only selected EM members at Organization B was explicitly mentioned by the Chairperson:

> *"I also think what bothered me the most, in those early days [and before the most recent strategy process], was this permanent ability of the EM [...] to bring every issue that came up somewhere into the BoD and at the very least to have a consenting note in the minutes. [...] And issues also came up again and again in the BoD. [...] Then I exposed [our former CEO] a little bit, and said, 'now summarize in your words at BoD level what was presented to us.' That was a bit embarrassing and was a good lesson. [... From then on, we changed how we conducted these BoD meetings] to [EM] not being present at these meetings, but [...] only the responsible member of the team [for a certain issue]. This has led to the fact that the topics suddenly became much more suitable for the BoD. [...] I think that was an important milestone in this whole [strategy] process."*
> Chairperson, Organization B

This approach led to more BoD-conform, strategic, open, controversial, but focused discussions in Organization B's regular BoD meetings. This resulted in effective strategy interactions and fewer blind spots in the strategy process.

Further, the *Chairperson as moderator* plays an important role in the regular BoD meeting since this person can enforce (Barnes, 2007; Seidl & Guérard, 2015) and structure deep and open decision-making process (Angouri & Marra, 2010). Suppose the meeting is dominated by a single member, such as the CEO or Chairperson, only the viewpoints and opinions of this person matter (Cannella & Holcomb, 2005). This leads to blind spots and less openness to strategic change. This type of leadership might also create personal conflicts and disagreements[120]. Thus, I find that other BoD members raising questions, interrupting someone speaking too long or too dominantly, and managing or moderating conflicts themselves is important to increase effectiveness of strategy interactions. The

[119] Find more details on this conflict in Chapter Three (section 5.1.2.2).

[120] See section 5.1.1.2 of this Chapter for a description of the conflict at Organization A's strategy workshop.

moderation of the Chairperson of Organization B also created a *natural flow* in regular BoD meetings. This led to the discussions being perceived as very smooth: "Most of the time, the Chairperson was time-minded, meaning that he would make sure that we would be able to cover the agenda that was on the table." (EM member Organization B). This approach towards debate in regular BoD meetings while also keeping focus on strategic issues resulted in constant advising and monitoring on a strategic level since the BoD performed their tasks, also in terms of adapting to the new environment:

> *"Then, [in regular BoD meetings,] we also take corrective action if we see that things are going in the wrong direction or that the strategy may have to be adapted to the new environment. But we are actually always on top of the [strategy throughout the year]."* BoD member, Organization B

This *continuity of strategizing* enabled the BoD of Organization B to monitor strategy development throughout the year, resulting in a very effective strategy process. The BoD secretary even described these open, controversial, and focused discussions during strategy interactions as "textbook examples of cooperation [between the BoD and EM]."

Interestingly, the Chairperson of Organization C was keen to conduct significant discussions centrally as a team in regular BoD meetings: "[Our regular BoD meetings] are somewhat concerned with coordination, decision-making, and political as well as cognitive but only partially. Social activities run parallel to this, but not as part of the content [discussions]. And we do not do symbolic meetings" (Chairperson Organization C).

However, this high *openness and centrality* of the strategy process also come with disadvantages. The scientific literature refers to it as dilemmas of open strategy processes (Hautz et al., 2017). Such participatory meetings allow teams to access the actors diverse characteristics, such as specific industry experience or technical expertise (Haug, 2019; Rogelberg, 2019). However, participation also entails a loss of flexibility and monitoring over the strategic decision-making process. For example, an organization's BoD team can quickly lose control of discussions if issues are discussed in detail that are important for individual members or subgroups but strategically irrelevant.

Interestingly, at Organization C, this very high openness and controversy in discussions led to very diverse viewpoints and a very inclusive culture, but also to lengthy discussions for nearly every agenda item, debates on operative details, regular meeting time being exceeded, and sometimes even to additional meetings for the discussion of the remaining agenda items. These lengthy discussions were previously found to be one of the primary upsets of BoD's strategizing by Lombriser (2018). Mainly BoD members' awareness of the time pressure played a significant role in hampering the discussion's inclusiveness and depth as well as the perceived satisfaction with strategy interactions:

"I have long been an advocate of more meetings with fewer items on the agenda. […Our] meetings are packed with agenda items. […] It is extremely demanding that the people are really involved" (Chairperson Organization C). As previously described, agenda-setting and the frequency of regular BoD meetings at Organization C could have enhanced its effectiveness.[121] The combination of infrequent BoD meetings, an overload of agenda items, and very controversial debates at Organization C deteriorated the BoD team' recognition as a contributor to strategizing and confidence in BoD's decision-making. This resulted in very blind spots and, thus, reducing the effectiveness of the strategy interaction. Thereby, I add to previous research of Tuggle et al. (2010), Pugliese et al. (2015), and Ocasio (1997), emphasizing that a sharp focusing on the main strategic issues is critical for the effectiveness of the BoD team.

At Organization A, due to the in-depth knowledge of some BoD members in aviation, discussions sometimes circled around somewhat *operative issues*: "Our BoD still has a relatively large say in operational business [at these BoD meetings ...] or even participates itself to some extent" (BoD member Organization A). Based on Pugliese et al. (2015), this drifting off to operational issues might hinder BoDs to perform their task in advising and monitoring the EM team strategically and introducing strategic change. Adding to this, I display that this might even create an imbalance between the BoD and EM team, which might eventuate in less confidence in BoD's decision-making:

> *"The big problem is that some of the issues are only looked at briefly [at BoD meetings] and are only snapshots. […] The effects of [their] inputs are not considered. That is a big problem. A BoD [member) brings in a point, and then the effects of this decision are not thought through."* Management member, Organization A

The confidence in the strategic decision-making of Organization A's BoD further deteriorated by a lack of necessary *depth and controversy* in some discussions in combination with the aforementioned unanimous voting:

> *"Sometimes the BoD meetings are not deep enough [in terms of discussion]. Sometimes [decisions] happen very quickly. If the BoD members do not deal with [the issues] in detail, they cannot draw the necessary conclusions and insights. When everything is going reasonably well, it is less of a problem than when there are difficult problems."* BoD member, Organization A

This lack of depth and controversy in discussions might also lead to what was previously described as a lack of openness for strategic change through creating 'dead' routines

[121] Find Chapter Three (section 5.5.1.2) for a discussion of agenda-setting and frequency of regular BoD meetings.

(Concannon & Nordberg, 2018; Pentland & Feldman, 2008), a "lack of attention to important stimuli" (Bacon-Gerasymenko & Eggers, 2019a, p. 1661), organizational inertia (Hoppmann et al., 2019), and failure to react to environmental change.

#### *5.5.1.4* ***Terminating BoD Meetings***

All organizations terminated regular BoD meetings rapidly with a transparent and extensive *protocol*. Thereby, the BoD team quickly used the results and decisions and transformed them into practical activities.

At Organization A and B, the BoD secretary was responsible for keeping and sharing a *list of pending issues*, including individual strategy actors' roles and responsibilities. This list was distributed in the appendices of the meetings. However, at Organization B, the list was also always available on their virtual BoD platform. Thereby, the BoD team was always able to see all relevant pending issues, partly conducted bilateral informal interactions for discussing these issues while results were always put on the agenda of the next regular BoD meeting:

> *"I keep the list of pending issues. There is a meticulous look, 'where is the pending issue? Is it on the agenda? Why is it not on the agenda?' 'Yes, because we are not ready yet.' 'Yeah, does not count.'"* BoD secretary, Organization B

At all observed organizations, the protocol and the list of pending issues enabled the BoD team to get involved and contribute to strategizing right after the regular BoD meeting.[122] This supports the view of Müller (2015b) that the protocol is a significant task for BoD's effectiveness, and its importance "must not be underestimated" (p. 16). Protocols play a role in civil and criminal liability processes and allow monitoring or enforcement of decisions taken (Müller, 2015b). As such, they impact the processes of the BoD and contribute to a positive strategizing climate and culture on the BoD team. This can result in more detailed and controversial discussions. Further, it increases openness for strategic alternatives and viewpoints while reducing blind spots in the entire strategy process.

#### *5.5.1.5* ***Excursion: Alignment with Other Strategy Interactions Through Yearly Calendar***

More generally, regular BoD meetings should also be aligned with other strategy interactions[123]. One BoD member of Organization B highlighted this fit and a holistic strategy process perspective to be crucial for the success of single strategy interactions:

[122] For a more detailed discussion of protocol management, I suggest to have a look at Müller (2015b).

[123] For an extensive list of other strategy interactions, refer to the landscape of BoD's strategy interactions of this dissertation. Also, in 'Appendix E3a,' the reader finds a list of strategy interactions with exemplary statements of respondents.

> *"[The strategy process] actually works quite well for us. We see each other regularly enough so that we can [monitoring and guide in the strategy process]. The regular [BoD meetings] plus the workshop. That is actually a good fit."* BoD member, Organization B

The CEO of Organization B even said that single strategy interactions need to fit perfectly together, whereas he saw the strategy workshops as crucial for the entire process:

> *"If you hold that workshop too late in the [strategy) process, actually the BoD doesn't have that much chance to actually input anyway. […] So, basing a lot of the conversation […] on assumptions, working hypotheses and principles allows every member of the BoD to have an opinion." CEO Organization B*

A detailed *yearly calendar* might serve as the overall plan for the BoD's strategizing, as suggested by Müller and Horber (2018). This helps to align strategy interactions, enables a more holistic view on the strategy process, serves as a leadership document for the BoD team, improves BoD's monitoring and advising task, and enables the BoD team to contribute throughout the year and not only at dedicated strategic episodes.

#### *5.5.1.6* ***Concluding Remarks for Regular BoD Meetings***

I find that an effective strategy process is dependent on the proper preparation, conduct, and termination of regular BoD meetings.

First, regular BoD meetings must be adequately prepared. The Chairperson and CEO should exert a balanced power and dominance in the *preparation* and *agenda-setting* of the meeting. They should empower other BoD members to contribute to agenda-setting and preparation. Further, it seems crucial that specific strategic issues can also be addressed in regular BoD meetings. In line with previous studies, such as Golden & Zajac (2001), I recommend BoD members to devote greater attention and time to strategic issues in regular BoD meetings. Thereby, BoD members will get more familiar with strategizing and strategic change, and hence, more open to nurture such change. This can be done via proactively demanding individual BoD members to prepare, or simply via allowing BoD-appropriate and strategic issues to be discussed in regular BoD meetings.

Moreover, to allow for efficient and effective discussions of strategic issues, the *participants* of regular BoD meetings should be selected carefully (i.e., especially regarding the EM team). It is advisable to reflect if every participant of a BoD meeting is needed to contribute. It might be good to not include the entire EM team in every BoD meeting but only selected members to allow more focused and strategic discussions.

Also, the *meeting documents* should be carefully prepared and distributed in advance to enable the BoD to participate more effectively, raise better questions, and perform their

tasks more effectively. This should be done as soon as possible to allow BoD members to prepare, which is crucial in times of increasing information and rising regulation.

In addition, I find new and exciting insights for *conducting* regular BoD meetings. I emphasize that neither the Chairperson nor CEO should entirely *dominate the discussion*. Every BoD member should be allowed to speak up and raise their concerns and viewpoints. This requires the meetings to be structured, and moderated well by the Chairperson. Also, this allows a focus and more detailed and controversial discussions on strategic issues. This is very important in times of rising information processing demand. On the other side, consensus can be built quicker and strategic decisions made more effectively, resulting in higher recognition of the BoD as strategizing contributor and higher confidence in BoD's decision-making. This, again, leads to fewer blind spots and more openness for strategic change, resulting in a more effective strategy process.

Also, participants from Organization C reported that regular BoD meetings felt like an arena to share information and thoughts, thereby facilitating consensus-building and decision-making. In Organization A, BoD members perceived regular BoD meetings as "getting everyone on the same page" and being "coordinative, symbolic, and social" rather than discussing strategic issues in detail and controversially. Whereas an open discussion culture is valuable, Organization C's case showed that this requires a limited number of agenda items per meeting, frequent meetings and a balanced level of openness and controversy in discussions. Otherwise, BoD meetings will get overloaded with information. Especially in times of high information processing demand, keeping focus will positively influence the strategy interaction's and strategy process's effectiveness.

Last, the *termination* phase can also contribute to an effective strategy process. First, a well-managed list of pending issues helps BoD members to focus. Second, the protocol should be quickly distributed to all BoD members. This helps to keep all BoD members engaged and informed between regular BoD meetings. The BoD secretary should track the implementation of BoD decisions and keep the list of pending issues.[124]

In Figure 36, the reader finds a checklist on the most important aspects of regular BoD meetings in times of increasing regulation and information processing demand.

[124] Find a more nuanced discussion of the BoD secretary in Chapter Three (section 5.4.1.6).

**Figure 36:**
**Checklist for Regular BoD Meetings**

***Checklist for a regular BoD meeting***
***in times of increasing regulation and information processing demand***

***Preparation***

- ❑ Develop a ***yearly meeting calendar*** where you plan every regular BoD meeting in detail. Make this calendar available to everyone involved.
- ❑ Find a ***balance of openness and structure in regular BoD meetings*** to make this form of interaction an important strategy interaction of the BoD team.
- ❑ Let ***everyone participate*** in agenda-setting, discussion and termination of the regular BoD meeting. If needed, individual BoD members might also prepare a dedicated presentation on specific strategic issues of high relevance for the BoD team.
- ❑ Prepare a proper and not too long ***briefing document***. Preferably, create an Executive Summary with the most important information and decisions to be taken and another document where the BoD might find every detail being discussed. Make sure that every agenda item's details and every appendix is part of this larger BoD pack and offer the BoD members enough time to prepare (preferably at least 10 days before the meeting).
- ❑ Make sure that ***strategy is on the agenda at every regular BoD meeting***. Reserve a dedicated slot for it while distinguishing it from more routine and information agenda items.
- ❑ Think of having a ***Privattisimus*** in every regular BoD meeting, where EM members and the CEO are dismissed to, e.g., discuss their performance.
- ❑ Reflect if every ***participant of the regular BoD meetings*** is mandatory and needed for an effective discussion. Sometimes less participants are more in terms of effectiveness and flow of the regular BoD meeting. Ask yourself if every EM member should be part of regular BoD meetings or if only the ones contributing to discussions matter. Answering this question allows you to have a more BoD-conform, thus, focused and strategic discussion.
- ❑ ***Prepare*** every regular BoD meeting. Be aware that in times of increasing regulation and information processing demand, this might be more ***time-intense*** and content ***more complex***.
- ❑ ***Do not make decisions prior to regular BoD meetings*** or decentralize the decision-making process. Bilateral interactions are possible and needed but do not politicize outside of regular BoD meetings or even make decisions bilaterally. This will disrupt your regular BoD meeting.

***Conduct***

- ❑ Reserve ***enough time for discussions of every agenda item***. If this is not possible, think of reducing the list of agenda items by focusing on the most pressing issues or invite BoD members for another, extraordinary BoD meeting where you discuss the remaining agenda items. However, do not overdo these extraordinary meetings.
- ❑ Enable the regular BoD meeting to ***flow naturally***. This is perceived if every agenda item is introduced and terminated properly by the Chairperson while everyone should be able to contribute. Be assured that this smoothness will be positively perceived by the participants.
- ❑ Make sure to have an ***open*** but ***focused***, and ***controversial*** but ***efficient discussion***. Be aware that BoD members do not have a lot of time and BoD meetings' time is flying.
- ❑ Do not hold ***too long and too packed*** regular BoD meetings. This might negatively affect your BoD team dynamics and the satisfaction with regular BoD meetings.

***Termination***

- ❑ ***Write and distribute a detailed protocol***. For different types of protocols, find Müller (2015b). Do not delay the distribution of it. At least, make sure that everyone knows what has been discussed, decided, and what's next in terms of roles and responsibilities with a list of pending issues.
- ❑ Make sure that you ***collect feedback on regular BoD meetings*** to improve the effectiveness of them continuously. Preferably, this is institutionalized with a short survey after every regular BoD meeting or annually for all regular BoD meetings. Collect this feedback at least in your annual or bi-annual one-on-ones between the Chairperson and the CEO.

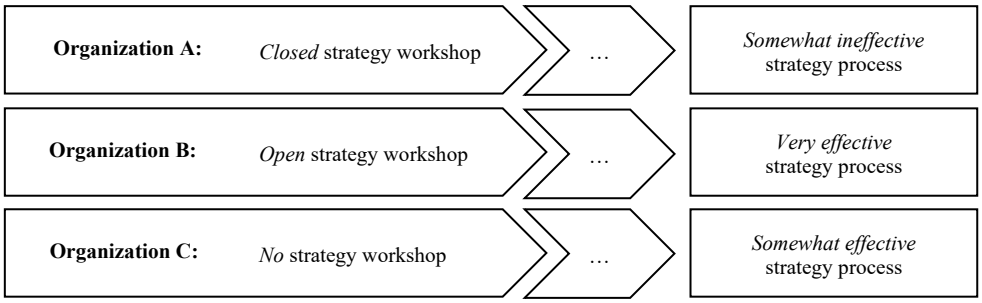
*This figure shall serve as a checklist for regular BoD meetings in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

### 5.5.3 Strategy Workshops

Besides regular BoD meetings, my literature review and data analysis show that strategy workshops are an important part of the strategy process. They are an opportunity to jointly work on the organization's strategy while often deliberately stepping away from the organization's daily routines and structures (Hendry & Seidl, 2003; Hodgkinson et al., 2006). These strategy workshops are used to dissociate from the more formal structures of regular BoD meetings (Concannon & Nordberg, 2018). They also offer more creativity and liminality than other forms of strategy interactions (Johnson et al., 2010).

Through analyzing the three observed organizations, I was able to contribute to this scholarly discussion. The three organizations differed significantly in their use of strategy workshops: Organization A had somewhat closed strategy workshops, Organization B very open strategy workshops, whereas Organization C did not conduct a strategy workshop in the strategy process (see Figure 37).

**Figure 37:**
**Overview: Strategy Workshops**




*This figure displays the different operationalizations for the type of strategy workshops in the three observed organizations and their ultimate effect on the effectiveness of the strategy process. Organization A had somewhat closed strategy workshops, Organization B very open strategy workshops, whereas Organization C did not conduct a strategy workshop in the strategy process. Source: Own illustration.*

I discuss this difference in the use of strategy workshops, respectively the absence of it in Organization C, in the following sections. I specifically emphasize how strategy workshops impacted BoD team characteristics, the BoD-EM interface, single strategy interactions, and BoD task performance, ultimately leading to different strategy process levels' effectiveness.

#### *5.5.3.2 Approaching a Strategy Workshop*

At Organization B, the strategy workshop was highlighted as the critical strategy interaction and one of the key factors increasing the strategy process's effectiveness. Organization B's interviewees emphasized that the *strategy workshops* were the most creative, visionary, and open strategy encounters. The whole BoD and EM team was present to discuss controversially and openly about the strategy development. As the BoD secretary said, "most of the strategy discussions happened during the workshops." The workshops'

preparation, conduct, and termination were rated very positively. Thus, without the strategy workshops, it can only be assumed that Organization B's entire strategy process would not have been that effective.

However, the strategy workshops were mainly contributing to the strategy process's effectiveness because they were part of a *range of strategy interactions*:

> *"it is quite difficult to develop a definitive strategy in one day. This is not possible. You have to look at it critically and be able to challenge [the results of the results of the workshop regularly]. And that comes in an iterative process."* BoD member, Organization B

Thus, the strategy workshop should be embedded into a series of strategy interactions to make them effective. Within this series, the workshop should be the most creative strategic episode, promoting antistructure, and breaking with formal and well-established routines of other strategy interactions (e.g., regular BoD meetings). For example, Organization B combined them with dinners, lunches, off-site visits:

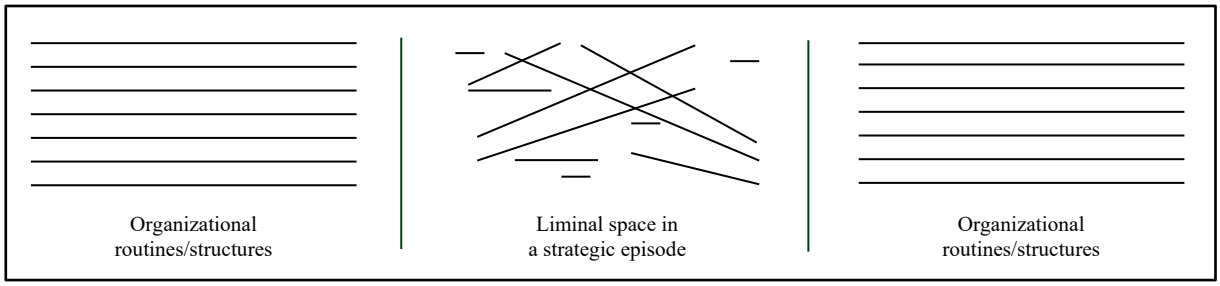
> *"[The strategy workshop] is usually combined with a visit of an airport. […] I think [these visits] are very valuable. Because first of all, it is appreciated by the organization on site. I think that if you do it the way we do it, people also dare to say directly what is going well, but also what should be changed. It is also an appreciation towards the people that you show yourself there and that you know their faces."* BoD member, Organization B

This further created an antistructure while also. Despite possible negative perceptions due to additional time investment for BoD members, this created an atmosphere of strategic change and openness for new and more disruptive viewpoints: "The [strategy] workshop is actually a free, open discussion with the most visionary approaches possible and with equal attention to reality" (BoD member, Organization B).

Moreover, the *role of the external facilitator* at the workshops of Organization B should not be underestimated. External facilitators played a crucial role in enabling the BoD to have more controversial and diverse discussions. Besides, they contributed with external knowledge and facilitated information exchange between the EM and BoD: "[On strategy workshops,] we also have external experts. For us as a BoD, it is very important to listen to external experts, to understand a little bit about what is important in our environment, not only at [our organization]" (BoD member Organization B). These external facilitators also helped dismantle power structures, allowing everyone to contribute to strategizing. Thereby, I support previous research that emphasized this important role of facilitators in strategy workshops (Czarniawska & Mazza, 2013; Johnson et al., 2010).

The disruptive and more creative format at strategy workshops requires a certain *level of 'unproductivity'* from BoD members, i.e., specific episodes that include high levels of unstructured and open discussions. Interestingly, this has been perceived very differently among BoD members. Complaining about a too formalized and agenda-driven BoD, one BoD member described these 'unproductive episodes' as 'great virtue.' Scholars agreed and noted that such episodes should create *antistructure* and *liminality* and can thereby reduce blind spots and increase openness for strategic change and disruptive ideas (Brown & Eisenhardt, 1997; Concannon & Nordberg, 2018; Seidl & Guérard, 2015). This is illustrated in Figure 38.

**Figure 38:**
**Liminal Space in Strategy Workshops**




This figure displays the liminal space of strategic episodes, possibly in the strategy process. The lines are a symbol for the structure and liminality of the different strategic episodes. This figure highlights that the strategy workshop should create antistructure and liminality to break with established routines and structures of more formalized strategy interactions, such as regular BoD meetings. Source: Own illustration; Based on Seidl (2013).

While being well suited for strategy workshops to a certain degree, an EM member of Organization B views this unproductivity as being also risky:

> *"[I would be] careful being 'unproductive' with the BoD. This 'unproductive' time [...], I do more on the bilateral level. [...] It would [also] make sense at the Strategy Day. These Strategy Days have the function to have more time to discuss certain issues, where you do not just have a request and have it approved. Perhaps one could benefit more from these days [being rather 'unproductive']."* EM member, Organization B

Thus, finding the right balance in terms of liminality on the BoD level and strategizing appears to be important for the strategy process's effectiveness. Thereby, I argue that strategy workshops should be semi-structured to offer liminality while also allow a certain degree of structure and routines (Brown & Eisenhardt, 1997; Schwarz & Balogun, 2007) not to experience what was highlighted as effectivity paradox (Seidl, 2013).

At the same time, not having this liminality and antistructure at all was highlighted to counter the effectiveness of such workshops at Organization A, as explained by the CEO:

> *"With us, a BoD strategy workshop is nothing more than a BoD meeting. Perhaps the difference is that at a BoD meeting, we have plus-minus a standard*

> *agenda. And in the [strategy] workshop, [...] there should simply be one dominant issue [to be discussed. ... In our case,] there is usually simply a presentation by the CEO. For me, this is not really a [strategy workshop].”* CEO, Organization A

One of the problems at Organization A might have also been that the workshops were somewhat concerned with *topical, more operative issues*. Simultaneously, the workshops were also somewhat broad and without focused discussions, as highlighted by a BoD member: “The scope of the discussions was always relatively broad, but very much characterized by topicality” (BoD member Organization A). Another BoD member agrees: “There were no divisions in the BoD, with fundamentally different opinions. [But,] I missed the depth of discussion, the perhaps somewhat more critical questioning. It was not just nodding off, but too little in depth” (BoD member Organization A). This led to shallow levels of BoD’s task performance in these workshops while also offering relatively low levels of openness for strategic change and somewhat a lot of blind spots in the entire strategy process.

#### *5.5.3.3* ***Preparing a Strategy Workshop***

Another problem of Organization B’s somewhat ineffective strategy workshops might have been that the content and decisions of the strategy workshop had already been discussed beforehand. This was done in one-on-one meetings between the CEO and the Chairperson as well as one-on-one meetings between the CEO and selected BoD members of the informal subgroup of Organization A: “[The decision on the strategy] was essentially fixed in these preparatory documents [of the strategy workshop]. Of course, there was also feedback, but questions that were asked could all be answered” (Chairperson, Organization A). Thereby the strategy workshops were not creating spaces of liminality and openness but rather reinforced the status quo of the strategy.

Moreover, these strategy workshops did not serve as platforms of *critical strategic debate*. Thus, the recognition of the BoD as a strategy contributor and the perception of the EM in terms of the BoD’s strategic decision-making was relatively low. The workshop was explicitly negatively perceived by the CEO, who made an effort to prepare and conduct the workshop: “[The strategy workshop] was a disruption [for the entire strategy process]. No question. Yes, these interactions are [… not more than regular] BoD meetings.” An EM member agreed, arguing with the BoD’s tenure and the overall openness towards strategic change:

> *“After the [strategy workshop], we were a bit depressed [...]. The BoD was not so euphoric [about the strategy ...] This little euphoria was due to the organization’s past. The BoD said that ‘we already had many [similar strategies] and*

> *none of them were successful.' [...] That was the conclusion [of our proposed strategy ...] The interactions with several members of the BoD as preparation [for the workshop] were good. [...] It was well-received [by the BoD in these bilateral, preparatory interactions ...] It was the [BoD members] whom we did not inform in advance who then said that the past had shown something different [than our strategy development]. And then, there was also pessimism among the other members [who were involved beforehand]. Then, [in the strategy workshop,] everything was questioned again."* EM member, Organization A

Thus, it appears crucial to prepare the strategy workshop properly and *brief the individual BoD members*. Meanwhile, it seems important to involve all BoD members in informal strategy interactions, also beforehand.

Similarly, the CEO of Organization B also made an effort to prepare BoD members, but in a slightly different way. He prepared an *Executive Summary* of the most important discussions he expected to take in the upcoming strategy workshop. Also, he offered a very detailed document where BoD members were able to *deep-dive* into the strategic issues being discussed in the subsequent regular BoD meetings. Also, the Chairperson and CEO raised some *very open questions* in these preparatory documents where they wanted input from all BoD members in a more creative and discursive way:

> *"[We had to] set up the conversation [for the workshop, define] the amount of information that [we] put out beforehand without swamping [the BoD] and creating the opportunity for a proper full discussion. […] What we did was […] to give the BoD sufficient information in 30 or 40 pages so they can have all of the conversations and give them some background reading. On top of that, maybe another up to 100 pages if they wish to go delve deeper and further. But, if we are not capable of explaining the topic to the BoD in a small number of pages, we probably have not understood the problem ourselves."* CEO, Organization B

Thereby, the CEO and Chairperson were able to involve and activate every BoD member. They were able to create what Johnson et al. (2010) called *communitas* – the lead practitioner helped build antistructure and signaled the suspension of powerful structural roles. Thereby, they even created enthusiasm for these strategy workshops:

> *"Then really before this 2018 strategy [workshop], we received some material in advance and were asked to think about [the strategy] ourselves and give our input at the meeting. [...] They said we are now getting more out of this BoD by activating them. I found that very good. All [BoD members] gave their input, and we are different personalities, [so, of course,] everyone raised different*

> *issues [...]. So, I said to myself, this is not yet a ready-made presentation that I passively consume, but an invitation to think about [the strategy] myself."* BoD member, Organization B

These documents allowed the BoD team to perform their advice and monitoring tasks on a very high level while also stimulating critical debate about major strategic issues. This was not done merely Pro-forma, as mentioned by the CEO of Organization B: "[The good preparation of documents] allowed [the BoD] to have a better conversation because they didn't feel themselves so vulnerable to the excess of data that had previously been in front of them." Instead, as explained by a BoD member of Organization B, main strategic issues were discussed: "I remember we challenged the statements [of the EM team] in a few areas. […] There were just a few things where we said maybe it is not enough or too far. [...] But [we discussed] the content in detail" (BoD member, Organization B). This led to a somewhat more open atmosphere towards strategic change and fewer blind spots in the entire strategy process. Besides, BoD members were motivated for strategizing and more involved in the strategy process. This, in turn, improved the perception of the BoD as a strategy contributor and increased the confidence of the EM team in the BoD's strategic decision-making process.

#### *5.5.3.4* ***Conducting a Strategy Process Without a Strategy Workshop***

Interestingly, Organization C did not conduct any strategy workshops. However, BoD members highlighted that this form of strategy interaction might have enhanced the overall performance of the BoD team and the effectiveness of the strategy process:

> *"I do believe that with [a BoD], you also have to take the time and space to optimize certain developments. Let us assume that we really did have a two-day strategy day and spent a day looking at some other infrastructure and then stayed overnight, then such [strategic] issues [and the relevant discussions on them] would have emerged automatically. […] Maybe it would also have been good if we had taken the time to evaluate one or two days of best practice or worst-case examples. […]. It would not have been a big effort."* BoD member, Organization C

Strategy workshops allow more time for *controversial and open discussions on strategic issues* (Johnson et al., 2010; MacIntosh et al., 2010). This might have enhanced Organization C's entire strategy process in offering a platform for liminality in these workshops instead of in regular BoD meetings. A controversial and open strategy workshop might have prevented the regular BoD meetings from being overloaded with agenda items for discussion. Thereby, through conducting such open and controversial strategy workshops, Organization C might have reduced blind spots. However, involving the

BoD team more and enabling them to perform their advising and monitoring tasks requires the BoD team to have the necessary *composition and experience* to do so. This is also an important prerequisite for the strategy workshop, as outlined by a BoD member:

> *"[A strategy day] would make sense [for us,] but would require that the relevant experts are present to deal with these various issues or that they were consulted. Otherwise, not much would come out of such [strategy days] because the knowledge and experience are missing."* BoD member, Organization C

External facilitators might enable a more fluid, controversial, and open discussion, while antistructure and liminality might allow for more openness for strategic change. However, if the BoD team does not have the necessary experience to play a significant role in these workshops, these encounters might be less effective, or even harm the strategy process's effectiveness.

#### *5.5.3.5* ***Concluding Remarks for Strategy Workshops***

In this dissertation, I show that liminality and unproductivity can be valuable complements to a creative and cognitive strategic episode such as the strategy workshop. This freedom and openness can lead to new and different opinions regarding the strategy and the strategy process. Depending on BoD characteristics, workshop structure, participants, and process, this can reduce blind spots and openness for strategic change.

As a best practice example, a slot at the beginning of a strategy workshop could discuss new approaches and technologies without connecting them necessarily to the strategy directly. Such presentations might also be done by outsiders or facilitators, which could trigger reflection and share the outside view of new and more disruptive approaches towards strategizing. However, such a high degree of openness and liminality must be handled with care since it might lead to an *effectivity paradox* (Johnson et al., 2006; MacIntosh et al., 2010). This entails working out many new options at a very high flight level without measuring their practicality and implementation possibility. Thus, such creative exercises entail the danger that elaborated options are simply not feasible.

Contrary, a poorly conducted strategy workshop can reinforce unfavorable dynamics and processes within a BoD team. For example, Organization A experienced an open conflict between subgroup and non-subgroup members and a complicated CEO-EM relationship in the investigation period. In this case, a high level of openness in the strategy workshop and, thus, a significant contribution to the overall strategy process's effectiveness could not have been expected. This example shows that a strategy workshop can even be a catalyst for *the BoD team's adverse processes*. In strategy workshops, a lack of general strategizing involvement is easily detected by other BoD or EM members, possibly causing further subgroup-building or even open conflicts.

Further, through a lack of diversity in *industry experience* and *tenure*, strategy workshops might increase blind spots and promote the status quo instead of nurturing strategic change, which is important in times of environmental change. Also, BoD outsiders' viewpoints might be ignored due to social biases or subgroup-building, or insider experience missing due to bad composition of the BoD team. Both aspects lead to less effective strategy workshops, low performance of BoD's tasks in advising and monitoring the EM team, eventuating in low recognition of the BoD team as strategy contributor and a negative impact on the effectiveness of the entire strategy process.

In Figure 39, the reader finds a checklist on strategy workshops' most important aspects in times of increasing regulation and information processing demand.

**Figure 39:**
**Checklist for Strategy Workshops**

***Checklist for strategy workshops***
***in times of increasing regulation and information processing demand***

- ❑ The strategy workshop ***starts when the last one ended***. Collect feedback and topics for the next workshop (possibly at a subsequent regular BoD meeting on the next day).
- ❑ Set a ***clear goal*** and ***pre-define the agenda and structure*** as much as possible. However, make sure to have enough ***liminal space*** and ***enough time for open, disruptive, and controversial debate***. Do not conduct the workshop as extended regular BoD meeting but as dedicated strategic episode.
- ❑ ***Every participant has to come prepared***. Therefore, offer guidance and material for the preparation phase, in the best case with an executive summary, additional materials for individual deep-dives, or even individual preparatory assignments for open questions, group discussions or input presentations.
- ❑ Use the ***informal part*** of these workshops for follow-ups or get-to-knows. This is also important to be effective as BoD team and strategic team of the entire organization.
- ❑ The ***moderator*** is key at such strategy workshops. Think of outsourcing this to professionals, e.g., consultants. The moderator needs a quick perceptive capacity, a good short-term memory, social and communicative skills and assertiveness without being arrogant or dominant.
- ❑ ***Terminate the results clearly and openly***. Therefore, clearly define roles and responsibilities for the next steps – preferably with a list of pending issues.

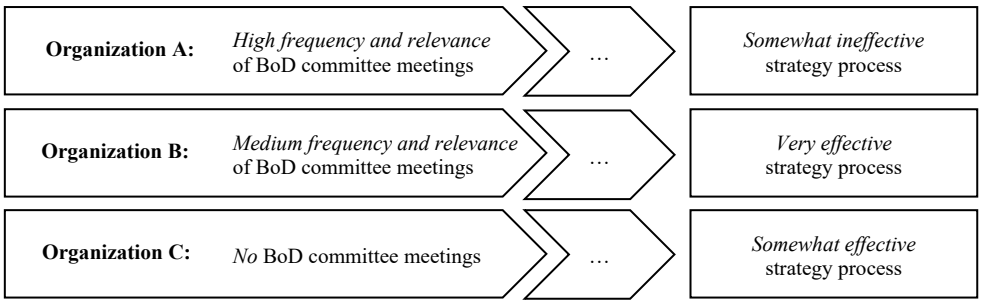
*This figure shall serve as a checklist for strategy workshops in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration..*

### 5.5.4 BoD Committee Meetings

Scholars classify BoD committee meetings as important discussion and preparation platforms for regular BoD meetings (Godos-Díez et al., 2018; Müller et al., 2014, pp. 64-68). These meetings are somewhat unscheduled in the yearly BoD calendar (Müller & Horber, 2018). Also, minutes are often taken, and content is being discussed in subsequent regular BoD meetings (Kolev et al., 2019; Velte, 2017). Rising regulation and information processing demand increase BoD duties (Kolev et al., 2019). This has impacted the relevance of BoD committee meetings in recent years (Adams, 2003; Adams et al., 2015a), possibly due to their ability to reduce conflicts, information asymmetries, and create cooperation on BoD level (Velte, 2017; Velte & Stiglbauer, 2011).

In analyzing the three observed organizations, I was able to add to this debate, since the management of BoD committees was quite different in these cases: Organization A had a high frequency and relevance of BoD committee meetings, Organization B a medium frequency and relevance of BoD committee meetings, whereas Organization C did not even have a BoD committee (see Figure 40).

**Figure 40:**
**Overview: BoD Committee Meetings**




*This figure displays the different operationalizations for the frequency and relevance of BoD committee meetings in the three observed organizations and their ultimate effect on the effectiveness of the strategy process. Organization A had a high frequency and relevance of BoD committee meetings, Organization B a medium frequency and relevance, whereas Organization C did not even have a BoD committee. Source: Own illustration.*

I discuss this different management of BoD committee meetings and how this impacted BoD team characteristics, the BoD-EM interface, single strategy interactions, BoD task performance, ultimately leading to different levels of strategy process's effectiveness in the following sections. Because the findings are strongly interconnected, I do not divide the discussion into subsections but discuss the three organization's results collectively.

I start with Organization B, which used BoD committees to prepare regular BoD meetings or strategy workshops: "The committees do have this role of preparing the decisions of the BoD" (BoD member, Organization B). However, they did not delegate strategizing entirely to BoD committees but enabled the BoD committee to have more intense and more extended discussions due to increasing information processing demand:

> *"It is […] true that, historically speaking, the workload for the BoD has increased because the work in the committees takes place at a completely different level, where the details of the issues are really dealt with and where there is also intensive discussion with the Executive Management. But in return it filters the work of the entire BoD and brings only those aspects to the entire BoD that are worth discussing there. […The entire BoD will be informed on strategic issues at BoD meetings,] simply that the entire BoD does not have a blind spot, but receives information, has the opportunity to ask questions, […] and then decides as a team."* BoD member, Organization B

However, they always made sure to *bring the results back to the entire BoD team* in regular BoD meetings or strategy workshops:

> *"We do not want to delegate [strategy] to an area where three of [the BoD members] are particularly involved in the strategy, and the rest of them say that it will be okay once the other ones have looked at it. What I find acceptable, […] that this can be delegated to a committee. […] We bring the results back into regular BoD meetings […] simply that the entire board does not have a blind spot here, but receives information and also has the opportunity to ask questions [and advice]."* Chairperson, Organization B

Thereby, the BoD committee meetings at Organization B were an important form of strategy interaction, where the BoD could perform its tasks of advising and monitoring intensely. By bringing the results back to the entire BoD team, they were able to exchange information in a more focused way, to reduce blind spots of non-involved BoD members to a minimum, and involve these members in the decision-making process:

> *"The long-term strategy is really dealt with at the strategy days and then flows into the work of the BoD committee projects [for implementation or further development. Our most important strategic issue] is dealt with [in the committee meetings] at a completely different level than in the [regular BoD meetings]."* BoD member, Organization B

This vital strategizing interaction enabled a more in-depth discussion of strategic issues without swamping every regular BoD meeting with agenda items or involving every BoD member in detailed discussions about every strategic issue.

Further, very interestingly, for one strategic issue, Organization B built an ad-hoc committee[125], which served to answer to this very specific:

> *"[There was one strategic issue that bothered everyone - the Executive Management and BoD.] In the ad-hoc BoD Committee […] we followed the strategy very closely [and dealt with the issue in more detail]. For me, this was a good example of the clarity, clear orientation and awareness of the BoD for this strategy."* BoD secretary, Organization B

At the same time, the *power* of the BoD committee and the associated members was limited. Thereby, Organization B was able to reduce groupthink, pluralistic ignorance, bounded rationality, and the corresponding satisficing to a minimum:

> *"Then, at each [regular BoD] meeting, either a main agenda item is put on the agenda […] or there is an agenda item report from the BoD committees. [...] That was a textbook example of cooperation [between the BoD and EM team]."* BoD secretary, Organization B

[125] For a definition of an ad-hoc committee, find the codebook in 'Appendix D.'

The example of Organization C shows that having a *formal BoD committee* for more in-depth discussions and preparation of strategic issues might positively impact the entire strategy process's effectiveness due to sharing responsibility and relieve regular BoD meetings of potentially more operative issues. Especially in times of more information processing demand and increasing regulation, these BoD committees might help the BoD team be more effective. Therefore, the CEO highlighted that he would like to have such a committee:

> *"[Such BoD committees] help to do fundamental [strategic] work. If the whole [BoD] were to do this, it would be too cumbersome. The [BoD] should decide on the important [strategic] course to be followed, and then work will continue in certain subgroups until the next course needs to be set in the [entire BoD]."*
> CEO, Organization C

However, the case of Organization A shows that the power of such BoD committees should be restrained. On the one side, frequent committee meetings with high relevance for the strategy process might enhance power differences and the formation of informal subgroups in the entire BoD team (Zhu et al., 2014). On the other side, powerful committees might lead to a higher degree of decentralization in the strategy process, thereby creating blind spots for the organization (Kolev et al., 2019).

> *"[The strategy process] was conducted in a very tight circle [...] But basically, it was no longer a full BoD team exercise. It was a committee that was not even official. They did that with each other, and then they informed us and ultimately asked us whether we agreed. But [the strategy] was the work of a small group."*
> BoD member, Organization A

Further, with the Chairperson participating in every BoD committee, power differences even increased, and discussions in regular BoD meetings were not as critical as they should have been to nurture strategic change or reduce blind spots:

> *"[Main parts of] the strategy process took place partly in [two BoD] committees. […] So, the Chairperson always knew what was coming at the regular BoD meetings. […In the end,] the discussions in the BoD meetings are not very extensive anymore, because A, the documents have been read and B, the committees have already prepared a lot."* BoD member, Organization A

Therefore, I empirically show that committees decentralize the strategy process to potentially powerful subgroups, arguably promoting groupthink and possibly social loafing and satisficing if subgroup-outsiders are bounded rational. Such subgroups evolve with members who have similar characteristics (Hutzschenreuter & Horstkotte, 2013). Since

BoD committee members are often selected based on their human capital, they are especially prone to these phenomena. Moreover, powerful and dominant BoD members, i.e., those serving on multiple BoD committees, might promote the strategy's status quo, promoting closeness to strategically adapt to the environment's changes.

I suggest that also building strategy committees on BoD level could potentially lead to similar effects. Whereas such a strategy committee might help individual BoD members to have more detailed and focused discussions on strategic issues, the entire BoD team runs the risk of creating biases of groupthink, social loafing and satisficing in the strategy process. Also, such strategy committees could further decentralize the strategy process to committee meetings, shifting the roles and responsibility from the entire BoD team to only few selected members who may try to dominate the strategy process.

To prevent these negative tendencies, the essential discussion points and possibly the decisions taken need to be shared with all BoD members in due time: "[…] We received a review [of BoD committee meetings] in the BoD meetings. But not before the BoD meetings or during the actual process" (BoD member, Organization A). In Organization A, this resulted in information asymmetries and outside-BoD-committee members not able to perform their tasks in advising and monitoring the EM team.

Thus, I find that the results of BoD committee discussions should be set as standardized items on the agenda of regular BoD meetings. Otherwise, non-involved BoD members would sense that the decision had already been made and thus be less critical and less engaged in strategizing. This, in turn, would negatively impact BoD's task performance, leading to more blind spots through interactions and a less effective strategy process:

> *"The situation was incredibly challenging. You also noticed that [the Chairperson ...] was not very patient. This is probably a completely normal reaction. Some things just happened incredibly fast [and were already discussed and decided in the committees]. I understand [this process], because [the Chairperson, the CEO, and some BoD members] worked very hard bilaterally [for the strategy]."* BoD member, Organization A

At the same time, and as already explained in the previous discussion sections, BoD members must be able to *trust* each other to a certain degree:

> *"I must trust that my colleagues on the committees, where I am not present, do their work properly. [... In our case,] I have this trust because of their background and because of the people because I know them because I experience them on the BoD. That is why I am also very happy to be on this BoD because I can trust [the other members]."* BoD member, Organization B

However, if this trust goes as far as a blind trust, the BoD team might not be effective and not perform its advice and monitoring tasks well. To establish trust, it appears critical to compose BoD committees with knowledgeable people, i.e., based on *BoD characteristics*. For example, the case of Organization C shows that the formation of a committee is difficult if such experiences are missing:

> *"I have initiated to build a steering group because I said we still need […] experience […], I need support. […] I need the backing so that I do not have to decide everything for myself. […The BoD] cannot cover it professionally."*
> CEO, Organization C

A solution to this might be hiring external experts or composing the BoD differently.[126]

I contribute to the existing literature by combining the research areas of BoD composition and BoD committee meeting studies, allowing a more nuanced and realistic view of their effects on the strategy process. In Figure 41, you find a checklist on the most important aspects of BoD committee meetings in times of increasing regulation and information processing demand.

**Figure 41:**
**Checklist for BoD Committee Meetings**

***Checklist for <u>BoD committee meetings</u>***
***in times of increasing regulation and information processing demand***

- ❑ Clearly define the ***roles and responsibilities of BoD committees and their members.***
- ❑ Continuously ***reflect the existence of BoD committees*** to make the BoD team more effective. Also build or dissolve BoD committees or even ad-hoc BoD committees if this is contributing to a better decision-making or task performance in advising and monitoring the EM team. Make sure that you are compliant with the minimum legal requirements and duties of BoD committees.
- ❑ ***Do not build a strategizing committee on BoD level*** since strategizing is a non-delegable BoD duty. Every BoD member should be involved in strategizing, not only BoD committee members.
- ❑ Do not use BoD committees for bilateral decision-making but as ***preparation for regular BoD meetings and more in-depth discussion platforms.***
- ❑ ***Compose BoD committees according to BoD characteristics***. Make sure that the right people come together to prepare regular BoD meetings. If you do not have the necessary BoD members to build or effectively run a BoD committee, compose the BoD differently and according to the BoD committee's requirements.
- ❑ Make sure that individual BoD members are not part of all or several BoD committees. This might ***create power-imbalances on the BoD team and negatively impact your BoD team dynamics.***
- ❑ ***Terminate regular BoD meetings properly*** in that at least you summarize the results of BoD committee meetings in subsequent regular BoD meetings. Preferably, you create a short executive summary and a larger document as preparation for the next regular BoD meeting.
- ❑ Make sure that you ***trust the BoD committees*** but also ***monitor their work and conclusions.***

*This figure shall serve as a checklist for BoD committee meetings and the BoD committee in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration..*

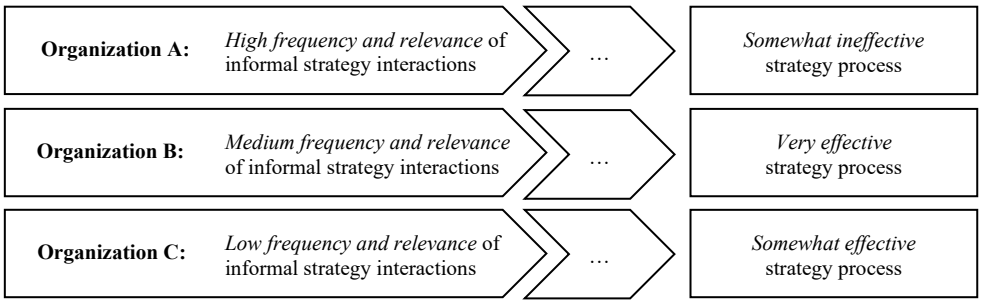
[126] However, one needs to be aware of the other aspects impacting the decision to compose a BoD team, among others, legal duties and finding a balanced level in regards to industry experience and tenure. The reader finds a discussion on BoD characteristics in Chapter Three (section 5.2).

### 5.5.5 Informal Strategy Interactions

In the literature review on informal strategy interactions in Chapter Two (section 2.5), I showed that, in contrast to formal interactions (e.g., regular BoD meetings, committee meetings, strategy workshops), informal strategy interactions had received considerably less attention from researchers (Concannon & Nordberg, 2018). However, informal strategy interactions are very common. BoDs tend to use them before decision-making takes place in formal interactions (Malenko, 2014). For example, they conduct bilateral interactions before regular BoD meetings to not be surprised by other BoD members' statements (Concannon & Nordberg, 2018; Malenko, 2014). The informal hierarchy of BoD teams is also likely to influence informal BoD interactions (He & Huang, 2011).

The observed organizations' results allowed me to add to this discussion and explore these informal interactions in extensive detail. Interestingly, the three observed organizations differed also in this factor: Organization A had conducted somewhat many informal strategy interactions, Organization B conducted them at times to prepare or terminate more formal strategy interactions, and Organization C conducted nearly no informal strategy interactions, which is illustrated in Figure 42.

**Figure 42:**
**Overview: Informal Strategy Interactions**




*This figure displays the different operationalizations for the frequency and relevance of informal strategy interactions in the three observed organizations and their ultimate effect on the effectiveness of the strategy process. Organization A had conducted somewhat many informal strategy interactions, Organization B conducted them at times to prepare or terminate more formal strategy interactions, and Organization C conducted nearly no informal strategy interactions. Source: Own illustration.*

In the following, I discuss how the difference in frequency and relevance of informal strategy interactions affected BoD team characteristics, the BoD-EM interface, single strategy interactions, BoD task performance, ultimately leading to different levels of strategy process's effectiveness.

#### *5.5.5.2 Organization B: The Semi-Formal BoD Team*

The informal strategy interactions at Organization B support the research findings summarized above. Organization B used informal strategy interactions situationally, especially in the course of more formal strategy interactions: "It is also important that we are aware of what is going on [in terms of strategizing] and can intervene or answer questions, for example during lunch-time in the informal part [of a BoD meeting]." (EM

member, Organization B). Also, they are valuable in terms of getting to know each other, which might affect discussions and increase the effectiveness of decision-making:

> *"Many things can be discussed more openly with a certain degree of awareness, perhaps familiarity, especially on a level that is not just about numbers, but a strategy which is sometimes also a gut feeling. Strictly according to the motto, we have the feeling and the numbers will then prove it. This is difficult when you don't know each other."* BoD member, Organization B

However, the Chairperson proactively ensured not to exaggeratingly use them but to find the right balance of formal and informal interactions. The BoD used informal interactions to strengthen information exchange and discuss strategic issues bilaterally in more detail. In contrast, politicizing, building consensus, and taking strategic decisions primarily occurred during formal interactions. The BoD secretary also highlighted the role and importance of these bilateral, informal interactions:

> *"[It is important] that we are well-positioned [in terms of informal interactions]. [... They] especially [need to be] open. I have also built new channels myself to take into account the past [and the preferences of the BoD]. […] These informal interactions must help to make formal interactions more efficient again."* BoD secretary, Organization B

Further, at Organization B, these informal strategy interactions have also been valuable for preparing or terminating BoD members before or after formal interactions. Also, they allow BoD members to advise and monitor an EM member in a more informal setting:

> *"The informal [interactions] have a huge value, and I think people often underestimate how critical these interactions are. You can make much more progress in half an hour of coffee discussion with the [BoD] than a whole day meeting with the plenary. So, this is something that one should not underestimate. […] I remember that [these interactions] did have a huge effect [on the strategy development]. For instance, I used to, when we had these [strategy] workshops, […] drive together with the BoD members who lived close to where I am. And of course, you use these times in the car, prepare the ground, draw attention to issues that should be discussed, and give your opinion on these issues to prepare their minds […]. Also, [the BoD members] have questions [that you can answer before the actual meeting]."* EM member, Organization B

Besides this favorable role, several interviewees also pointed towards informal strategy interactions being quite time-intensive, which is especially problematic for BoD mem-

bers in times of environmental change that is triggered by increasing regulation and rising information processing demands. This was summed up nicely by the BoD secretary of Organization B:

> *"[...] But it is also very time-consuming. [...] Depending on where we are, it is always with an evening before or in the evening itself with dinner. [... However,] I think the effort is worth it for everyone and also for the BoD."* BoD secretary, Organization B

#### *5.5.5.3 **Organization A: The Informal BoD Team***

The case of Organization A shows that overdoing and investing too much time in these informal encounters might also be counter to the effectiveness of regular BoD meetings:

> *"It is not often the case that [the regular BoD meetings] are the most important ones, [but rather] the informal ones that matter much more [in terms of strategizing]. [... For example,] if the CEO can discuss something with the Chairperson [bilaterally], that can make a bigger difference than a BoD meeting, where the various items on the agenda are just simply [symbolically] checked sometimes."* EM member, Organization A

Also, BoD dynamics might be negatively affected through these informal interactions:

> *"My very personal attitude to these interactions is a rather negative one. I, personally, have an infinite number of such interactions, especially before Christmas. [...] They really get on your nerves with time. You have simply seen that. And even if the group is good, if you get along very well, then in November or December it is one more meal. We are doing it this year in summer. I think that is better timing. [But] I could easily live without it. I do not think these interactions are decisive. I think it is much better to be together a little longer on a strategy day, maybe over lunch [...]."* BoD member, Organization A

This high relevance of informal strategy interactions at Organization A and their negative effects was especially pronounced at the strategy workshops. The Chairperson prepared the workshops together with the CEO in bilateral informal encounters. Especially during the strategy workshop in 2019, these pre-workshop interactions gave the CEO substantial influence (Mirivel & Tracy, 2005). The Chairperson and CEO also conducted informal interactions with members of the BoD's informal subgroup – the inner circle of the BoD team – but not with the entire BoD team. Through this approach, the subgroup's relevance and the related establishment of groupthink and decentralization of the strategy process were enhanced. This caused the workshop's subsequent discussions to be very emotional, disruptive, and not focused on the major strategic issues. It even led to an open confrontation between various actors and resulted in frustration in the EM

team. Instead of enhancing BoD processes and strategy interactions, these bilateral informal interactions further strengthened negative tendencies, such as social subgrouping. This led to a negative impact of these informal strategy interactions on the effectiveness of the strategy process.

The following four key messages can be derived from this somewhat bad case example for informal interactions: First, the number of informal interactions should be limited. Second, preparatory informal interactions should be conducted with every BoD member. Third, the information should be exchanged between these informal interactions or at least as soon as possible or needed. Fourth, the informal encounters should nurture critical discussions in subsequent formal strategy interactions, such as strategy workshops or regular BoD meetings, without taking them for granted. Overall, these four steps would help to improve the effectiveness of the entire strategy process.

#### *5.5.5.4* ***Organization C: The Formal BoD Team***

In contrast to Organization A and B, the Chairperson of Organization C had the specific goal to keep these informal, often bilateral encounters to a minimum, if not eliminating them: "Decisions are not made outside of formal meetings, nor does politics happen or consensus building. If you want people to be involved, you have to play it seriously. The majority decides." However, both extremes – conducting too many informal interactions (Organization A) and conducting nearly no informal interactions at all (Organization C) – do not seem to promote the effectiveness of the strategy process. As a BoD member of Organization C pointed out, "on the informal side, there has been virtually nothing [...]. We just made [...] a short apéro after our meetings, but the first ones said right after the meeting that they had to leave already." This resulted in the BoD team feeling comfortable, but not really as team of mutual decision makers.

Thus, a balanced number of informal strategy interactions appears to be recommendable. Such informal strategy interactions might also lead to BoD members getting to know each other better, understanding the rationale of opinions and decisions, thus leading to more efficient and effective discussions in the future. Informal interactions could be conducted smoothly without too much time effort through combining informal interactions with formal ones. For example, a regular BoD meeting could be combined with a lunch or dinner. A strategy workshop could be complemented by lunch, dinner, or maybe even a off-site visit of another organization of strategic interest. A BoD member highlighted this possible role for Organization C as follows:

> *"The informal part [of a formal meeting] is then just as important. You hear things that you did not hear in the formal part. This has already helped a lot so that you can go back to the direct contact with one or the other of them later*

*on. I find that very valuable. [But we did not do this enough]."* BoD member, Organization C

Therefore, through conducting more information interactions, Organization C might enhance the efficiency of other strategy interactions. These informal strategy interactions might cultivate more trust in each other. They might also be used to exchange information and update each other, which was mainly done at regular BoD meetings, as highlighted by the CEO: "There [were sometimes] other interactions, which also provided an opportunity for an informal exchange […]. That is then more straightforward in that sense" (CEO, Organization C). Shifting these information exchange sessions to informal sessions might relieve and enhance the efficiency of regular BoD meetings. The latter was stressed to be one major negative factor at Organization C. Also, through knowing each other better and trusting one another, the quality and controversy of discussions might have been enhanced, further influencing the strategy process's effectiveness positively by reducing blind spots and increasing openness for strategic change.

However, information of decisive bilateral informal interactions must be shared with the entire BoD team, as highlighted by the external facilitator at Organization C:

*"[If the information exchange of these bilateral interactions does not work properly, it might be] a bit unpleasant. So, I have nothing against these bilateral interactions, they are sometimes very helpful to get the whole [strategy process] moving. But the information [about such interactions] should actually be available without gaps for all [BoD members] involved. That can, of course, be unpleasant if, at a regular BoD meeting, one learns, perhaps in passing, that someone has spoken and said this or that, without one being able to understand it on the one hand and without knowing it on the other. [...] This is then difficult, especially with issues that are also discussed in public, where one might get involved, too."* External facilitator, Organization C

#### *5.5.5.5* ***Concluding Remarks for Informal Strategy Interactions***

The following four key messages can be derived from the previous discussion: First, the number of informal interactions should be balanced and limited while their discussions and decisions should be shared with the entire BoD team. Second, these informal interactions might help to nurture positive BoD team processes. Third, informal interactions can allow for more disruptive strategy discussions and nurture critical discussions in subsequent formal strategy interactions, such as strategy workshops or regular BoD meetings. Lastly, these informal encounters should be handled with care since time is limited on BoD level, especially in times of rising information processing demands and increasing regulation. Overall, these four aspects for informal strategy interactions might

help to improve the effectiveness of the entire strategy process. I discuss these four aspects are also discussed in more detail in the following.

I find that BoDs need to find the right *balance of informal strategy interactions*. Then, informal strategy interactions can have a positive impact on the effectiveness of the strategy process. Therefore, BoDs should be aware that they do not overuse informal strategy interactions and do not advance policymaking during these informal encounters. Therefore, the main strategy discussions of the BoD team should not happen during informal strategy interactions but during regular BoD meetings, BoD committee meetings, or strategy workshops. In line with Kennedy and Fiss (2013), I find that these informal strategy interactions can also be harmful because they might lead to social subgroups. As I show, the formation of subgroups might be problematic for BoD processes and strategy interactions' effectiveness. Further, information on bilateral and informal encounters should be shared with the entire BoD team. Otherwise, negative group dynamics and information gaps emerge that might be decisive for the BoD team's effectiveness, strategy interactions, and the entire strategy process.

Further, BoDs might use them to *understand each other better*, build integrity-based trust, or simply have less content-related discussions with one another. These personal and informal relationships can play a critical role for the performance of the BoD team and strategic outcomes (e.g., Concannon & Nordberg, 2018; Johnson et al., 2013; Westphal & Stern, 2006). I demonstrate that informal strategy interactions allow BoD members to form a certain degree of group identity. This increases the trust and improves the understanding of the other members' motivation and interests to get involved in strategizing. This is also highlighted by the BoD secretary of Organization B shows:

> *"I think that you get to know each other better [through informal interactions such as dinners or lunches]. You know what is important, what is the background of a person, because you can also talk about other topics to get to know each other better. [...]"* BoD secretary, Organization B

BoDs might use informal strategy interactions to *discuss disruptive and controversial strategic ideas and viewpoints* with their colleagues. These informal interactions might temporarily deinstitutionalize established structures, hierarchies, and power differences. This might lead to a better performance of BoD tasks, especially regarding advising (Concannon & Nordberg, 2018). For example, lunches, coffee breaks or dinners during strategy workshops might be an ideal platform for discussions outside of formal structures and guidelines because these informal strategy interactions offer more liminality and openness (Concannon & Nordberg, 2018; Seidl & Guérard, 2015). BoDs might use

these informal interactions also for cognitive, or information exchange encounters between regular BoD meetings. This might promote faster consensus-building and help solve complex issues, which is important in times of environmental change.

Lastly, BoDs have *limited time resources*. Therefore, using informal strategy interactions too intensely might lead to BoDs neglecting other tasks. For example, Shekshnia (2018) argued that BoDs do not appreciate too much bilateral and team-building efforts in an informal way as traditional TMTs would do. She found that BoDs spend little time together and have overall little time available. Especially Chairpersons have to "shift away from defining team norms and building trust, and focus on quickly scoping, structuring, and sorting the collaborative work" (Shekshnia, 2018, p. 5).

In Figure 43, you find a checklist on the most important aspects of informal strategy interactions in times of increasing regulation and information processing demand.

**Figure 43:**
**Checklist for Informal Strategy Interactions**

***Checklist for informal strategy interactions***
***in times of increasing regulation and information processing demand***

- ❑ Find a right ***balance and frequency for informal strategy interactions.***
- ❑ Use informal strategy interactions to ***temporarily deinstitutionalize established structures and hierarchies.***
- ❑ Use informal strategy interactions as social encounters of ***cognitive conflict, information exchange, or simply getting to know each other better and more personally.***
- ❑ ***Do not use these interactions as policy-making or agenda-driving.***
- ❑ Make sure to ***inform every BoD member*** about decisive discussions of informal strategy interactions.
- ❑ ***Do not overuse them***, since your BoD members have limited time while they might encourage subgroup-building or social structures which are counter to effective strategizing.

*This figure shall serve as a checklist for informal strategy interactions in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration..*

# CHAPTER FOUR: CONCLUSION AND IMPLICATIONS

## 1 Conclusion

My main aim in this dissertation was to reflect and discuss the theories and concepts of BoD's strategizing, exploring BoD's actual doings in the strategy process, and achieving high practical relevance by developing precise models and checklists BoDs in practice. To achieve this goal, I conducted an extensive literature review on BoD composition, structure, processes, strategy interactions, and the entire strategy process in times of environmental change. I identified six significant gaps in previous literature, which led me to (1) research the BoD team as a literal strategizing team, (2) explore BoD's strategy interactions, (3) study the BoD team with a multi-level approach and through (4) in-depth processual data, (5) focus on a non-US context, and (6) consider environmental change as an empirical frame. To explore this exciting field of research and help solve BoD's strategizing problems in practice, I raised the following main research question: *How do BoDs shape the strategy process in times of environmental change?*

To answer this research question, I objectively measured the frame for my empirical study. Due to my business background and experience in the industry, I knew that *Switzerland's aviation industry* was undergoing a tremendous environmental change in the last years. To confute that this was not merely a subjective perception, I conducted three preliminary studies. First, by measuring the number of regulations, specifications and revisions for Swiss aviation organizations, I found that they have experienced a significant increase since 2000. Second, by analyzing one BoD pack in extensive detail and third, by surveying 43 BoD members, I also observed an increase in information processing demand for BoDs since 2000. Thus, my preliminary findings are two-fold. First, the BoDs of Swiss aviation organizations need to shape their organizations' strategy in coping with more regulation, larger BoD packs, and a longer preparation time for regular BoD meetings. Second, and at the same time, BoDs have only limited time and increasing duties for which they can be made accountable. These aspects are vital environmental factors that strengthens uncertainty and complexity for BoD's strategizing – a fruitful research context to answer my main research question and conduct my empirical study.

I acknowledged that gaining access to BoDs is a difficult task, as it is an area with high levels of confidentiality and legal accountability. Therefore, I decided to conduct a *multiple case study* with low 'n' and extreme cases. Previous scholars in similar contexts suggested this. To increase my research results' credibility, I identified two selecting factors for my dissertation: 'perceived effectiveness of the strategy process' and 'industry experience of BoD members.' With the first, I aimed at exploring why some organizations had an effective strategy process and others had not in times of environmental

change. In addition, industry experience was found to be a distinct BoD characteristic which positively influences strategic outcomes. Through my network in the industry and my supervisors' support, I was able to identify three organizations for my multiple case study. These cases differed in the aforementioned selecting factors. At the same time, I ensured that they are comparable in terms of the research context, industry, and active engagement in the strategy process at the time of my study.

To *collect data*, I primarily focused on semi-structured interviews. I conducted 36 interviews with BoD members, EM members, and external facilitators of the three selected organizations (find 'Appendix C'). I also carried out 25 pre- and 50 post-interview talks to build trust in the research process, reconstruct the strategy process and strategy interactions, and triangulate data, themes, as well as identify patterns emerging from the interviews. Further, I collected different archival data types, such as organization- or strategy-related documents, and own observations through attending meetings, participating in formal and informal strategy interactions, and visiting the organizations on-site.

For the *data analysis*, I took a five-step process based on grounded-theory building, comparative case analysis, and recent work in strategic management research for conducting case studies with a low 'n'. First, I did open and focused coding to perform the within-case analysis (second step) subsequently. This allowed me to build strong case narratives for each of my cases. Third, on this basis, I developed main themes with a grounded theory approach by identifying first and second-order themes and aggregated dimensions. This allowed me to perform the fourth step, the cross-case analysis. Lastly, the results of the cross-case analysis allowed me to identify patterns across themes and cases. Through an in-depth discussion of these patterns and combining them with existing research theories, I developed a comprehensive framework for BoD's strategizing in times of environmental change. I was able to identify the main drivers of an effective strategy process in times of environmental change. I explicitly highlight the importance of who interacts with who for what specific purpose and in which form of interaction. Moreover, I developed checklists and patterns for BoDs in practice, offering more generalizable results and making them useful for practitioners.

The *Chairperson* is one of the most important drivers for effective strategizing. I describe types of Chairpersons and discusses their impact on the BoD team, strategy interactions, and strategic outcomes. For example, I highlight the relevance of a positive association between an integrative Chairperson and BoD team processes or strategy interactions. I also emphasize the importance of power-sharing between the Chairperson with the most important strategizing actor of the EM team – the CEO. I find that an integrative Chairperson allows for a more cooperative and effective *Chairperson-CEO relationship* and a culture of feedback and fairness, respectively a positive strategizing climate and

culture to be built. Further, such an integrative Chairperson and a cooperative Chairperson-CEO relationship reduces negative tendencies and social psychological biases of groupthink, bounded rationality, and pluralistic ignorance by involving and activating every BoD member and promoting excellent advice and monitoring. I find that BoD teams that are free from undue influence by powerful CEOs or Chairpersons and that do not build subgroups for strategizing are assumed to engage in more debate. This allows more diverse viewpoints to the surface, reducing blind spots in the strategy process and nurturing an openness to strategic change. I empirically find that these developments also positively impact the effectiveness of the entire strategy process.

Besides the Chairperson and the Chairperson-CEO relationship, *BoD characteristics* appear to play an essential role in the strategy process's effectiveness. I find that the industry experience and tenure of BoD members are of utmost importance here. These two composition factors can reduce blind spots and social subgrouping and stimulate openness to strategic change. However, researching BoD characteristics alone is only a part of the story. My research design provides new and more in-depth insights into the intersection of BoD characteristics, team processes, and strategy interactions of a BoD in the strategy process. The results show that an industry outsider's view might not be considered in the strategy process in reality because social subgroups or BoD committees are formed that do not allow the views of these outsiders to be heard. Thereby, BoD's task performance in advising and monitoring is lower. This, in turn, might lead to less openness to strategic change and somewhat many blind spots, for example, by not debating controversially. In one of the organizations studied, the composition might have even promoted strategic change because industry insiders took outsiders' role in challenging the status quo. However, this was not possible due to these BoD members being excluded from the strategy process or opinions in strategy interactions not being heard due to social biases, 'sparing' (i.e., through Chairperson's domination), and the form and execution of strategy interactions. To conclude, this organization's strategy process was relatively ineffective. Therefore, I show that a balanced industry experience and tenure is essential to positively impact the strategy process's effectiveness.

Further, I find that a clear *structure* (i.e., size of the BoD team, its roles, and its responsibilities compared to the EM team) is important to conduct an effective strategy process. BoD membership is only a part-time endeavor and thus, comes with limited time resources. However, while experiencing natural information asymmetries, BoD members must rely on established structures to have effective interactions, controversial discussions, and openness to strategic change. It seems counterintuitive that more structures should lead to a greater openness to strategic change and effective strategy processes. However, clear structures give the BoD clear visibility of their roles and responsibilities

in the strategy process, such as bylaws, function diagrams, or competence matrices. Further, the structure offers a more stable basis for discussions and helps BoDs process information better and more efficiently without considering possible role conflicts or power structures in the BoD team, among others. If these structures do not exist, the use of informal and decentralized interactions in the strategy process might increase, such as committee meetings or informal social interactions. This, in turn, can lead to the formation of social groups and social psychological biases of BoD teams, resulting in a less effective strategy process. Moreover, having a clear structure might enable BoD members to get involved more often and regularly based on hard facts and not based on socially defined rules and guidelines.

Additionally, regarding the *BoD team and at the BoD and EM team interface*, I find that especially two aspects appear to be important – open and regular information exchange and introducing and living a culture of feedback and fairness. In times of environmental change, this is triggered by increasing regulation and rising information processing demand. Questions such as who communicates with whom, and who informs whom at what time is of particular importance. For example, using a BoD portal or having a BoD secretary enables a better preparation of BoD members, a more focused discussion, and BoD members actively participating and contributing their ideas and viewpoints. Also, such measures might increase the efficiency of preparing, conducting, and terminating strategy interactions. This, in turn, results in more time for BoD members – an important factor in times of higher information processing demands. Moreover, giving regular feedback might support the information exchange, promote critical and open debate, and reduce blind spots and openness to strategic change.

Further, I highlight that an effective strategy process requires a balanced level of *bilateral and informal interactions* or *BoD committee meetings*, *controversial and open discussions*, and *trust*. For example, the strategy process should not be too decentralized or even delegated to a committee or social subgroup because this may lead to pluralistic ignorance, bounded rationality, or groupthink. Also, controversial and open discussions are important for an effective strategy process since they reduce these psychological and social biases and cultivate an integrative culture for every BoD member to get involved. In this vein, the level of trust within the BoD team should be balanced so that no blind trust is promoted. This may be caused by strong social ties or friendships between individual BoD members and BoD members merely trusting each other to increase the pace of discussions and strategy interactions by not questioning and controlling everything.

Besides these BoD team processes and dynamics, *strategy interactions* can also positively impact the strategy process's effectiveness. For example, through conducting open and controversial strategy workshops, the BoD team's involvement might be enhanced,

the tasks of advising and controlling the EM better performed, blind spots reduced, and openness to strategic change stimulated. Also, regular BoD meetings should be balanced, i.e., neither dominated by the Chairperson nor the CEO but structured, led, and moderated effectively. Thereby, strategic issues might be discussed in more detail and more controversially. As a result, consensus can be built quicker and strategic decisions made more effectively. This results in high recognition of the BoD as strategizing contributor and in higher confidence in BoD's strategic decision-making. This leads to fewer blind spots and more openness to strategic change, resulting in a more effective strategy process. However, I also discover that on the other extreme, lengthy debates, although possibly generating more ideas, may prevent BoD teams from reaching conclusions or consensus, might also negatively impact the strategy process's effectiveness. Especially in times of high information processing demand, keeping focus will positively influence the strategy process's effectiveness. Thus, I go far beyond classical input-output research. Instead, it is in line with behavioral and processual scholars stipulating that strategy interactions significantly impact the strategy process's effectiveness.

Overall, these five different pieces of evidence on different levels explain why a strategy process can be effective. Thus, it seems essential for future research to take a multi-level perspective on BoDs as decision-making teams in the strategy process. This would enable future scholars to identify and investigate further links between BoD characteristics, BoD team processes, and BoD strategy interactions in the entire strategy process. Especially pluralistic ignorance, bounded rationality, and groupthink appear to be an exciting avenue to be investigated in more detail with individual BoD members being observed. Also, single case studies over a more extended period could enhance our understanding of these vital factors for the effectiveness of the strategy process.

# 2 Scientific Contribution

My in-depth qualitative study on BoD's actual doings in the strategy process contributes to scholarly research on BoDs and strategizing in several ways.

First, I focused on the BoD team as aggregated actors and as a *literal strategizing team*. Thereby, I assume that BoDs use their characteristics and work as a team to create value for the organization and make the BoD team more effective in performing their monitoring and advisory tasks and shaping the strategy process. Thus, I explore and identify intermediating processes and structures between BoD composition, BoD structure, BoD task performance, and organizational outcomes (e.g., the strategy process) to align BoD research with other theories of decision-making groups (Hambrick, 2015; Pugliese et al., 2015) or basic strategy research in the area of SAP (e.g., Hendry et al., 2010; Jarzabkowski & Seidl, 2008; Whittington, 2017). To enable this more nuanced approach

to research BoD's strategizing, I conducted a *multi-level study*. By doing so, I gain new insights into the actual doings of BoDs and answer calls of several scholars in the area of BoD characteristics (Bezemer et al., 2014; Dalton & Dalton, 2011; Judge & Talaulicar, 2017), structure (Kakanda et al., 2016; Radek & Menz, 2020), processes (Hambrick et al., 2008; Pugliese et al., 2014; Zhu & Westphal, 2011), and strategy interactions of BoDs (Bezemer et al., 2018; Concannon & Nordberg, 2018; Seidl & Guérard, 2015) to span these levels. This allowed me to account for the hierarchical or nested nature of BoD composition, structure, processes, and social interactions of the BoD.

By taking this multi-level approach to research BoD's strategizing, I also contribute to *BoD characteristics* research. I show that the BoD characteristics 'industry experience' and 'tenure' are crucial characteristics in times of environmental change. Understanding the industry appears important for BoD members to be a sparring partner and effective advisor for the EM team. Thereby, I support previous research on these characteristics (e.g., Åberg & Shen, 2020; Kor & Sundaramurthy, 2009). However, I find that the combination of high industry experience and high tenure may lead to industry blindness, supporting the status quo and being hesitant to strategically change. Thereby, I contribute to first, promising studies in this field by Hoppmann et al. (2019) and (Oehmichen et al., 2017b). I specifically find that a balance in industry experience and tenure can lead to a variety of strategy interactions being conducted, whereas a high industry experience and tenure might lead to the building of social subgroups and, thus, to social biases that can disrupt the entire strategy process and its effectiveness.

Also, I contribute to *BoD structure* research. I show that a clear structure with regards to defining *roles and responsibilities* can positively impact BoD processes, strategy interactions, and the entire strategy process, supporting other scholars in a similar vein (Davis et al., 1997; Müller et al., 2014). I enhance this knowledge and show that a lack of structure can lead to social biases and subgroup-building which can negatively impact the entire strategy process. Also, I contribute to the discussion of the *size of the BoD team*. I argue that a too large size leads to inefficiencies and has negative consequences for BoD processes. For example, the Chairperson may not be able to properly and personally address BoD members. Thus, I am in line with previous research who presented similar results (e.g., Bennedsen et al., 2008; Sun et al., 2020). I enhance this knowledge and further find that too large BoD teams can lead to social subgroup-building, social biases, and ineffective strategy interactions, thereby negatively impacting BoD's task performance and strategy process's effectiveness. However, a medium-sized BoD team and structured BoD-EM interface can lead to higher BoD member involvement, eventuating in good strategizing culture and climate, a more effective performance of BoD's

tasks, and a very effective strategy process. Thereby, I enhance our knowledge on BoD structure and find multi-level links that have been neglected in BoD research so far.

Furthermore, I combine this focus on BoDs as strategizing teams with the notion of *strategy interactions*. Also, I enhance the *behavioral theory of BoD teams* to explore BoDs as strategy actors within and outside the boardroom. Therefore, my research sheds light on socio-psychological factors such as bounded rationality, satisficing, limited cognitive capacity, as well as rules and routines of process and behavior (e.g., Forbes & Milliken, 1999; Rindova, 1999; Zhu & Westphal, 2011). Thereby, I eliminate the often referred to 'black box' problems (Leblanc & Schwartz, 2007; Westphal & Zajac, 2013; Zona & Zattoni, 2007) and provide a more holistic picture of how BoD composition, structure and processes really affect strategic outcomes. For example, I offer new insights into how the Chairperson behaves as part of the BoD team (Krause & Semadeni, 2014; Lorsch, 2017), how the interface with the CEO looks like, and how the Chairperson shapes strategy interactions as the central strategy actor (Baxt, 2009; Finkelstein & Mooney, 2003). Thereby, I pay particular attention to the role of the Chairperson in empowering and dominating his or her fellow BoD members to exercise the mandatory role as advisor and monitor of the CEO and EM team (Harrison et al., 2013; Kakabadse, 2010; Müller, 2008). Moreover, I study the impact of this behavior and find multi-level links on strategic outcomes, such as openness for strategic change and the entire strategy process's effectiveness.

Besides, my empirical study shows that *strategy interactions* are complex political systems, where agents organized in coalitions politically bargain and build consensus by interacting with each other (Jarzabkowski & Seidl, 2008; Johnson et al., 2010; Seidl & Guérard, 2015). At the BoD level, I provide empirical evidence of differences in BoD processes and BoD strategy interactions within and outside formal boardrooms. By developing a *landscape of strategy interactions*, I offer the first study to comprehensively map different forms of strategy interactions on the BoD level. Also, my dissertation's findings contribute to the knowledge of strategy interactions in times of environmental change. I specifically explore how important and relevant forms of strategy interactions, such as regular BoD meetings and strategy workshops, are for the functioning and performance of BoDs are and what their link to strategic outcomes. Moreover, I contribute to research on an often-neglected form of strategy interactions, informal strategy interactions, such as meals or apéros in highlighting that this form might be crucial for BoD dynamics, which might impact the effectiveness of the entire strategy process.

Rather methodologically, I contribute to *processual work* in the domains of strategy research (e.g., Burgelman et al., 2018; Kouamé & Langley, 2018; Pettigrew, 1992) and governance research (Bezemer et al., 2014; Hendry et al., 2010; Pugliese et al., 2015)

since I study context, behavior, and processes holistically over time. To enable this processual perspective, I accessed and analyzed different types of data to triangulate my findings. This is important for interpreting, embedding, and validating such complex research data in a processual way. Thus, the method bias often observed in BoD research could be reduced by conducting a multiple case study. This included the use of primary interview data and diverse organizational and BoD data, such as strategy documents, strategy minutes, and observations of strategy interactions and other social situations.

Lastly, I present results in a yet *unexplored research context* in terms of geography (Switzerland) and industry (aviation industry). I specifically address a research context outside the US context to gain new insights. Thus, I follow calls by several scholars in their reviews of BoD research (Abatecola & Cristofaro, 2018; Huse et al., 2011; Johnson et al., 2013). Thereby, I show that researching such contexts offers new theoretical and empirical insights because of the legal accountability of BoDs in the strategy process. However, the results show that BoD's strategizing in the Swiss context is very much related to previous findings in other contexts, such as the US (Johnson et al., 2013; Pugliese et al., 2014) and Norway (Åberg & Shen, 2019). My dissertation also contributes to a better understanding of the relationship of different research and organizational levels on strategic outcomes in a somewhat new industry context, which is shaped by environmental change. This further enhances our knowledge of BoD teams and their strategizing in times of environmental change and generally the knowledge of this specific industry. For my dissertation, the aviation industry served as an exciting research context, offering unique insights, which might be explored further in future studies.

# 3 Practical Contribution

Besides theoretical contributions, my dissertation offers BoDs in practice several avenues to improve their strategizing in times of environmental change. Through these practical contributions, I offer BoD members avenues to contribute to and get involved in strategizing and performing their advice and monitoring tasks of the EM team more effectively. Besides these more general practical contributions, I also created tangible checklists and frameworks for BoDs in practice to help them compose, structure and lead their BoD team with hands-on documents. These checklists and frameworks are are listed once again chronologically and collectively in the appendix (Appendix Gl-G15). They might help BoDs in times of environmental change to shape their organization strategically and continuously throughout the year and the strategy process. It also helps BoD teams to better act as a strategizing team and monitor the EM team. This contributes to my goal of having a real practical impact besides the theoretical contributions mentioned before.

For example, I offer insights into the vital role of the *Chairperson*. In the best case, the Chairperson is an integrative leader of the BoD team. I recommend that the Chairperson must be a good moderator of the BoD team and single strategy interactions, introduce and live by a culture of feedback and fairness, and communicate regularly and openly to the BoD team and the CEO. Further, I emphasize that the Chairperson has to balance his or her personal involvement and dominance in the strategy process. For example, the Chairperson must be involved and dominant in controversial discussions on the BoD level while not overpowering others' contributions. Also, the Chairperson should not promote bilateral consensus building or voting unanimously. Instead, the Chairperson should allow open and controversial discussions or even promote them proactively to make strategic decisions as BoD team, thereby reducing blind spots and nurturing openness for strategic change in the strategy process.

These Chairperson characteristics also influence the *Chairperson-CEO relationship.* I find that this relationship is also important for the strategy process's effectiveness. The Chairperson has to perform the CEO's advising and monitoring tasks exceptionally well and build an informed, trustful, and fair relationship with the CEO. Besides that, the Chairperson should inform other BoD members about the results of the Chairperson-CEO interactions. Otherwise, they might feel excluded from the strategy process, which could be demotivating and counteracting an effective BoD team, their dynamics and, thus, the entire strategy process.

Moreover, I offer new insights and develop hands-on checklists for *ordinary BoD members*. This helps them define their specific strategic role and expectations in the strategy process, get involved regularly and continuously in formal and informal strategy interactions, and deliver the best of their resources and experience. Further, it is important to build sparring partner relationships with an EM member to strengthen a controversial dialogue and perform the advice and monitoring tasks while not being afraid to speak one's mind. Therefore, my results show that introducing new forms of communication and interaction (e.g., conducting on- or off-site visits) might help break with established routines and gain new insights relevant to the strategy process.

Further, I enable BoD teams to enhance their *composition* and *structure* with hands-on checklists. For example, I recommend that the BoD has to be composed diversely in terms of industry experience and tenure while making sure to have enough experience so that the BoD team is able to advise and monitor the EM team. Also, I suggest that the BoD team should clearly define roles and responsibilities for every strategizing actor, and thus, for every BoD member. In addition, I endorse to have a medium-sized BoD

team to reduce social biases and nurture a controversial but focused discussion in strategy interactions. This also allows the Chairperson to address individual members personally, eventuating in an effective feedback and fairness culture.

Further, for the *BoD team*, I outline vital aspects to be aware of and implement during a strategy process in times of environmental change. I recommend setting up a structure that enables the BoD to be an effective team in the strategy process. I suggest that a BoD needs to define the roles and responsibilities for every strategizing actor clearly. The BoD team should also be medium-sized – not too large to enable a critical and diverse discussion, and not too small to have enough resources and experience for contributing to the organizational strategy. Moreover, by establishing individual sparring relationships between the BoD and EM team and communicating openly and regularly, the BoD team might be able to improve its monitoring and advising tasks.

Moreover, in terms of *strategy interactions*, my research shows that several factors might positively influence the strategizing of BoDs and the entire strategy process. First, regular BoD meetings should be open and controversial, and at the same time, focused and structured. Second, at least one strategy workshop should be conducted, including a clear goal, a pre-defined structure, and liminal space for creativity. Besides that, the BoD committee formation allows selected BoD members to prepare specific strategic issues in advance. Overall, this preparation enables the BoD to be more efficient and effective in regular BoD meetings. However, the actual strategizing should not be delegated to a subgroup or BoD committee. Instead, the decisions should be made as a team in joint strategy interactions. Further, and to the best of my knowledge, this dissertation is the first empirical research study to offer deep insights into informal strategy interactions' functioning and relevance. These informal strategy interactions might enhance the group dynamics within the BoD team. However, the limited time resources of BoD members should be deployed carefully, and the formation of social subgroups avoided. If social subgroups are built, these informal strategy interactions lead to bilateral consensus-building or BoDs making decisions outside of formal interactions. This approach might allow for the development of social biases, which lead to negative BoD dynamics, processes, and less effective strategy interactions, resulting in a negative link with an effective strategy process. Lastly, the BoD is encouraged to introduce new communication and interaction forms, such as on- or off-site visits. This might help break with established routines, gain new insights for strategizing, and react to environmental change or ad-hoc strategic issues. Simultaneously, these new forms of interactions need to fit into the entire strategy process, single strategy interactions, and the yearly BoD calendar.

# 4 Limitations and Opportunities for Future Research

The following sections outline the limitations and opportunities for future research resulting from the findings of this dissertation.

## 4.1 Strategy-as-Practice

In this dissertation, I used SAP theory as my main theory. While this was helpful to have a basis for analyzing BoD's actions, it is restricted to one primary perspective. Thus, I encourage future scholars to combine the SAP perspective with other related theories. For example, Åberg and Shen (2019) explored the relationship between resource dependence theory and BoD's strategizing. Innovation researchers recently tried to integrate largely neglected theories into the theory of BoDs. These scholars have linked the attention-based view (Kammerlander & Ganter, 2015; Koryak et al., 2018), social network theory (Cao et al., 2006; Kraft & Bausch, 2018), social learning theory (Kraft & Bausch, 2016), social identity theory (Jansen et al., 2016) or the behavioral theory of the firm (Lim & McCann, 2014; Souder & Bromiley, 2017) with the theory on BoD teams. Accordingly, adapting such theories to the strategy process may enhance our understanding of BoDs, for example, how and why the BoD reacts to changes in the environment or how it builds long-term capabilities (outside the BoD team) to tackle this change.

Further, SAP scholars themselves emphasized that it would be interesting to take a more institutional perspective towards strategizing. This so-called 'macro-SAP research' aligns SAP and institutional theory (Seidl & Whittington, 2014; Whittington, 2017). For example, these scholars noted that processes and interactions "are embedded in broader societal or macro-institutional contexts" (Vaara & Whittington, 2012, p. 286). Thereby, future studies could acknowledge the relevance of the external environment for strategizing. Instead of using it solely as a frame for an empirical study, they may analyze external factors' actual impact on organizations and their BoDs.

Furthermore, it would be interesting to investigate how certain strategy practices, such as regular BoD meetings or strategy workshops, are institutionalized in the larger external environment of the organization. For example, this might create an organization's institutional environment that urges the BoD to conduct more strategy workshops or implement more BoD committees. By investigating the micro-level and offering insights into the foundations of interactions, studies already found that macro-approaches often take the micro-level for granted (Smets et al., 2012). Whereas this type of research would have its limitations in generalizing results, it would offer new and more holistic approaches by linking micro- and macro-levels more closely, which could further enhance our understanding of the antecedents for BoD's strategizing. It would be interesting to

raise questions, such as the boundary conditions for strategizing BoDs in times of environmental change or how their processes and interactions proactively shape the environment?

## 4.2 Eisenhardt-Approach

In this dissertation, I followed a classical post-positivist Eisenhardt-approach for my data collection. This method offers vast opportunities and robust methods to conduct multiple case studies, which I used for gaining rare and exclusive insights into three selected cases to build theory. However, the approach also has limitations. First, retrospective interviews sometimes do not adequately capture the nature of the process in terms of evolution, as they neglect some behavioral factors of interaction while missing first-hand observations over a more extended time (Langley & Abdallah, 2011). It would be interesting to conduct such first-hand observations in real-time and over an even more extended period. While this was simply not feasible for this dissertation due to time and resource restrictions, this might be a future avenue for larger research teams.

Second, by conducting strategy process research with an Eisenhardt-approach, I found interesting new processes on the BoD level and high-level patterns of processes. Thereby, my study focused on explaining variations in outcomes (i.e., the effectiveness of the strategy process) instead of finding conclusive patterns of process evolution over a more extended period (Langley, 1999, 2009; Pettigrew, 1992). Thus, my focus was on 'extreme cases' rather than on stabilizing the findings or theorizing processes themselves. Whereas this type of research has its limitations in generalizing results, it offers new and exclusive insights into social process and interactions of actors. Accordingly, future research is encouraged to analyze multiple similar cases and explore possible similarities and differences in these cases – possibly with larger n's. However, this might cause data complexity issues and handling or missing causal links to build a robust theory. Also, access to BoD teams and their strategy process is tough to gain, as evidenced by the fact that many qualitative studies in this area are single-case analyses.

## 4.3 Observations and Nonverbal Behavior

This dissertation offered new and rare insights into the actual doings of BoD's strategizing by investigating what happened on the BoD level in times of environmental change. Future studies might analyze the actual behavior of BoDs even more thoroughly while keeping the holistic level of analysis. For example, using observations as the primary research method or nonverbal behavior as the research object could further enhance the results' validity. There are first studies on BoDs that use such approaches. For example, (Krause et al., 2019) studied the turns of BoDs in regular BoD meetings and explored the role and relevance of single strategy actors (i.e., the Chairperson) in single strategy

interactions. Also, Pugliese et al. (2015) analyzed the speaking time (duration) and the number of times (turns) a BoD spoke during regular BoD meeting discussions. They found, among others, that BoD's "inclusiveness and evenness of participation are associated with higher perceptions of board effectiveness" (p. 1). Bezemer et al. (2014) videotaped regular BoD meetings in two organizations. They argued that regular BoD meetings are more than 'ticking the box' exercises in terms of agenda items and answered black-box problems of previous BoD characteristics and structure-performance results. Also, Brundin and Nordqvist (2008) researched nonverbal behavior and concluded that emotions positively impact power and status differences on the BoD team. Explicitly calling for action-oriented research, Samra-Fredericks (2000a, 2000b) studied how BoDs express their opinions. She found that talk-based feelings and emotions as well as interpersonal routines play an important role for BoD's task performance. Further, calling for more discursive analysis of workgroups in general strategy and specific SAP research, scholars have recently argued in a similar direction, while not studying BoD teams though (e.g., Fenton & Langley, 2011; Vaara & Whittington, 2012; Wenzel & Koch, 2018). This could be a future avenue for studying BoD teams in taking an SAP-approach towards studying this exciting group of people.

My study enhances our understanding of the functioning of BoD processes and interactions, resp. the strategizing of organizations over a more extended period. Many previous studies neglected the longitudinal aspect of processes and the episodic nature of BoD teams. By investigating longer episodes of strategy processes and highlighting this investigation's importance, I made the first step to close this research gap. However, spanning levels while using observations and researching nonverbal behavior could further enhance our understanding of the BoD level processes. Additionally, it would enable future studies to explore an under-researched field with a new and more pioneering research approach. However, such studies need to design realistic research models carefully. For example, accessing a BoD team and observing nonverbal behavior might prove difficult. BoD teams might be hesitant to be researched in such a way. Striving for an in-depth psychological study for my dissertation at first, I experienced this myself. Therefore, when approaching BoD teams, future research needs to find a balance between new and innovative approaches and established methods. The adoption of mixed methods may be one solution to encourage BoD teams to step out of their comfort zone. Thereby, researchers combine established research methods in studying BoD's strategizing with new and innovative approaches described above.

## 4.4 BoD Subgroups

Another way to study the actual behavior of BoDs even more thoroughly includes focusing on the level of (formal or informal) BoD subgroups, such as BoD committees.

Investigating Organization A's informal subgroup mandated to lead the strategy process was an exciting new avenue that I explored from a more holistic and processual perspective. Spending more time and conducting more interviews and observations may have further enhanced our understanding of the building, usage, and overall relevance of subgroups for the strategy process. Future studies might continue and specifically address BoD subgroups in terms of strategizing. Using qualitative and possibly more action-oriented approaches might enhance our understanding of this under-researched field of study. Using multiple case studies with a larger 'n' might help to understand if aspects of bounded rationality, groupthink, or pluralistic ignorance are chronically strengthened through such subgroups. Future research is also encouraged to explore the relationships of formal and informal strategizing subgroups with strategic outcomes, such as the strategy process. This may further enhance our understanding of the relevance and role of such subgroups in the strategy process.

Lastly, future research may analyze subgroup members as individual actors: who promoted the subgroup? Who was the main and most powerful actor in this subgroup? In this study, I conducted one-on-one interviews and asked for the interviewees' perceptions and experiences. Thus, I focused partially on individual actors. However, to reduce complexity, illustrate the holistic approach of the strategy process, and create BoD-level variables that are measurable, I aggregated actors. Whereas this aggregation is standard in BoD research, it also offers pitfalls. Jensen and Zajac (2004) showed that BoD insiders' and outsiders' functional experience affects strategic outcomes differently. Thus, focusing on the individual actors might further enhance our understanding of such BoD subgroups. Future studies may focus on studying the functioning and relevance of such subgroups with more explorative studies. To test the theory developed in this dissertation, future studies may even use more quantitative approaches, such as conducting surveys with BoD members and subgroup members. Kolev et al. (2019) agreed and called for investigating the antecedents of composition and structure of BoD committees. I extend this call to informal subgroups of the BoD.

## 4.5 Individual Level of Single BoD Members

Continuing to discuss the previous sections' content, it would be interesting not solely to focus on studying the subgroup but also individual BoD members with the aforementioned research approaches. For example, studies could follow scholars in dynamic capabilities and combine this strand of research with BoD research. This would allow investigating "whether diversity of managerial cognitive capabilities within a team helps or hinders strategic change" (Helfat & Peteraf, 2015, p. 846). This could further enhance our understanding of the role and relevance of individual BoD members in terms of strategizing and their link with strategic outcomes, such as the strategy process.

Also, researching the interactions and processes of BoDs on an even deeper level by adapting a cognition- or psychological-oriented approach would be another exciting avenue for future research. For example, scholars could analyze individual-level factors, such as cognition and biases (Zhu & Westphal, 2014), or even "metacognition, emotion management, and self-regulation as core dynamic managerial capabilities" (Hodgkinson & Healey, 2011, p. 1511). My findings in the area of pluralistic ignorance, bounded rationality, and groupthink offer first insights. They may be extended by investigating individual BoD members, possibly with observations or video ethnographic analyses. Further, single case studies over a more extended period could enhance our understanding of these aforementioned vital factors for the effectiveness of the strategy process. They may offer more in-depth insights into the individual BoD member'' relationship with the BoD team's group factors.

Going one step further, psychological studies might use new approaches and methods to measure real psychological constructs, such as attention (e.g., divided attention), memory (e.g., auditory and visual short-term or working memory), and reasoning (e.g., processing speed or shifting) of individual BoDs. This would enable researchers to be more objective on these individual-level factors that might influence strategizing. Scholars could also find and match factors on individual and group-level to gain new insights into the functioning of the group and group processes. This may then be related to the meso- or macro-level of the organization.

However, as indicated in the previous section, taking such new approaches comes with obstacles, such as method-biases or aggregation problems, when relating the findings to the BoD team's group-level or even the entire organization.

## 4.6 Industry- and National-Specific Context

In this study, I explicitly focused on one industry and one national context, namely the Swiss aviation industry. Thereby, I analyzed a national context outside of the U.S. context, which was explicitly highlighted as valuable for future research[127]. As described in Chapter Three (section 3.4), this research approach led to higher internal validity levels of my results. By strictly focusing on one industry and one national system of corporate governance, I was able to objectively frame the empirical study by showcasing the same environmental change of regulation and information processing demand and legal and accountability duties for all three selected cases. Thereby, industry characteristics or national specifics did not disturb my data collection and analysis.

[127] See Chapter Two (section 5) for an identification and discussion of this research gap.

However, if possible, researching more than one industry and different national contexts could have been interesting to compare cases with the same environmental change and legal duties across industries and national settings. Yamak et al. (2014) specifically highlighted in their review that "moderating models can effectively contribute to better understanding of the differential impact of TMT characteristics on TMT processes, strategy, and performance across different environmental contexts" (p. 101). Researching different national or industry contexts while being aligned on environmental change and applying this to BoDs in comparable governance systems could further enhance our understanding of BoDs in changing environments across national and industry contexts. As noted by Yamak et al. (2014), "multilevel multidisciplinary studies seeking to bridge these separate literatures may provide fertile grounds for future research" (p. 102).

As pointed out by several scholars, since BoDs might be different "across contexts in terms of role expectations, board structures, and actors, practitioners should be careful in applying practices in their own national context" (Bamberger, 2008; Hambrick et al., 2008; Pugliese et al., 2009, p. 302). For example, while the Swiss governance system is comparable to the Anglo-Saxon system, accountability and legal duties in strategizing are not fully aligned. Future research would need to find very similar contexts across industries and governance systems to conduct cross-case analyses and find less exclusive patterns. For example, Krause et al. (2019) argued that there "remains an opportunity for future study in investigating potential differences in the role of the board chair around the world" (p. 1588). While being incredibly time- and resource-intensive, such research approaches might result in higher external validity levels. However, one needs to be aware that cross-contextual studies have been criticized for assuming that certain aspects, such as the Chairperson or BoD duties, can be compared across national contexts (Aguilera & Jackson, 2003; Ebbinghaus, 2005; Krause et al., 2019).

Overall, while providing room for future studies, this dissertation is a piece of a larger puzzle that enhances our knowledge of BoD's strategizing in times of environmental change and offers unique and rare insights into BoD's actions in the strategy process.

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# Appendix A: Literature Review on BoD's Industry Experience

**Table A1:**
**Literature Review on BoD's Industry Experience**

| Author(s) | Time period | Country sample | Method | Journal | Definition of variable | Measurement of variable | → | Performance Outcome | Measurement of perf. outcome | Effect | Key findings |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Åberg & Torchia, 2019 | 2005-2006 | Norway | Regression | Journal of Management and Governance | Managerial human capital | Group/sum: Firm-specific, industry-specific and related industry skills (based on survey) | → | Strategic change | Five items for boards' involvement in strategic change | Positive | "Managerial human capital positively impacts strategic change, boards' sensing and seizing abilities [not reconfiguring] positively mediate the relationship between human capital and strategic change." (p. 1) |
| Adner & Helfat, 2003 | 1977-1997 | U.S. | Regression | Strategic Management Journal | Managerial human capital | Group/sum: Generic (or general), industry-specific, firm-specific, and related-industry skills | → | Business profitability | Annual return on assets (ROA) | Positive | "[…] explain differences in how managers respond to changes in the external environment." (p.1023) |
| Bailey & Helfat, 2003 | 1978-1987 | U.S. | Non-parametric statistical measures and tests | Managerial and Decision Economics | Industry-specific skills / work experience | Individual/binary: 1 if successor had prior work experience in the past 5 years in at least one industry in which the hiring firm operated | → | Firm performance | Post-CEO-succession performance | Positive | "Boards of Directors generally have better information about external successors from within the industry and therefore can better estimate the level of future performance, resulting in less variance of performance after the fact." (p.365) |
| Castanias & Helfat, 2001 | - | - | Conceptual paper | Journal of Management | Related-industry human capital | - | → | Information processing and social capital | - | Positive | "[…] human capital and their accumulated expertise may well affect the mindset that managers use to gather and filter information. [...] Furthermore, managers' human capital may make them more valuable and sought after as board members, in which case human capital can lead to an increase in social capital." (p. 675) |
| Certo, 2003 | - | - | Conceptual paper | Academy of Management Review | BoD prestige | *Conceptual definition:* BoD prestige results from the subjective evaluations that individuals associate with the BoD's skills, experiences [incl. industry] | → | Firm performance | Investor perception, initial public offerings (IPO) performance | Positive | "Boards of directors improve market performance by influencing the perceptions of potential investors. [... ]." (p. 440) |
| Chen et al., 2017 | 1983-1998 | U.S. | Regression | Strategic Entrepreneurship Journal | Outside directors' industry experience | Group/sum: three operationalizations:<br>- Intra-industry *managerial* experience<br>- Intra-industry *directorial*<br>- Industry outsiders | → | Post-entry growth | Natural log of total number of new cell phone service subscribers that are added to the focal firm in a specific year, | Mixed | "In addition, outside directors' intra-industry managerial experience stimulates post-entry growth while intra-industry directorial experience reduces it. We also find that firms benefit from having true industry outsiders who are experienced in other—not the focal—industries." (p. 441) |

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|---|---|---|---|---|---|---|---|---|---|---|---|
| Cohen et al., 2014 | 2001-2007 | Multiple countries on BoardEx | Regression | The Accounting Review | Audit committee industry experience | Individual/binary: AC member has industry expertise if s/he is/was employed by another firm that has the same two-digit SIC code as the firm in which s/he now serves as an AC member. | → | Audit committee effectiveness | Quality of monitoring of the financial reporting process | Positive | "[…] industry expertise, when combined with accounting expertise, can improve the effectiveness of the audit committee in monitoring the financial reporting process." (p. 243) |
| Dass et al., 2014 | 1990–2005 | U.S. | Regression | The Review of Financial Studies | Directors from related industries (DRI) | Two operationalizations:<br>- Group/binary: Dummy variable: 1 if BoD has at least one DRI<br>- Group/ratio: Proportional measure. | → | - Firm value<br>- Performance | - Firm value: Tobin's Q<br>- Performance: Diverse measures, such as return on assets (ROA) or cash conversion cycle (CCC) | Positive | "We find that directors from related industries (DRIs) have an economically significant positive impact on firm value (Tobin'sQ) and performance (ROA). The benefits are substantially larger in firms that face more severe information problems." (p.1585) |
| Drobetz et al., 2014 | 2000-2010 | U.S. | Regression | Working Papers on Finance | Outside BoD industry experience | Group/ratio: Percentage fraction of outside directors on the BoD that possess industry experience (main variable used) | → | Firm value | Tobin's Q | Positive | "Our analysis shows that firms with more [industry-]experienced outside directors are valued at a premium compared to firms with less [industry-]experienced outside directors. [... ]." (p. 1) |
| Faleye et al., 2018 | 2000–2009 | U.S. | Regression | Review of Quantitative Finance and Accounting | BoD industry expertise | - Group/ratio: The proportion of industry experts relative to the number of independent directors<br>- Group/sum: The number of industry experts<br>- Group/binary: 1 if at least one independent director is an industry expert | → | R&D management | R&D-based real earnings management (negative), increased R&D investments (positive), volatility of future earnings (negative), firm value (positive) | Mixed | "[…] firms with industry expert directors receive more patents for the same level of R&D, their R&D spending is associated with lower volatility of future earnings, and their value is higher. Finally, industry expertise is associated with CEO termination and pay incentives that encourage R&D investments." (p. 441) |
| Hillman & Dalziel, 2003 | - | - | Conceptual paper | Academy of Management Review | BoD Capital | Individual/binary: Prior skills, experience, expertise, and knowledge | → | Providing resources and monitoring management | - | Positive | "We combine [agency theory and resource dependence theory] and argue that board capital [, which includes prior industry experience] affects both board monitoring and the provision of resources and that board incentives moderate these relationships." (p. 384) |
| Johnson et al., 2013 | 1990-2011 | Theoretical and empirical studies | Literature review | Journal of Management | Industry experience | - | → | Process information, influence in boardroom, sales growth, acquisitions, CEO successions, environmental lawsuits, hiring CEO | - | Mixed | "Industry familiarity influences how directors process information and may affect which directors have influence in the boardroom. [...] In sum, this research indicates that industry experience has an effect, but [...] scholars can clarify the conditions and functional form of this effect." (p. 240-241) |

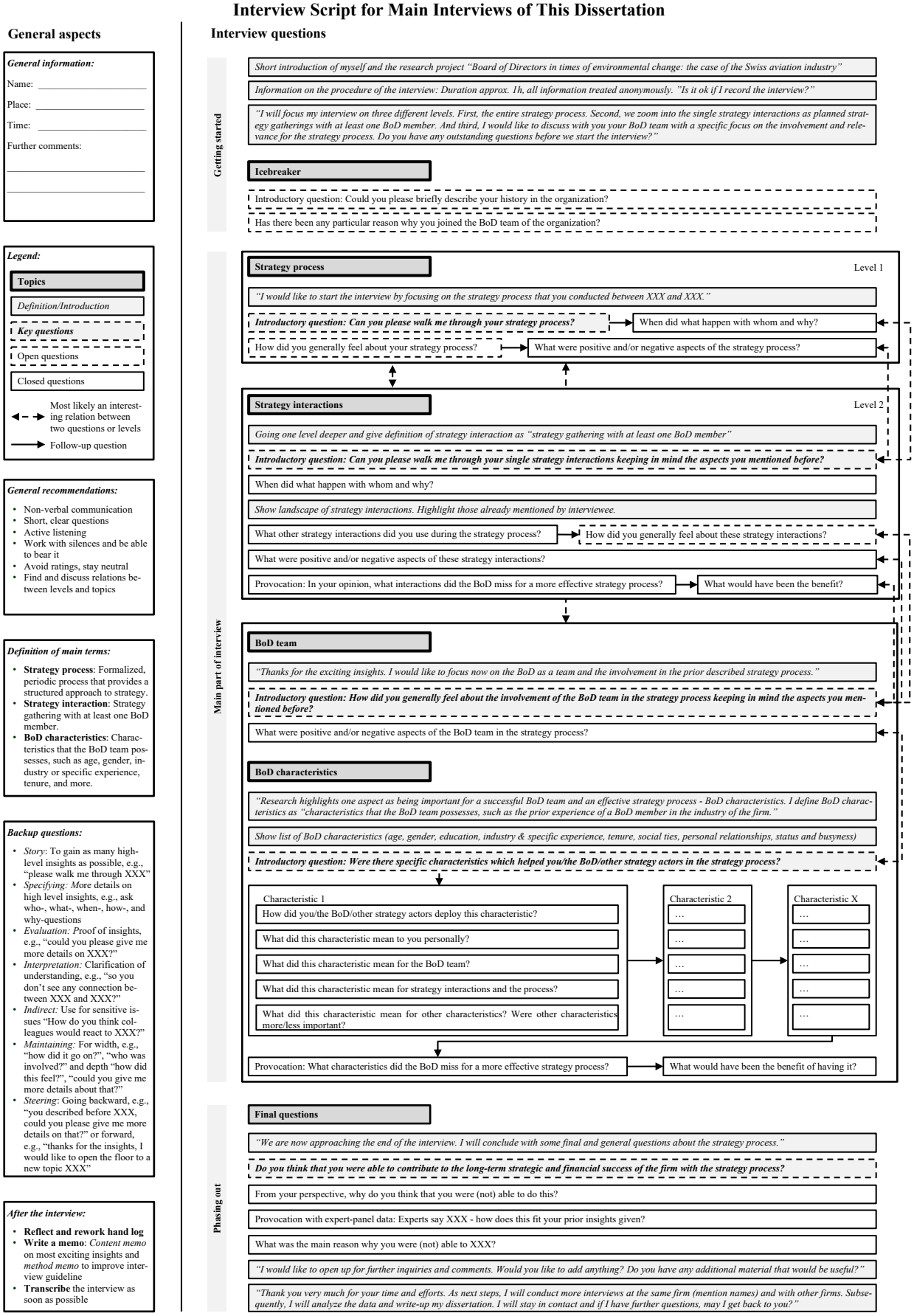
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|---|---|---|---|---|---|---|---|---|---|---|---|
| Knockaert et al., 2015 | 2008 | Norway | Regression | Journal of Business Venturing | BoD chair industry experience | Individual/sum: "Does your board chair have relevant industry experience in the same industry as your company?" (survey question) | → | Board service involvement | Survey questions | Positive | "The results also indicate that it is beneficial to attract a board chair who has considerable experience in the same industry as the company as this is supposed to activate the board's engagement in the service role." (p. 432) |
| Kor & Misangyi, 2008 | 1990-1995 | U.S. | Regression | Strategic Management Journal | TMT industry experience | Group/ratio: Average number of managerial positions managers previously held in the same industry | → | Outside directors' industry experience | Average number of managerial positions directors previously held in the same industry | Positive | "We have shown that the resource provision role of outside directors, and in particular the provision of industry experience, is much highly valued and needed to fill an experience vacuum in top management teams when the firm is subject to the liability of newness." (p. 1352) |
| Kor & Sundaramurthy, 2009 | 1990-1995 | U.S. | Regression | Journal of Management | Outside director industry positions | Group/ratio: Average number of managerial positions directors previously held in the same industry | → | Success of firms innovation strategy | Rate of sales growth (reflects firms' ability to generate and market innovative ideas) | Positive | "[... we] find that outside directors' [...] industry-specific managerial experience [... has a] strong additive effects on firm growth." (p. 981) |
| Kroll et al., 2008 | 1997-2001 | U.S. | Regression | Strategic Management Journal | BoD member expertise of the target firm industry | Individual/binary: 1 if BoD served in firm 5 years prior to acquisition of target firm's primary three-digit SIC code | → | Cumulative abnormal returns (CARs) | Two event windows (-3 to +3 and -5 to +5 days) | Positive | "The empirical findings indicate that vigilant boards rich in appropriate [industry] experience are associated with superior acquisition outcomes." (p. 363) |
| Oehmichen et al., 2017 | 2005-2010 | U.S., Europe | Regression | Strategic Management Journal | Industry experience | Group/ratio: Proportion of non-executive directors with experience in the same industry in the past 4 years | → | Strategic change | Change in a firm's financial resource allocation profile | Positive | "[…] higher regulatory transparency (i.e., information provision) and legal means of shareholder participation (i.e., control provision) reduce the effect of board industry expertise on change." (p.652) |
| Rajagopalan & Spreitzer, 1997 | - | - | Literature Review | Academy of Management Review | TMT composition | - | → | Strategic change | - | Positive | "[Prior research] indicated that strategic change occurs when changes in environment conditions are accompanied by major changes in top managers' cognitions [...] Overall, these results indicate that managerial cognitions [due to, e.g., industry experience] may play a crucial intervening role between organizational conditions and changes in strategies." (p. 64) |
| Tian et al., 2011 | 199-2003 | U.S. | Regression | Strategic Management Journal | Industry experience of independent directors | Group/binary: 1 if one or more independent directors had current or past work experience in the same industry as the focal firm | → | Investor reactions to new CEO selection | Abnormal stock return | Positive | "Our findings show that board capital matters more than the new CEO's characteristics. When the characteristics of the new CEO (age, origin, prior job and industry experience, and external director ties), were added to a baseline model that included all the other control variables, they increased the model's |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | explanatory power by four percent. [...].” (p. 744) |
| Von Meyerinck et al., 2016 | 2005-2010 | U.S. | Regression | Financial Management | Director's Industry experience | Individual/binary: 1 if the newly appointed director has any type of work experience in the same industry of the appointing company | → | Cumulative abnormal returns (CARs) | Two-day period from the day of the announcement until the day after the announcement (0 to +1) | Positive | “We find significantly higher announcement returns upon appointments of [industry-]experienced versus [industry-]inexperienced directors.” (p. 207) |
| Walters et al., 2008 | 1997-2001 | U.S. | Regression | Strategic Organization | Outside BoD member target industry experience | Group/sum: Number of outside directors | → | Cumulative abnormal returns (CARs) | Two event windows (-3 to +3 and -5 to +5 days) | Positive | “Drawing on both these perspectives, the authors describe effective boards as those that are vigilant (via incentives to monitor) and rich in human capital (via relevant experience). Such boards are able not only to monitor in the decision control sense, but also to provide strategic benefits to a greater degree than typical outside directors.” (p. 259) |
| Wang et al., 2015 | 2000-2007 | U.S. | Regression | Journal of Financial and Quantitative Analysis | Industry expertise of independent directors | Two operationalizations:<br>- Group/ratio: Percentage of industry-experienced independent directors among independent directors<br>- Group/binary: 1 if at least 50% of independent directors are industry-experienced independent directors | → | Board monitoring effectiveness (full board, audit com., compensation com.) | Firms’ earnings management (positive), returns from diversifying acquisitions (positive), CEO turnover performance sensitivity (positive) and CEO excess compensation (negative) | Mixed (see left) | “We find that possessing knowledge and expertise about the industries of the firms they serve enhances independent directors’ ability to perform their monitoring function. […] We find that a greater representation of independent directors with industry expertise on a firm’s compensation committee reduces excess CEO compensation, and a greater presence of such directors on the full board increases the CEO turnover-performance sensitivity and improves acquirer returns from diversifying acquisitions.” (p.958) |
| Westphal & Milton, 2000 | 1995 | U.S. | Regression | Administrative Science Quarterly | Industry background | Individual/binary: 1 if the focal director did not have prior management experience at another firm in the same industry | → | Director influence on strategic decision making by the BoD | Degree to which BoDs feel that they contribute to BoD discussions, and their overall perceived influence strategic decision making | Mixed (depending on minority / majority role) | “Results suggest that demographic minorities can avoid out-group biases that would otherwise minimize their influence when they have prior experience on other boards or social network ties to other directors that enable them to create the perception of similarity with the majority.” (p. 366) |

*Source: Own illustration.*

# Appendix B: Interview Script for Main Interviews

**Figure B1:**
**Interview Script for Main Interviews of This Dissertation**




*Source: Own illustration.*

# Appendix C: Interviews Conducted

**Table C1:**
**Interviews Conducted for This Dissertation**

| Organization | Role | Interviewer | Date | Length (min) | Venue | Language | Pages |
|---|---|---|---|---|---|---|---|
| ***Organization A*** | Chairperson | Erik Linden | 11.09.2020 | 32 | Phone | German | 12 |
| | Chairperson | Erik Linden | 11.03.2020 | 26 | Phone | Swiss German | 11 |
| | Vice-Chair & BoD member | Erik Linden | 14.08.2020 | 59 | Phone | German | 17 |
| | BoD member | Erik Linden | 30.07.2020 | 60 | Skype | German | 21 |
| | BoD member | Erik Linden | 28.07.2020 | 56 | Skype | German | 16 |
| | BoD member | Erik Linden | 12.08.2020 | 61 | Skype | German | 21 |
| | BoD member | Erik Linden | 06.08.2020 | 41 | Skype | German | 15 |
| | BoD member | Erik Linden | 20.07.2020 | 65 | Skype | German | 23 |
| | BoD member | Erik Linden | 21.07.2020 | 35 | Skype | German | 8 |
| | BoD member | Erik Linden | 28.07.2020 | 64 | Skype | German | 24 |
| | CEO | Erik Linden | 22.07.2020 | 48 | Skype | German | 21 |
| | EM member | Erik Linden | 20.08.2020 | 57 | Skype | German | 24 |
| | EM member | Erik Linden | 13.08.2020 | 67 | Phone | German | 24 |
| | Management member | Erik Linden | 25.08.2020 | 63 | Skype | German | 23 |
| ***Organization B*** | Chairperson | Erik Linden | 27.07.2020 | 61 | On Site | German | 21 |
| | Vice-Chair & BoD member | Erik Linden | 06.08.2020 | 62 | Phone | German | 18 |
| | BoD member | Erik Linden | 06.08.2020 | 90 | Skype | German | 30 |
| | BoD member | Erik Linden | 23.07.2020 | 52 | Skype | German | 21 |
| | BoD member | Erik Linden | 30.07.2020 | 59 | Skype | German | 17 |
| | BoD member | Erik Linden | 29.07.2020 | 58 | Skype | German | 23 |
| | BoD secretary | Erik Linden | 10.08.2020 | 75 | Skype | German | 21 |
| | CEO | Erik Linden | 21.07.2020 | 52 | Skype | English | 22 |
| | EM member | Erik Linden | 13.08.2020 | 75 | Zoom | English | 25 |
| | EM member | Erik Linden | 20.08.2020 | 76 | Skype | German | 26 |
| | EM member | Erik Linden | 10.08.2020 | 58 | Skype | German | 19 |
| | Management member | Erik Linden | 25.08.2020 | 73 | Skype | German | 23 |
| | Management member | Erik Linden | 25.08.2020 | 45 | Skype | German | 13 |
| ***Organization C*** | Chairperson | Erik Linden | 07.09.2020 | 32 | Phone | German | 32 |
| | Chairperson | Erik Linden | 03.07.2020 | 122 | On Site | Swiss German | 69 |
| | Vice-Chair & BoD member | Erik Linden | 10.08.2020 | 34 | Teams | German | 21 |
| | BoD member | Erik Linden | 21.07.2020 | 63 | Skype | German | 15 |
| | BoD member | Erik Linden | 07.09.2020 | 56 | Phone | German | 29 |
| | BoD member | Erik Linden | 21.07.2020 | 55 | Skype | German | 15 |
| | BoD member | Erik Linden | 20.07.2020 | 53 | Skype | German | 20 |
| | CEO | Erik Linden | 04.08.2020 | 96 | Teams | German | 39 |
| | External facilitator | Erik Linden | 20.08.2020 | 61 | Teams | German | 20 |
| | | | **Total:** | 2’142 | | | 797 |

# Appendix D: Codebook of This Dissertation

**Table D1:**
**Codebook of This Dissertation**

| Code | Description |
|---|---|
| 1:1 CEO-Chairperson | Formal strategy interaction between the Chairperson and CEO of the focal organization. |
| 1:1 Chairperson-BoD member | Formal strategy interaction between the Chairperson and one BoD member of the focal organization. |
| Activation | To set a single or multiple BoD members in motion to be active. |
| Ad-hoc committee | Are gatherings as formal strategy interaction. The ad-hoc committee are constituted for a limited period of time to address a specific need. When the work of the ad hoc committee is completed, the committee is dissolved. An ad hoc committee may exist for less than a year or for a year or more depending on the extent of the work assigned to it. |
| Advice | To give someone non-binding information about something or tell them what one thinks he or she should do. |
| Age | The period of time someone has been alive or something has existed. |
| Agenda | In my dissertation, the term *agenda* means the written document including agenda items, not the preparation and briefing activities and interactions between participants, which is defined as the "briefing" of a BoD meeting. The agenda of the BoD meetings should include the items to be discussed at the BoD meetings. |
| Aviation industry | The Swiss aviation industry refers to the activities of mechanical flight, airports, airlines, and the aircraft system within the segments of civil and general aviation and aviation safety in Switzerland. For this dissertation, the segment of military aviation is excluded. |
| Bilateral interactions | Bilateral interaction between the Chairperson, a BoD member or a member of the Executive Management team with the participation of at least one BoD member as formal strategy interaction. The interaction never has minutes and the information for non-participants is not institutionalized. |
| Blind spot | A subject or area in which someone's ability to understand is weak or lacking, sometimes because of not trying or not having the experience or skills to try. |
| Board of Directors (short: BoDs) | Are defined as an organization's highest legal authority, among other duties, responsible for strategizing (based on Art. 716 OR cont.). |
| BoD characteristics | Are the BoD's background and experiences, such as tenure, industry, or specific experience. |
| BoD committee | Are formal strategy interaction with at least one BoD member participating. These BoD committees are also called standing or operating committees. They are those committees that a board uses on a continual basis. They can be set forth in the association's bylaws or in its board operations and policy manual, or they may be established by custom. It is often mandatory to write minutes of the interaction to be informed and discussed about in the upcoming regular BoD meeting. |
| BoD Composition | Is defined as the characteristics of individual BoD members. |
| BoD processes and dynamics | Are defined as the socio-psychological processes of the BoD team inside or outside of the boardroom. |
| BoD secretary | In accordance with Art. 712 para. 1 of the Swiss Code of Obligations (CO), the Board of Directors appoints its Chairperson and the Secretary. With the Business Judgment Rule, its task has become more important and demanding. The secretary of the BoD is not only required to take the minutes quickly and correctly, but also to provide administrative support to the BoD. |
| BoD structure | Is defined as BoD's role structure and BoD size, independently of individual BoD member characteristics. |
| Briefing | Describes the entire preparation phase for a formal BoD interaction - from initiation through the leadership or meeting calendar, resp. ad-hoc issues, through the invitation with the agenda of the meeting and the appendix with the relevant documents, to the preparation-phase with bilateral interactions and individual preparations. The briefing of the BoD meeting is an important duty of the Chairperson of the BoD. However, this is not explicitly stated in the Swiss Corporation Law, but must be derived indirectly from Art. 715 OR. |
| Business-model specific experience | Background of a BoD member that is specifically concerned with the business-model of the focal organization. |
| Busyness | A situation in which there are many things to do. |
| CEO | Acronym for Chief Executive Officer: the person responsible for managing an organization. |

| | |
|---|---|
| Chairperson | As President of the BoD, who is responsible and in charge of an organization. |
| Change | The result of something becoming different. |
| Circular decision | Describes the BoD taking decisions by written consent. It is a special form of decision-making on BoD level. This often takes place via mail, digital tool (e.g., Sherpany offers this solution) or letter (thus remotely), in an asynchronous way, and for ad-hoc issues, which do not need an in-depth discussion or have already been discussed in a regular BoD meeting without final decision. The legal foundations are to be found in Art. 713 Para. 2 of the Swiss Code of Obligations. Sometimes, the organizational regulations specify that the resolution is valid if no oral debate is requested by date X, and more than half the members have agreed by then. |
| Climate | The type of situation that exists at a particular time, including the feelings and opinions that are common on the issue. For example, the climate of a discussion on BoD level or the climate for strategizing as feelings and opinions of strategic decision-makers on the issue. |
| Coach & Mentor | A experienced and trusted person who gives another person or team with less experience help and advice to develop over a period of time or to help prepare the person or the team for something. |
| Communication | The process of exchanging information to increase the understanding between people or groups of people. |
| Confidence in decision-making | The level of a person's feeling that the decision will work well. This term ranges from low levels of confidence to over-confidence in decision-making. If this is for the own decision, this is called metacognition as knowledge and understanding of your own thinking. |
| Conflict of interest | A situation in which someone cannot make a fair decision because they will be affected by the result themselves. |
| Consensus | A generally accepted opinion or decision among a group of people. |
| Contribution | Something that someone does in order to achieve a particular goal together with other people or to help make it successful. |
| Controversy | A disagreement that involves different ideas or opinions about something. |
| Critical dissident or opposition pole | A person who publicly and critically disagrees and criticizes an opinion or decision of another person or group of people. |
| Culture | The ideas and ways of working that are typical for an organization, and that affect how it does business and how its employees behave. |
| Decision-making | The process of the BoD making choices. |
| Deep dive | Means an in-depth interaction for a specific topic or issue that needs to be resolved. In my dissertation, when I talk of deep dives, this means that at least one BoD member needs to take part in this form of interaction. Often, this interaction is carried out with presentations from experts inside and outside the focal organization on a somewhat exclusive level to gain a deeper knowledge of a specific strategic issue being addressed. Deep dives might be seen as critical when a board is approving unfamiliar and high-risk projects. |
| Dinner & apéro | As informal strategy interaction with at least one BoD member as participant. It is often conducted in combination with another informal or a formal strategy interaction, such as a regular BoD meeting, a strategy day or a BoD committee meeting. |
| Discussion | The activity in which people talk about something and tell each other their ideas or opinions. This term might be measured by its level of depth, length, variety, and people involved. |
| Diversity | The condition or fact of there being many different and varied people in a BoD team. |
| Dynamic | Continuously changing or developing. |
| Education | The background of a BoD member in terms of education. |
| Effectiveness | The quality of being successful in achieving what is needed in terms of strategizing. It is about doing the right things. |
| Efficiency | A situation (in my dissertation interaction or strategy process) in which a person, organization, factory, etc. uses resources such as time, materials, or labor well, without wasting any. |
| Effort Norm | Perceived level of a person's effort compared to a subjective norm for the same effort. |
| Environment | The external context of an organization, which includes all of the elements that exist outside of the organization's boundaries. |
| Executive Management Team | The group of people who run an organization. |
| Experience | Background from doing, seeing, or feeling things. |

| | |
|---|---|
| External facilitator | Someone from outside the focal organization who helps a person, team or organization do something more easily or find the answer to a problem, by discussing things and suggesting ways of doing things. |
| Feedback | An information about something such as someone's work or a strategy practice or praxis, that provides an idea of whether people like it or whether it is good. On BoD level, an institutionalized feedback on strategic issues might be introduced to critically reflect on the self- and external perception of, e.g. the role and contribution of the BoD as strategizing actor. |
| Flow | A smooth continuous movement of something, such as a strategy interaction or a strategy process. |
| Focus | Careful attention that is given to something such as a task, or the ability to give your full attention to something. |
| Formalization | The extent to which strategy practices, praxis's or the strategy process are structured and governed by rules and procedures in an organization. |
| Formal strategy interaction | Are routinized types of behavior that are part of the larger strategizing episode – the strategy process. Such formal strategy interactions were found to be planned events, often having a fixed agenda with specific rules and responsibilities in place. In the case of BoDs, formal strategy interactions entail regular BoD meetings, BoD committee meetings, owner, shareholder or stakeholder meetings, or one-on-one feedback meetings of the Chairperson with other BoD members. |
| Frequency | The number of times something happens within a particular period, or the fact of something happening often or a large number or times. |
| Fresh air | Someone or something that is new and different and makes everything seem more exciting. |
| Future trend conference | A formal strategy interaction which is dedicated to the future or even far-future of the focal organization in the format of a literal conference. It is similar to a deep-dive, but less exclusive and rather very open to outsiders of the focal organization just participating and not contributing with a presentation. |
| Gender | The physical and/or social condition of a BoD member as being male or female. |
| Group dynamics | The interactions that influence the attitudes and behavior of the BoD members when they are grouped with others. |
| Human capital | BoD members and all of the knowledge, skills, experience, etc. that they have, which makes them valuable to the organization. |
| Impatience | The feeling of being annoyed because you have to wait for something to happen. |
| Industry experience | Background of a BoD member that is specifically concerned with the industry of the focal organization. |
| Informal strategy interaction | Are spontaneous encounters that might also happen bilaterally and relatively informal through not having any fixed agenda or another type of formalization. In the case of BoDs, these might be encounters via mail or telephone, social interactions at dinners, apéros, or other social events. |
| Information exchange | Gathering and sharing of facts or details about a person, organization, product, etc. |
| Involvement and engagement | Involvement describes the act or process of taking part in something, such as a strategy interaction or the strategy process. Contrary, engagement describes the process of encouraging people to be or get involved in the strategizing of an organization. |
| Issue raising | To highlight the importance or relevance of a subject or problem, so that people think or talk about, or need to deal with. |
| Leadership | The set of characteristics and actions that makes a person a leader. |
| Learning | The process of getting an understanding of something by studying it or by experience. 'Organizational learning' is a process in which managers and employees within an organization learn to deal with new situations and problems and so become more skilled and experienced. |
| Liminality | A state, where participants are distanced from their everyday experiences to engage with more privileged activities, knowing they will return to their everyday world. |
| List of pending issues | A continued list of issues that are on-going, possibly complemented with a list of who has to perform which actions by when. |
| Moderator | Someone who tries to help and actively enables other people to reach a consensus. Also, someone who controls and leads a discussion between a group of people. Often, the moderator on BoD level is the Chairperson of the BoD, because of his duty to lead BoD meetings and BoD strategy interactions. But, there is a natural conflict of interest here with the Chairperson, since moderating also means 'not taking any side' in the moderated discussion at all. |
| Monitor | To order, limit, or rule someone's actions or behavior. |

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|---|---|
| Motivation | Willingness to do something, or something that causes such willingness. |
| Network | The background of a BoD member in terms of knowing people with the same interests who might be useful to the focal organization. In my dissertation, I specifically address the aspect of a BoD member having a network within the aviation industry, thus having an 'industry network' as BoD member. |
| Off-Site visit | An occasion when (the entire BoD team or single members) go somewhere away from their (usual meeting place) together for a site visit. Companies combine these off-site visits with in-depth visits of strategy-relevant sights of benchmarked or best practice organization. The Off-site visit if often combined it with informal strategy interactions, such as dinners or team building exercises. |
| Onboarding | The process in which new employees or BoD members gain the knowledge and skills they need to become effective members of an organization. |
| On-Site visit | A formal strategy interaction when the entire BoD team or single BoD members visit sights of the focal organization. Companies might combine these on-site visits with other formal strategy interactions, such as the strategy day, and/or informal strategy interactions, such as dinners or team building exercises. |
| Openness | To make something available to a position that is not closed or limited, such as the ability to be open to change and other opinions. In my research context, such as openness to new strategy interactions or processes would be that the BoD makes other practices or interactions available to be discussed for an integration into the traditional strategy process. |
| Origin & residence | Where a person was born and grew up. |
| Other board seats | If a member of the BoD holds another BoD position outside of the focal organization. |
| Other formal strategy interaction | Any other formal strategy interaction, such as regular letters by the CEO or Chairperson, a Capital Market Day or an Input Presentation by a BoD member or outsider. |
| Other informal interaction | As other informal interaction, such as sporting or cultural activity, social event, military, private conversation or thematic and company event of another organization, outside of the focal organization, and in a very informal way. This might be combined with another informal strategy interaction or a more formal one. |
| Outsider | A person who is not involved or has previously not been involved with a particular group of people, organization or industry, or who does not live in a particular place. |
| Partnership | An agreement between organizations, people, etc. to work together. Partnerships might be formal or informal. |
| Personal relationship | The way in which two or more people directly behave with each other rather than through someone else. |
| Personality | The type of person someone is, shown by the way the person behaves, feels, and thinks. |
| Personnel changes | The process of replacing one BoD member through appointing a new BoD member. |
| Politicians | A current member of a government or law-making organization. |
| Power | The ability or legal authority to control other people or interactions, or to influence the way people act or think in a forceful and/or dominant way. |
| Quick-win | An improvement that is visible, has immediate benefit, is rapidly able to be achieved and possibly offers a better understanding of a desired future. |
| Recognition as strategy contributor | Other people's appreciation for a group's achievement as contributing to strategy. |
| Regular BoD meeting | Are the most common formal strategy interaction on BoD level. In organizational law, the BoD meeting is explicitly mentioned in Art. 715 CO. Meetings of the Board of Directors (BoD) are essential for the proper management of an organization. This applies in any case if the BoD consists of more than one member. In these cases, the organization's decision-making is based on a vote of the strategic management body. This requires a physical or virtual meeting of the members of the BoD. Rather, with regard to the catalog of tasks in Art. 716a OR implicitly assumes that the BoD as a body holds meetings of its own accord. This is reflected in Art. 715a OR, based on which all members of the Board of Directors and also the persons entrusted with the management of the organization are obliged to provide information at BoD meetings. The legal regulation of the BoD meeting is minimal in the Swiss Code of Obligations. Only Article 713 of the Swiss Code of Obligations briefly regulates the passing of resolutions and keeping of minutes. |
| Regular letter | A regular strategic update by a BoD- or Executive Management team member, ranging from very formalized to less formalized depending on the issue, the author and the recipient. |
| Regulation | An official rule or law, respectively the rule- or lawmaker. |
| Relationship | The way in which two things or people are connected. |

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|---|---|
| Resistance | A situation in which people or organizations fight against something or refuse to accept or be changed by something. |
| Respect | Admiration felt or shown for someone who is believed to have good ideas or qualities. |
| Risk-taking | The activity of taking risks. |
| Roles and responsibilities | The position and duty that a BoD member has in an organization. |
| Routinization | The level of something becoming a usual or fixed set of activities or ways of doing things. |
| Shareholder | The amount of an organization or business that somebody owns in the form of shares. |
| Size BoD team | The total number of members on the BoD team. |
| Social capital | The value of the relationships between people who work or live together and the knowledge and skills that they have and share. |
| Soft factors | The soft factors include images, moods, but also knowledge and the resulting behavior (de-/motivation) as well as actions (support/resistance). Such factors are called soft because they cannot be represented as key figures at all or only with auxiliary indicators. Their economic relevance for action results from the power of group dynamic processes. |
| Sparring partner | A supporter who contributes their experience, expertise, knowledge and know-how for the benefit and well-being of another person. |
| Specific experience | Background of a BoD member that is concerned with a specific issue, such as financial accounting. |
| Stakeholder | A person or organization with an interest or concern in something, especially another organization. |
| Stakeholder- and shareholder meeting | These are formal strategy interactions which are conducted with at least one BoD member and at least either a Stakeholder or the Shareholder of the focal organization. Stakeholders and shareholders are individuals and groups who are interested in the activities of the business and have a stake or share in its success. |
| Status | The amount of respect or admiration given to a person. |
| Strategizing | Strategizing is defined as nexus between strategy praxis, strategy practices, and strategy practitioners. |
| Strategic vs. operative issues | This describes a trade-off has to be made between the level of discussion and interaction on BoD level, from operating issues as rather operational issues that concern lower to higher management, to strategic issues that should concern the BoD as strategic apex of the organization. |
| Strategy as Practice (short: SAP) | Defined as the in-depth analysis of what actually occurs in strategy formulation, planning, implementation, and other activities that deal with the development and acting of strategy. |
| Strategy committee BoD | Is a form of BoD committee which is dedicated to the issue of strategizing. The purpose of such a committee might be to assist the BoD in strategizing by overseeing the organization's strategy formulation, approval, implementation, review, and reporting in partnership with the Executive Management team. |
| Strategy document | A written document that explains and documents the strategy and the thinking behind a strategy. |
| Strategy experience | Background of a BoD member that is concerned with strategy, such as transforming an organization strategically or previously being a CEO of an organization. |
| Strategy interaction | A strategy interaction is defined as a strategy practice and smaller strategic episode that is a communicative event, which involves at least one BoD member collocated in the same (physical or virtual) space and whose purpose is related to strategizing. |
| Strategy process | The strategy process is defined as strategy praxis that is a fragmented, periodic, situated, and socially accomplished flow of activity to formal and structured strategy development, implementation, and monitoring. It is also defined as a longer strategic episode that is compiled of a continuous series of smaller strategic episodes. |
| Strategy workshop | The strategy workshop (also called strategy day) is a formal strategy interaction with at least one BoD member participating. This form of interaction might take place once or twice a year. It might be conducted off-site, with the entire or parts of the Executive Management team and with the help of external facilitators as moderators, enabling the BoD to discuss in-depth strategic issues. Strategy workshops might differ in their level of formalization - from very formal and agenda-driven with minutes taken to no agenda and very open discussions without any minutes taken at all. |
| Team | A number of people who act together as a group to achieve something. |
| Tenure | The period of time during which someone is on the BoD team of the focal organization. |
| Terminating | Describes the final stage of a strategy interaction, in which the minutes of the meeting are composed, discussed and sent to the participants of the interaction, possibly including a list of pending |

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|---|---|
| | issues with roles and responsibilities. This phase of a strategy interaction might be complemented with an evaluation of the interaction or bilateral debriefings between participants or non-participants. |
| Think tank | A think tank on BoD level is a formalized interaction as an addition to existing BoD committees in the form of an advisory board or the alike that performs research, guidance and advocacy to the BoD concerning strategic issues in the area of regulation, social policy, economics, military, technology, and culture. |
| Time | The amount of time available to do something. |
| Timing | The ability to choose the right moment to do something. |
| Transparency | A situation in which activities are done in an open way without secrets, so that people can trust that they are fair and honest. |
| Trust | The belief of a person that the other person is honest and tells the truth. It is important to distinguish between competence-based trust and integrity-based trust (Connelly et al., 2018; Zattoni & Cuomo, 2008). I follow the definition of Connelly et al. (2018) in that competence-based trust is "an expectation that a partner has the technical skills, experience, and reliability needed to fulfill its obligations," while integrity-based trust is "rooted in perceptions about a partner's motives, honesty, and character" (Connelly et al., 2018, p. 920). |
| Updates | As informal or formal strategy interaction with at least one BoD member either being the communicator or the communicatee of the update. The Update may take place via mail, phone or any other form of communication. The frequency of these interactions might vary from very frequent to less frequent, depending on the communicator and the environment of the organization. Also, the level of formalization might vary from very formal to very informal. |
| Vision | The ability to imagine how an organization and its environment could develop in the future and to plan for this. |

# Appendix E: Exemplary Finding Tables

## Appendix E1: BoD team

### *Appendix E1a: Chairperson Characteristics*

**Table E1a:**
**Chairperson Characteristics**

| 1st order concept | Exemplary Quotes | 2nd order themes |
|---|---|---|
| ***Involvement*** | "I see myself as the person who is supposed to make things easier. [Such as] not that you overuse [my personal] network, but to use the network [for the good of strategizing]." Chairperson, Organization C<br>"[The Chairperson] also became very active. […] This also helped us [in the strategy process]." EM member, Organization B<br>"[The Chairperson] is always around shortly when he visits and leaves relatively quickly. [He is not on-site that often. …]. There is really no one on site wanting detailed tours or discussions as members of the board to experience the actual situation." EM member, Organization A | ***Chairperson characteristics*** |
| ***Moderation*** | "He has his ideas about design and structure. This is also valuable because I think it is important that when you come on a board of directors, that you participate [such as BoD meetings] with the necessary respect. Many of our managers lack this - not only towards the board of directors, but also towards the management. It's a world of experts who feel that you communicate the way you think is right and those who don't get it are too stupid. Actually, it is the goal of many experts to tell the other person that you are too stupid. That is an incredible arrogance. That's where [our Chairperson] is in the fight and he is very clear what he expects and how this is expressed in the board meetings." EM member, Organization B<br>"In terms of strategy, [the Chairperson] played a strong role. Also, in this ominous board strategy workshop, where there were very controversial discussions. In the end, the Chairperson was actually the one that steered the discussions in that direction 'let's try it anyway." CEO, Organization A<br>"[The Chairperson] allowed discussions to take place and then repeatedly captured the discussions and brought them to the point." BoD member, Organization C | |
| ***Leadership*** | "I noticed last summer […] that we probably have 15 million or 16 million of overruns and need an extra year. […] That was of course very, very negative news. I had the chance to give the Chairperson a heads-up [on this]. I said I was sorry, I really missed that. […] It was quite interesting. The reaction of the board was, how can we help you? […] With [the Chairperson and my sparring-partner BoD member] we went into a step where we thought about doing a brainstorming. [We decided to invite the Chairperson to a BoD committee meeting. The Chairperson] said he would do that, but he didn't come as a Chairperson, he came as a member of the board of directors to brainstorm what we should do to correct the problem. That was great for me. I still thought he said that. But then he came in and really played that role. If you know the [Chairperson], he's an Alpha-Animal. He wants to lead. But that's where he took the role [of not leading, but sparring]. For me, now regardless of the content we discussed, it was a sign of trust that they gave me that they were not only there to control what we were doing, but also to advise where they could. That was extremely crucial for me. […] I had the feeling that both […] had taken on leadership in the sense of positively saying how they could help me and how they could help the […] management. So not to say leadership, that's what you should do now, but simply to say, to define something that is important for us and we understand that and are in the same boat as you. This is not to blame or anything else, but to say that we are part of the team." EM member, Organization B | |

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|---|---|
| | "And then we have a strong president. […] He has a clear idea, often he explains at the beginning of the session what we are going to decide. […] That's probably a dangerous mixture for boards of directors." CEO, Organization A |
| | "So, the leadership of the BoD by [the Chairperson] was very positive. All in all, it was a very constructive and goal-oriented body, where discussions were very controversial." BoD member, Organization C |
| | "[The Chairperson] led the BoD very well and in a very clear and transparent way." BoD member, Organization C |
| ***Communication*** | "It is part of this cultural change, which we must also drive forward at [Organization B]. It involves communicating in a way that is appropriate to each hierarchical level. How do I communicate with a BoD? […] How much can you know and how much do you need to know, and in what form, so that you can take on this role? [Our Chairperson] does that very well, that helps me." EM member, Organization B |
| | "The business is already decisively processed and managed by the Chairperson and CEO in between the formal interactions. The Chairperson makes every effort to keep us informed by e-mail. This works very well, but the [regular BoD meetings] are less loaded with strategy discussions than with information exchange." BoD member, Organization A |
| | "It is of course unavoidable that information is then available at the Chairperson, which the others do not have. I think it is important to form committees that get involved, so that everything is not just gathered at the Chairperson's office, but that there are certain committees that deal with certain topics. In my opinion, historically speaking, we had a better situation in this respect. It was quite clear who was responsible for aviation issues, who was responsible for cooperation on master plan issues or for financial issues. In my opinion, the pre-2018 situation better divided up these issues." BoD member, Organization C |
| ***Dominance & power*** | "We have a strong Chairperson. And he must be. A Chairperson who is weak is not good for the organization. But [the Chairperson] allows everyone to speak his mind." BoD member, Organization B |
| | "And then we have a strong Chairperson. […] In [our city]'s German they say they eat out of the Chairperson's hand. […] He has a clear idea, often he explains at the beginning of the interaction what we are going to decide. […] That's probably a dangerous mixture for boards of directors to say, yes, those two will handle [the strategy process]." CEO, Organization A |

## *Appendix E1b: BoD Characteristics*

**Table E1b:**
**BoD Characteristics**

| 1st order concept | Exemplary Quotes | 2nd order themes |
|---|---|---|
| ***Industry experience*** | "The fact of having people from outside the industry sector, I think is very, very valuable because you don't get caught in your own bubble." Chairperson, Organization B<br>"If you have a board that no longer understands anything in the industry because there are too many outsiders, then it goes in exactly the opposite direction." EM member, Organization B<br>"The composition of the Board of Directors as a whole, which was and is ultimately helpful [for the effectiveness of the strategy process] in that there are not seven industry experts looking to ensure that the organization will continue to do the same in the future as it did in the past." Chairperson, Organization B | ***BoD characteristics*** |
| ***Business-model specific experience***[a] | "I don't think many on the boards have an idea what it means to run such a […business model. …] They cannot imagine it." CEO, Organization A<br>"It must also be said that many fail to pump something new into [the strategy] because our formal framework, regulatory framework, actually makes it very, very hermetic. You can't improvise if you want to do it technically new. It just doesn't work because there are norms and standards every here and there." Management member, Organization B<br>"[The employee representative on the BoD] does it very well. He really represents the interests of the employees, especially of course the controllers with his business model specific experience. But he does it in a way that is very beneficial for us as a board of directors, because we hear something from him that we would not otherwise hear from anyone else." BoD member, Organization B | |
| ***Tenure*** | "The discussions were perhaps even more concise and focused. I find the strategy workshops better every year than the last year, which is very positive. The discussions we have brought together, the openness, the debates, even the critical points are better discussed. The content is also more interesting. This is also related to the fact that we know each other better and we know what is missing. The Chairperson of the Board of Directors knows better and better what we want and the Executive Board knows better and better what we can and may work on together. And that is very good." BoD member, Organization B<br>"These BoD members are all, to put it bluntly, all there for far too long and earn far too little money. Then they do not prepare themselves, or you have seen everything more than twice. Some of the members have already seen two groundings. They have already seen everything and so on. That's why I go through the sessions here very quickly, because it's more in line in that sense." Chairperson, Organization A<br>"And, as always, when the same people who have been with us for years or decades, and who are strongly locally anchored, blindness develops. This [local network] has advantages, for example, when it comes to capital increases or to raising money for the organization. But it does not prevent regional blindness. It makes it impossible to understand or accept that nothing is the same as before. The conditions are different, the regulation is different, and the topography and the obstacles cannot simply be changed." EM member, Organization A<br>"If someone is only represented on the BoD for one or two years, then it is precisely this long-term element that is missing. And if, as in my case, someone moves on again after one and a half years, that's not good, because then know-how, time and experience are lost. […] So this continuity, which in my opinion is necessary for successful companies, was simply missing." BoD member, Organization C | |

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| **Personal relationships & networks** | "One can of course provide an insight through the network, e.g. through Aerosuisse, that the associations [and politicians] not only unilaterally represent the airline optics, but that one can contribute to lobbying." BoD member, Organization B |
| | "If personal relationships and networks is the only reason for a person to be sitting on the BoD, this has to be viewed as critical." CEO, Organization A |
| | "We need the opinion of the population and the acceptance of the population. If this is not brought in [on BoD level], there will be no acceptance and no support [, which would have an immense, negative impact on the effectiveness of our strategy process]." BoD member, Organization C |
| ***Member of another BoD*** | "Such transversal thinking is interesting on this level in order to make comparisons with other industries. For example, in the area of compliance this has brought us a lot of discussion, because some members of the board of directors saw how compliance is managed in other companies; apparently much better, more professionally or at least managed differently, even with different tools than what we had. This can of course lead to interesting inputs." EM member, Organization B |
| | "[Our BoD members] have far too many mandates. They probably do not give these mandates the necessary priority and time. One is simply a board member in many companies and it is also easygoing." CEO, Organization A |
| ***Gender, Age, Education, & Origin[b]*** | "This diverse background allows people to contribute. The possibility to bring this to light is, in my opinion, also encouraged by differences in gender." EM member, Organization A |
| | "I also find this relevant when there are different origins. […] It can be refreshing to bring such people in." BoD member, Organization B |
| | "And, as always, when the same people who have been with us for years or decades, and who are strongly locally anchored, blindness develops. This [local network] has advantages, for example, when it comes to capital increases or to raising money for the organization. But it does not prevent regional blindness. It makes it impossible to understand or accept that nothing is the same as before. The conditions are different, the regulation is different, and the topography and the obstacles cannot simply be changed." EM member, Organization A |
| ***Strategy experience[c]*** | "I have experience in the areas of restructuring, reorientation, strategy developement, these were topics I was constantly dealing with. It certainly helped me that I was already prepared to work on various other boards of directors, even at that time. [Further, it helped from my previous CEO position] that I just knew, and I think I still know today, what a CEO needs from a Chairperson. […] But I also know when it's enough, because the CEO doesn't want to have the CEO in the organization every day. But from time to time he needs a point of contact. The CEO is all alone." Chairperson, Organization B |
| | "In the beginning, when I spoke of strategy, then I spoke Chinese. […] We were like an island in the normal business. […] We had good input from external facilitators. They helped us to really bring this topic of strategy to the table. [… Then, we pushed and pushed.] There were always parts that we could nail. From this we were able to create more and more a holistic picture, which is actually our strategy by now. In between, of course, the board of directors was also involved." EM member, Organization B |
| ***Outsider*** | "I think it is a very natural process for a board to develop. I am convinced that it is good to have personnel changes in a committee. For those who stay, new people come along with new perspectives, which you can then get to know and learn from. And it is then like a living organism, it is not static but continues to develop. People join it, people leave. I don't find that problematic at all." Chairperson, Organization C |
| | "I have not known many, practically no one, in the industry [when I was elected Chairperson of the BoD]. That helped. I didn't have any liabilities anywhere. I had to study and I had to ask questions. I think asking these questions was important [for the strategy process to be successful]." Chairperson, Organization B |
| | "The fact of having people from outside the industry sector, I think is very, very valuable because you don't get caught in your own bubble." EM member, Organization B |

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| | "The problem [to realize new projects] was the airport's past [and the past experience of the BoD] with the airport. The BoD said that we have already had many airlines and none of them made it. But we came up with a completely new strategy and product. The thoughts [of the BoD] were with past products. All of them have withdrawn. Nobody made money here. That was the general statement. Probably that' s where the problem [of no strategic change] was." EM member, Organization A |
| ***Soft Skills***[d] | "Many things can be discussed more openly with a certain degree of awareness, perhaps familiarity, especially on a level that is not just about numbers, but a strategy which is sometimes also a gut feeling. Strictly according to the motto, we have the feeling and the numbers will then prove it. This is difficult when you don't know each other." BoD member, Organization B |
| | "[At the beginning,] we know each other too little, have found a fundamental basis, a consensus, otherwise we would not be together [as CEO and Chairperson]. But one does not yet know exactly how the other one works. Then come the first decisions or perhaps the first hurdles and the first differences of a factual nature. Then you see how the other person reacts. It is then especially a question of trust and loyalty. When you have put this behind you and notice that the other person has a very similar understanding of values, then you really begin to open up to trust." Chairperson, Organization A |

[a] Business-model specific experience as newly emerged theme from my study.

[b] Origin as newly emerged theme from my study.

[c] Strategy experience as newly emerged theme from my study. Strategy experience as prior experience of the BoD in terms of strategizing practice – as former CEO, BoD member or other strategy practitioner in the focal organization or outside.

[d] Soft skills as newly emerged theme from my study. Soft skills as personal competences, social competences and methodical skills.

## *Appendix E1c: BoD Structure*

**Table E1c:**
**BoD Structure**

| 1st order concept | Exemplary Quotes | 2nd order themes |
|---|---|---|
| ***Size of the BoD team*** | "I appreciate very much that we have the time [for strategizing]. [...] In [regular BoD] meetings, it's no good if the entire Executive Management is always present. I can tell you that at SwissRe, that's no secret, we have fourteen members of the BoD plus more or less the same number of members of the Executive Management. And with so many people there's not really any discussion. In [our organization here], I find [the size of the BoD] really ideal. There are seven of us and there is a discussion. And we don't have all Executive Management team members, but only [the CEO] plus the people who are responsible for the issues we're dealing with. That's how you can discuss [efficiently and effectively]." BoD member, Organization B<br>"You know, of course, not everyone is equally committed and involved in our Board of Director team. Although we don't actually have any special gradations, there are some who come to the meeting, in the best case, with printed agenda packs the day before. There are members of the Board of Directors […] who are actively involved and engaged outside of meetings and hold discussions, too. The level of commitment varies greatly within our Board of Directors. Maybe because it is so big. Perhaps it would be better to have a small board of directors and to have everyone working on the same level of involvement and commitment." BoD member, Organization A<br>"The larger the board is, the more you have people coming out of the group dynamics to speak badly or to speak too much. It must also be possible for the Chairperson to address the individual members directly." BoD member, Organization A | ***BoD structural characteristics*** |
| ***Clearly defined roles & responsibilities*** | "We just have a lot of [different characteristics and fitting roles ...] in our Board of Directors. No one has everything. I have drawn up a competence matrix for [our BoD]. However, this has not been discussed in its entirety either with the owner or with the entire Board of Directors in the [feedback interactions explicitly]. The only one who had the overall picture [f competencies, roles and responsibilities] with him was me. It is clear to everyone what competencies each individual must bring to the table, what is expected of them personally in terms of their competence [, experience, and involvement]. It is this diversity that makes it so special [and effective]." Chairperson, Organization B<br>"[The CEO] is also the one who is aware of his role that he needs the [BoD] as a body, as it provides him with the necessary decisions to drive the whole thing forward" Chairperson, Organization C<br>"I'm just saying it's not like you built this together and then based on that the next step was taken. It is rather that [the CEO] and I know where we are going. [The strategy process] did more likely happen bilaterally and cognitively. […] But the rest is more monitoring the strategy in one way or the other." Chairperson, Organization A<br>"I would have liked to have been more or better involved [in strategizing], because many things were already finished [when some of us as BoD members were involved]. [...] Of course we received documentation, we could comment on it. Of course, we could also get involved. But [the strategy] was also always quite advanced in the idea of how it should be." BoD member, Organization A | |

## *Appendix E1d: BoD Team Characteristics*

**Table E1d:**
**BoD Team Characteristics**

| 1st order concept | Exemplary Quotes | 2nd order themes |
|---|---|---|
| ***Level of involvement*** | "[The culture of the BoD] is different today. [… Today,] the Board of Directors are supposed to become a little more actively involved and that it is not enough to simply have tons of papers presented and then just nod off at the end. And if nobody bothers, then it's okay. I have tried to activate and involve the Board of Directors a little more and thus develop a culture of discussion even more than before." Chairperson, Organization B<br>"Decisions are not made outside of formal meetings, nor does politics happen or consensus building. If you want people to be involved, you have to play it seriously. The majority decides." Chairperson, Organization C<br>"[The Chairperson] has brought a great deal of personal involvement to the strategy process, especially in recent years. Nobody has rebelled because it was of course convenient to be able to count on such good preparation. But that can also mean that a lot of ideas don't come to the surface if you weren't there during the preparation [and did not prepare the discussion as BoD member]." BoD member, Organization A<br>"I simply observe this BoD and then I see that two or three colleagues are not really interested [and involved] in the meeting. They are simply very passive. I watch them on their iPads as they flip through the documentation [...] and probably discover the topics in those moments. Maybe [I discover this] because there are no critical questions about the strategic issues. This shows me that they probably haven't read [the preparation documentation]." CEO, Organization A | ***BoD team characteristics*** |
| ***BoD team's strategy culture*** | "[The culture of the BoD] is different today. [… Today,] the Board of Directors are supposed to become a little more actively involved and that it is not enough to simply have tons of papers presented and then just nod off at the end. And if nobody bothers, then it's okay. I have tried to activate and involve the Board of Directors a little more and thus develop a culture of discussion even more than before." Chairperson, Organization B<br>"It is that everyone brings his element into the whole. If it is now aviation-specific and [one specific Bod member] has the insight. He can then explain to us why this solution makes sense and then it also has a culture that is characterized by trust. But if that sounds plausible, then you don't go over it three more times and ask, are you really sure, do we still need to bring in an external opinion, do we still need an advisory report? No, then we are relying on each other. Maybe it really is a part of trust that plays a role. Which is not wrong. Not naive, but really trust. [Give the other members] some fresh air." Chairperson, Organization C<br>"I actually would have liked to see BoD members talking about issues, discussing with questions such as 'what can be done differently, how do you come up with this proposal, why do you do it and are there alternatives?' That's what I mean with the BoD being a coach and mentor. We expect the board of directors to deal with the issue and ask critical questions in order to challenge the management that comes up with proposals. That is what I miss. There is always some wisdom or they have decided how to proceed, and that is set." EM member, Organization A | |
| ***BoD team's strategy climate*** | "We have a good climate and not only a good cuddling together, but we can also discuss properly. We have confidence in each other's competence and that the person is doing his or her job." BoD member, Organization B<br>"I don't think it is an absolute must for anyone to attend [our BoD] interactions. They do it with joy and enthusiasm. For me, this is also a sign that the team works. In the end, it's the people who make the difference. And I am convinced that you have to pick them up accordingly and create a climate [that fosters discussions between BoD members]." Chairperson, Organization C | |

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| | "I think it is a very natural process for a board to develop. I am convinced that it is good to have personnel changes in a committee. For those who stay, new people come along with new perspectives, which you can then get to know and learn from. And it is then like a living organism, it is not static but continues to develop. People join it, people leave. I don't find that problematic at all." Chairperson, Organization C |
| | "My experience is that some of the best inputs brought by members came from members who have just been appointed to the BoD and who knew absolutely nothing about what we were doing. This is something not to underestimate. This freshness, this freedom from the organization's history has a huge value. Quite often over time, the value the members bring goes down because the members will fall into the comfort of the organization's history. […] During strategy discussions we had new members coming with statements that seemed absolutely wild to those within the organization for 20 years. But then, when you stop and sit back and think, you will think, why not? Then, when you look deeper, you say, 'well, that's probably the best thing that we've heard during the day.' And it forces you to rethink your assumptions." EM member, Organization B |
| ***Level of trust*** | "Trust means that you can't discuss every issue down to the last detail. We cannot go through every [infrastructure] plan to the last room and ask for every door: 'Is it important that it opens outwards or inwards?' etc. This requires trust in the competence of the people involved, so that we know it will work. I think the mix of trust and in between a control question on a subject, [...] gives the basis, how we can work together. So, trust should not become blind trust, but at the same time you should not question [and guide] in every little detail [as BoD]." Chairperson, Organization C |
| | "It is of course the crux of the matter that the others have no idea about [...] the core business. [...] But they do come and want to know a bit more precisely how something works. Maybe I had to do some trust building in the beginning. But apparently it worked. I do not feel like an inferior board member." BoD member, Organization B |
| | "The right people got together for the important discussions and also prepared the basics so that we could make a decision [as a BoD]. [... This is a] matter of trust. I trust someone who is competent, who has experience. Then I stand behind my colleague on the [BoD]. [... If I trust the other members on the BoD,] not everything has to be questioned about its significance. One assumes that the information is correct." BoD member, Organization A |
| ***Level of risk-taking*** | "[In our strategy process, we looked at the possibility of having [completely] different technological approaches and then integrating these into our business and strategy. [What we ended up developing in the strategy] was unthinkable in the beginning. Exactly this [disruptive] thinking then became our strategy. [... But this] comes with risks, because the security, redundancies, culture, for such systems and innovations [are different in our industry and in our organization]. [...] What you don't want is that the system doesn't work anymore and that you create innovations that have greater gaps. [In our industry] you are allowed to make innovations, but the whole thing must be culturally [...] super stable [and safe]." EM member, Organization B |
| | "There are also decisions that involve a certain amount of risk. [...] We had to decide, for example, whether we should now plan for core developments for the time being or whether, despite all the risks, we should already plan for further developments, including the inclusion of factors that are still uncertain, such as attracting investors. We then decided in the [BoD team] to plan beyond core developments and look at the next steps [of the strategy process]. Even if this means that we now have additional costs due to the planning fees, but we take the risk in order to be able to think further and look beyond our own noses. This also helps to ensure a good [strategic] development of the airport. In this context, [the CEO] has done a very good job of preparing the preliminary work, basics, papers and decision-making documents. [Then we were able to discuss these issues, came to a consensus and decided on it together as team]." BoD member, Organization C |
| | "[Our strategy proposal] was not accepted because we perhaps did not explain it well enough. The BoD only saw the risks if we got involved [with this strategy]. But they forgot that without pursuing the strategy, we are on the losing side anyway." EM member, Organization A |
| | "If the BoD had been a bit more demanding and encouraging, and had said, 'do something yourself, [take the risk and we will support you'. Then [the strategy process] would have been faster. We almost desperately had to explain [our strategy and] that we had no other chance [to follow the developed strategy] in the summer of 2019." EM member, Organization A |

# Appendix E2: BoD-EM Interface

## *Appendix E2a: BoD Tasks*

**Table E2a:**
**BoD Tasks**

| 1st order concept | Exemplary Quotes | 2nd order themes |
|---|---|---|
| ***Level of advice*** | "The value [of a sparring partner] is to have someone to talk to about problems. It is about him or her advising you as best he or she can. This is extremely important because you are sometimes very alone. You have to make decisions. You know your peers in management are not ready yet. But you still have to be covered because I take risks. If I have someone from the board of directors who asks me questions or who supports me or asks me why don't you do it anyway, or I have a contact you can contact, that is extremely helpful. […] It's important that the person realizes that the path we have chosen is the right one and that they support you. […] You always have situations where you are not quite sure. You need that kind of action from the governance structure." EM member, Organization B | ***BoD task performance*** |
| | "I do believe that with [a BoD], you also have to take the time and space to optimize certain developments. Let's assume that we really did have a two-day strategy day and spent a day looking at some other infrastructure and then stayed overnight, then such [strategic] issues [and the relevant discussions on them] would have emerged automatically. […] Maybe it would also have been good if we had taken the time to evaluate one or two days of best practice examples or worst case examples. I have had good experience in other areas and in previous jobs. It would not have been a big time invest and effort too." BoD member, Organization C | |
| | "I think that's really very nice if you as a BoD member are not just perceived as a disruptive factor. For me, this is also a sign of good governance that the BoD must play its role [...] to give guidance [to management]." BoD member, Organization B | |
| | "[In the sense of advice,] thank God the know-how came purely from [some board members]. [...] I would like to see such people preserved at all costs, or one or two more additional who really know [the industry]. [So, it is important to] bring in the outside view but still bring in something from the aviation industry." EM member, Organization A | |
| | "[The regular BoD meetings] are very demanding in terms of both time and knowledge, because, for example, for members who are not experienced in aviation, these documents, which are related to aviation, must also be studied. This is quite demanding [sometimes]." BoD member, Organization C | |
| ***Level of monitoring*** | "I must admit, the BoD is well prepared and informed. [...] I think, especially through the Chairperson, the BoD performs an important supervisory function [...] that also applies to strategy. Although I rarely hear the explicit sentence 'How does that fit in with our strategy?', implicitly, [...] the question of strategy is always present [in our BoD]." EM member, Organization B | |
| | "[The involvement of the BoD] is done through constant monitoring and control. Then, [in regular BoD meetings,] we also take corrective action if we see that things are going in the wrong direction or that the strategy may have to be adapted to the new environment. But we are actually always on top of the [strategy throughout the year]." BoD member, Organization B | |
| | "Of course, we have some actors who do [monitoring] really well. I'm thinking of [one BoD member], who sometimes asks quite succinctly: 'How is this supposed to work exactly?' And he usually brings up the questions when there are issues that have not yet been fully clarified." Chairperson, Organization C | |
| | "As far as the function is concerned, [...] I design and control quite a lot. [...] The rest of the board is actually [rather less active in control and guidance]." Chairperson, Organization A | |

## *Appendix E2b: BoD-EM Interface Characteristics*

**Table E2b:**
**BoD-EM Interface Characteristics**

| 1st order concept | Exemplary Quotes | 2nd order themes |
|---|---|---|
| ***Centrality of responsibility*** | "We have a strong Chairperson. And he must be. A Chairperson who is weak is not good for the organization. But [the Chairperson] allows everyone to speak his mind." BoD member, Organization B<br>"[The Chairperson] has always been like this, even outside of formal interactions, actively getting involved and leading discussions." BoD member, Organization A<br>"The business is already decisively processed and managed by the Chairperson and CEO in between the formal interactions. The Chairperson makes every effort to keep us informed by e-mail. This works very well, but the [regular BoD meetings] are less loaded with strategy discussions than with information exchange." BoD member, Organization A<br>"For me, [the lack of industry experience of the BoD] means that I have even more responsibility. I cannot hope for professional support in the development of the [strategy]. Many [issues] will pass through without being seen [or discussed in detail]." CEO, Organization C | ***BoD-EM interface characteristics*** |
| ***Effective Chairperson-CEO relationship*** | "[I think it helped] that I just knew, and I think I still know today, what a CEO needs from such a Chairperson of the Board. […] But I also know when it's enough, because the CEO doesn't want to have the Chairperson in the organization every day." Chairperson, Organization B<br>"That has settled down well. It was a painful exercise at the beginning. […] And then always the question, 'is it only meant as good advice from the Chairperson or are these real guidelines I need to keep?' And twice it was quite loud between [the Chairperson] and me. But that was necessary. We had to adjust the pendulum. […] We just had to get to know each other. We have had, I would say, an extremely good relationship since, I would say, the first six months were over. But the first six months, they were pretty exhausting." CEO, Organization A<br>"[The CEO and I] certainly meet twice a month, either physically or by telephone, to discuss individual issues, so that we can coordinate and push ahead with this. Of course, this is what is being discussed at the [regular BoD] meetings, where we report on what steps have been taken, what decisions have been made, and the [BoD] is pleased to note that they do not really have to get involved in every detail, but that they can rely on the operational implementation working." Chairperson, Organization C | |
| ***Feedback & fairness culture*** | "Everyone has the right to have someone tell him what he does well and what he does not do so well. I think it's an impertinence if you just let people work in front of you and then maybe one or the other thing bothers me but I never say it. […] Around this issue, I clearly demanded that people give me feedback, too. Because I am not infallible. Unfortunately. […] And we want to become better as a team. If I don't pass on my own observations to the people, I can't expect anyone to notice for themselves where, with their 60 years of life experience, they might not quite be where you expect them to be. What it has achieved? In individual cases there has been a noticeable change in behavior. In the case of one of the board members, whom I told, 'you simply have such a deficit in a particular department, that is too little for this board, even in your role. You have to do more.' And he has done more. […] Others have felt strengthened in the way they perform their role [through my individual feedback]. This is quite individual. [… But,] unfortunately, it is not usual. You have to think about how to get the maximum out of these people. […] It is said that Luther has said 'out of a sad ass no happy fart has emerged." Chairperson, Organization B<br>"There was an event which [the CEO] embellished. It was a situation in connection with a contract provision, with a former carrier, which we wanted to connect for [our project]. It was such a key experience, at least for me, I don't know if it was the same for him. I clearly told him there, this is a no-go for me. He can tell me everything, he | |

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| | can tell me anytime, I want to know the bad things too. Every person makes mistakes. But I don't want to hear in the background, 'yes, I have concealed that. Yes, that's just the way it is now and so on.' That doesn't work for me. That's where trust dwindles. He was then relatively broken and made his office or function available. For me that was in no way proportionate. But I think it was good, and nothing has happened since then. And I also think that he informs very openly and I trust him very much now. That is, I think, the decisive factor. If you can trust your employees and especially your CEO, then you have done some things right as Chairperson of the Board of Directors, namely choosing the right CEO." Chairperson, Organization A |
| | "[It is important] that you lay the groundwork with new external members [that join the BoD team] and say 'if anything is unclear, just ask, there are no stupid questions.'" Chairperson, Organization C |
| ***Level of trust*** | "Without trust you cannot work in any organization or group. We very quickly sensed that [the new CEO] was very much attracted to this job and that he was very quick to get into it with his heart and soul. […] He succeeded [in convincing the BoD] how he thinks and that he thinks in a way that is appropriate to the size and financial power of our organization." BoD member, Organization A |
| | "If issues then simply pass, it is the trust in the individual [BoD] members, who also trust each other very strongly. [... The BoD members here] have the feeling, [the BoD team] is diversely set up and one does not have to argue with all topics, but the colleagues will handle this correctly." CEO, Organization C |
| | "I think we gained a lot of trust with [the BoD] when we came up with the vision statement. That also helped the Board of Directors to summarize their thoughts and also to understand that [the strategy] fits together." CEO, Organization B |
| | "[In terms of developing and implementing the strategy], there was basic trust there, but not the family trust in the sense of 'Yes, the [new strategy lead] will do it'. So, the BoD was well aware that he has a role [in strategizing ...]. This is nicely kept apart." EM member, Organization B |
| | "The [new CEO] is the one in which I have the most trust to be able to do the [strategic] dialogue in partnership in the future. But at the moment I can't do that, because he is not experienced enough for that, [...] so I still have to dominate. […] What we now need is an investment case [...]. I don't trust our figures 100 percent, because on the one hand we have a very good CFO, but he is rather pessimistic. [... On the other hand,] we have a very good CEO, but he tends to be overly optimistic when it comes to the financial figures. [...] That's why we still need external help." Chairperson, Organization A |
| ***Level of effort norm*** | "There is really no one on site wanting detailed tours or discussions as members of the board to experience the actual situation." EM member, Organization A |
| | "Decisions and discussions sometimes happen very quickly. If the boards of directors do not really deal with the issue in detail, they cannot draw the necessary conclusions and insights. When everything is going reasonably well, it is less of a problem than when there are difficult problems to solve." EM member, Organization A |
| | "In the beginning, […] the whole strategy process was split on more people' s shoulders. And then, […the new CEO] was hired [… and some] members [of the BoD …] said, 'ok, now we can sit back a bit. We now have someone to take care of it.' So perhaps the involvement was not so optimal then." BoD member, Organization C |
| ***Strategic vs. operative issues*** | "[In BoD meetings, you have to take the operative ones out of their daily routine, reflect critically on yourself, approve milestones or not." Chairperson, Organization A |
| | "I think there used to be more discussion of operative details in the overall BoD. Today it's really about focusing. […] There is a clear division of responsibilities, what is the task of the BoD and Executive Management in terms of issues. We do not want to follow all the decisions of the Executive Management. The Board of Directors should be a strategic body that respects and complements the competencies of the Executive Board. This was much less the case in the past." BoD member, Organization B. |
| | "The board of directors is involved in detail, sometimes too detailed. […] Whether the door is on the left or the right in a hangar is then not a matter for a BoD." EM member, Organization A |

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| | "I sometimes have the impression […] that our Board of Directors is still relatively often at least heavily involved in operational business, or in some cases even works on it itself. […] I am divided on this point. On the one hand, it is of course very helpful if very experienced people can then contribute their knowledge. On the other hand, the Board of Directors should not actually be involved in day-to-day operations. […] Then there is an unnecessary and not particularly desired concentration of influence or power." BoD member, Organization A |
| | "[The CEO is responsible for] the operational level. […] I maintain direct contact with him and individual members [of the Executive team]. But I don't want to get too deeply involved in the operative sphere." Chairperson, Organization C |
| ***Level of information exchange*** | "This link [between the Executive Management and BoD] and this Q&A, or this mutual communication, is taking place very well and is of course very much shaped by the CEO, how well he seeks contact and connection with the Board of Directors. And that works very well for us at the moment." BoD member, Organization B |
| | "Efforts and challenges that the management and its specialists […] have to make sure that this can be communicated in a step-by-step and timely manner in such a simplified way that a board of directors responsible for the strategy can understand it. If the Board of Directors is able to identify, there are shortcomings, gaps, or temporal or financial differences that must be addressed, or if they are at least explainable and acceptable based on this declaration. This is the great challenge I have felt here in the area of corporate governance, in the relationship between the Executive Board and the Board of Directors." BoD member, Organization B |
| | "I did not try to solve or fill [the information] gap [between the BoD and management] because it is in the nature of things. And I don't think it is for a board of directors to know the nuts and bolts of the organization. They have to stay on the strategic level and we have to provide the information that they [are able] to make strategic decisions, knowing it's also related to the characteristics. […] So, you cannot expect them to have the same level of understanding in all areas. And you don't want to bring them the same level of understanding in the details, because this is not what you expect them to do." EM member, Organization B |
| | "I sometimes think it would be useful if the active members of the Board of Directors, the Chairperson and CEO, and then possibly also the CFO could tell us more regularly as a Board of Directors team with which committees they intend to speak or have spoken. Perhaps this is only one point that concerns me, because I am very much involved in politics with the departments. If I find out in a roundabout fashion that our Chairperson with the Federal Councilor is discussing exactly the same issue that actually concerns us, then it would be good if I knew that beforehand, and not when I'm on the road with the Federal Councilors and have to put on a brave face and say, 'yes, I don't really know anything'. So, it would be nice if these [briefings or debriefings of] interactions could sometimes take place a little more promptly." BoD member, Organization A |
| | "It took a lot of [regular BoD meetings] in the beginning [for our BoD members] until the flow of information was better. [Also, ...] they took place less often. Instead, there were more bilateral meetings, which was a challenge for the flow of information. The [regular BoD] meetings were then quite often almost overloaded. Sometimes we did not really have the time to discuss in the required depth. Some of them were perhaps not always very satisfying." BoD member, Organization C |
| ***Level of sparring*** | "From time to time [the CEO] needs a discussion partner. The CEO is all alone then. All those great stories about the team, the people who work together, who support each other, through thick and thin. There are limits to what the CEO can achieve when it comes to personal sensitivities and when personal careers could possibly take turns that are not necessarily wanted. Then, the CEO is suddenly alone. He needs someone." Chairperson, Organization B |
| | "The value [of a sparring partner] is to have someone to talk to about problems. It is about him or her advising you as best he or she can. This is extremely important because you are sometimes very alone. You have to make decisions. You know your peers in management are not ready yet. But you still have to be covered because I take risks. If I have someone from the board of directors who asks me questions or who supports me or asks me why don't you do it anyway, or I have a contact you can contact, that is extremely helpful. […] It's important that the person realizes that the path we have chosen is the right one and that they support you. […] You always have situations where you are not quite sure. You need that kind of action from the governance structure." EM member, Organization B |

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| | "I would say that with [one BoD member] a certain relationship has probably been established. She is an important sparring partner for me as the owner of [an important stakeholder]. She really understands [one important segment of our business]. She has become the most important partner for me in this segment." CEO, Organization A |
| | "I have initiated to create a steering group because I said we still need competencies and experience somewhere, I need support. […] I need the backing so that I don't suddenly have to decide everything for myself. [… The BoD] can't cover it professionally. We need to intervene in between, not to make things complicated, but simply to briefly check certain recommendations for decisions, which for me come from the planning and operative level." CEO, Organization C |
| | "[For specific financial discussions,] I have a lively bilateral contact with [the CEO]. […] The two of us prepare the financial budget and the plans and then submit them to the Commission for discussion and approval. […] [The CEO] and I provide the basis, as we see it, and then the discussion in the [BoD] is open." BoD member, Organization C |
| ***Level of recognition of BoD team as strategy contributor*** | "My general feeling is that [the BoD] played their role as far as the strategy process is concerned. They have to stay on the strategic level and we have to provide the information that they need to make strategic decisions. [… So, well, in my view, [the decisions of the BoD were] comprehensive [and extensive] because they approved some document that was already comprehensive. But they did not add on very much. They just answered the questions that were left open or made some requests for changing certain aspects. The outcome was comprehensive, but their action was more targeted. […] The questions for understanding were good questions as well. There were not just at a very superficial level, they were really trying to understand why we thought something." BoD secretary, Organization B |
| | "There really is one group that is competent in its field and deals with our strategic issues. Then there is the other group, which is perhaps simply further away from the really strategic issues of a regional airport. [... The one group sits on the BoD] because [they] own a lot of shares and have supported the airport financially in the past. [...] The other group, [they] may well have managed large platforms [themselves]. But [it is] not comparable [to our organization]. It is David and Goliath. [... The contribution of the BoD is then] simply very generalist." CEO, Organization A |
| | "I think the Board of Directors has long ignored the reality of the market and has actually tried to continue strategically. And this without taking sufficient account of market conditions to perhaps promote, stop or develop certain pillars of the business model." BoD member, Organization A |
| | "I see the lack of strategy in the fact that 1.5 years ago issues were raised that did not necessarily lead to the airport being better represented economically. […] The tendency [of the BoD] today is to try to formulate the strategy as we would like it to be. However, this does not answer the question of the future of our organization." Management, Organization A |
| ***Level of confidence in strategic decision-making of BoD team*** | "[The good preparation of documents] allowed [the BoD] to have a better conversation because they didn't feel themselves so vulnerable to the excess of data that had previously been in front of them." CEO, Organization B |
| | "Before [the BoD] offered guidance, they made sure they understood where the issues were. Because it's always a danger with some boards that they think they know more and better than you. So, they usually just jump in with some guidance that is of no use actually. This board first reflected and then they offered some guidance." BoD secretary, Organization B |
| | "[The CEO and I] I provide the basis, as we see it, and then the discussion in the [BoD] is open. But despite the fact that we have a head start in thinking, I think it is important that questions and discussions arise and that adjustments are made if necessary. We also do not have the wisdom to know everything, so there are always good objections. So, this discussion [with the whole BoD] is very important to me, because everyone should be behind a decision taken." BoD member, Organization C |
| | "Sometimes the Board of Directors' meetings do not run deep enough. Sometimes decisions happen very quickly. If the BoD members do not really deal with the issue in detail, they cannot draw the necessary conclusions and insights. When everything is going reasonably well, it is less of a problem than when there are complex issues." EM member, Organization A |

# Appendix E3: Strategy Interactions

## *Appendix E3a: Forms of Strategy Interactions*

**Table E3a:**
**Forms of Strategy Interactions**

| 1st order concept | Exemplary Quotes | 2nd order themes |
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| ***Regular BoD meeting*** | "[At a regular BoD meeting,] you have to remove the [Executive Management team] from their daily topicality, reflect critically on yourself, approve milestones or not. [... Also,] the information deficit of the BoD, which is necessarily there, must be reduced, compensated for and then given as a necessary prerequisite in order to perform the monitoring function, the sparring partner function and the motivational function vis-à-vis the [Executive Management team]. This is a very important element, especially in times of [rapid and disruptive] change." Chairperson, Organization A<br>"I can say about the [strategy] process that it works well, that we have an annual plan with a roadmap, with the [regular] BoD meetings and then in a reasonable way in between, depending on the committee, the committee meetings, so that we can fully take over the function of preparing the BoD meeting. Then, at each [regular BoD] meeting, either a main agenda item is put on the agenda by the BoD or there is an agenda item report from the BoD committees. [...] That was a textbook example of cooperation [between the BoD and Executive Management]." BoD secretary, Organization B<br>"We try to concentrate more on the essentials for a BoD. I followed a discussion back then on whether or not to outsource the replacement of toilet paper rolls. This kept the BoD busy for at least three meetings. […] What bothered me the most, in those early days [and before our recent strategy process], was this permanent ability of the management, I must clearly say of the management, to bring any issue that came up somewhere to the board of directors and at the very least to have an affirmative note in the minutes of a BoD meeting." Chairperson, Organization B<br>"[These BoD meetings] are a good platform to bring everyone to the same level of information, because many people don't have time otherwise. There are some top-class people who logically could not read in immediately. But it was important interactions, not very numerous, but enough to make the necessary decisions and to give the necessary to the [Executive] Management [team]. I sometimes have the impression, but that probably depends on the size of the organization that our Board of Directors still has a relatively large say in operational business [at these BoD meetings ...] or even participates itself to some extent." BoD member, Organization A<br>"I have long been an advocate of more meetings with fewer items on the agenda. However, I have had the experience in this [BoD], since the commission members are spread all over Switzerland and prefer the physical meeting whenever possible, that it is in the nature of things that one does not have many meetings, but these meetings are packed with agenda items. If I had the people all around me, I would prefer more and shorter meetings. [...] For meetings longer than 1.5 hours, you will eventually hang up. It's extremely demanding that the people are really involved." Chairperson, Organization C<br>"[The regular BoD meetings] are very demanding in terms of both time and knowledge, because, for example, for members who are not experienced in aviation, these documents, which are related to aviation, must also be studied. This is quite demanding [sometimes]." BoD member, Organization C | ***Forms of strategy interactions*** |
| ***Strategy workshop*** | "Then really before this 2018 strategy [workshop], we received some material in advance and were asked to think about [the strategy] ourselves and give our input at the meeting. [...] They said we're now getting more out of this Board of Directors by activating them. I found that really very good. Every [BoD member] gave their input and we are different personalities, [so, of course,] everyone raised different issues [...]. So, I thought to myself, this is not yet a ready-made presentation that I passively consume, but an invitation to think about [the strategy] myself." BoD member, Organization B | |

"[We had to] set up the conversation [for the workshop, define] the amount of information that [we] put out beforehand without swamping [the BoD] and creating the opportunity for a proper full discussion. […] What we did was […] to give the BoD sufficient information in 30 or 40 pages so they can have all of the conversations and give them some background reading. On top of that, maybe another up to 100 pages if they wish to go delve deeper and further. But actually, if we are not capable of explaining the topic to the BoD in a small number of pages, we probably haven't understood the problem ourselves." CEO, Organization B

"[A strategy day is in our organization] intensive, including an intensive discussion. And it's not only the BoD, but the Executive Management and its people being present. And then there are the relevant specialist speakers, who can also provide detailed information, detailed advice [from the outside]." BoD member, Organization B

"After the [strategy workshop] we were a bit depressed [...]. The BoD was not so euphoric [about the strategy]. [...] This little euphoria was due to the organization's past. The BoD said that 'we had already had many [similar strategies] and none of them were successful'. [...] That was the conclusion [of our proposed strategy]. [... The interactions with several members of the BoD as preparation [for the workshop] were actually good. We also presented the [strategy] in a clear manner and clearly pointed out the risks. It was well received [by the BoD in these bilateral, preparatory interactions]. [...] It was the [BoD members] whom we did not inform in advance who then said that the past had shown something different [than our strategy development]. And then, there was also pessimism among the other members [who were involved beforehand]. Then, [in the strategy workshop] everything was questioned again." EM member, Organization A

"With us, a BoD strategy workshop is nothing more than a BoD meeting. Perhaps the difference is that at a BoD meeting we have plus-minus a standard agenda. And in the [strategy] workshop, [...] there should simply be one dominant issue [to be discussed]. The other issues should be dealt with very briefly, but actually one devotes a bit of time to one issue. [In our case,] there is usually simply a presentation by the CEO. For me, this is not really a discussion of a strategic issue." CEO, Organization A

"[The strategy workshop] was a disruption [for the entire strategy process]. No question. Yes, these interactions are [… not more than regular] BoD meetings. It is simply careless if you simply walk into a meeting with difficult strategic decisions and assume that, A, they have read the documents, B, have dealt with them and C, have already had bilateral interactions with each other to prepare. Unfortunately, all this does not happen. My experience shows that they often come into the meeting with the printed documents and read them during the meeting. I am sorry, but I have already experienced this from some BoD members. That is a fact." CEO, Organization A

"[The decision on the strategy] was essentially fixed in these preparatory documents [of the strategy workshop]. Of course, there was also feedback, but questions that were asked could all be answered. [… But] it's this consensus, this incredible need for consensus of the average Swiss. […] I think the diversity in such processes is important, that there are insiders and outsiders. […] That's why I think it's absolutely good, constructive [to discuss]. […] And if someone can't stand it, then he's in the wrong place." Chairperson, Organization A

"[A strategy day] would make sense [for us,] but would require that the relevant experts be present to deal with these various issues or that they were consulted. Otherwise, not much would come out of such [strategy days] because the knowledge and experience is missing." BoD member, Organization C

"I do believe that with [a BoD], you also have to take the time and space to optimize certain developments. Let's assume that we really did have a two-day strategy day and spent a day looking at some other infrastructure and then stayed overnight, then such [strategic] issues [and the relevant discussions on them] would have emerged automatically. […] Maybe it would also have been good if we had taken the time to evaluate one or two days of best practice examples or worst case examples. I have had good experience in other areas and in previous jobs. It would not have been a big time invest and effort too." BoD member, Organization C

***1:1 Chairperson & CEO***

"[My interactions with the CEO] are least political. [The interactions] are clearly cognitive that you have to carry [the strategy process] forward and you do it in an iterative process. It is coordinative that you exchange information. But it also has a ritualizing effect in that we say we always do it consciously. The most important thing that has to work [in the strategy process] is the interactions between the CEO and the Chairperson." Chairperson, Organization A

"I'm just saying it's not like we developed [the strategy] together and then based on that, the next step was taken. It's rather that [the CEO] and I know where we're going [and the strategy development] is more likely to happen bilaterally and cognitively." Chairperson, Organization A

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| | "[My interactions] with the Chairperson [were] in the course of already preplanned bilateral meetings between the two of us. [… We conducted them by me] to some extent just [telling] the story without trying at all to go into any of the details or any of the specific elements. […] But just in order to try and help [our Chairperson] understand where the covers of the book are and where the chapters are going to be. […] So, the Chairperson here was more trying to understand the nature of where it was, [where] we were going. He then [gave] some inputs […]. As an example of that is 'where's the role of the customer in that?' […] I'm not getting enough customer in this. [Then I said,] 'ok, right. So, we'll take that back and think about that as well.'. CEO, Organization B |
| | "I'm helping myself in such a way at the moment [in the strategy process] that a relatively large number of Chairperson-CEO interactions are being made and things are waved through there. Then, the responsibility is with the Chairperson and me. But otherwise we're stuck [and do not change and progress at all]." CEO, Organization C |
| | "That has settled down well. It was a painful exercise at the beginning. Of course, that has to do with the new CEO. It's not a question of trust, but more of a question, yes, professionally, does he master all these issues? And then always, is it now only meant as good advice from the Chairperson or are these real guidelines? And twice it was quite loud between [the Chairperson] and me. But that was necessary. We had to adjust the pendulum. […] But the first six months, they were quite hard." CEO, Organization A |
| ***1:1 Chairperson & BoD member*** | "Then we also had [a one-on-one] with [our Chairperson], where everyone could give their feedback in the process, how we think about the strategy and so on. This is not an annual meeting. But that was once an evaluation, where [the Chairperson] gave us a 'green-dots, 'red-dots-evaluation'. [...] We had a one-hour to two-hour discussion with him. [...] I was [also] able to bring in everything [in terms of strategizing] at that point." BoD member, Organization B |
| | "Everyone has the right to have someone tell him what he does well and what he does not do so well. I think it's an impertinence if you just let people work in front of you and then maybe one or the other thing bothers me but I never say it. […] Around this issue, I clearly demanded that people give me feedback, too. Because I am not infallible. Unfortunately. […] And we want to become better as a team. If I don't pass on my own observations to the people, I can't expect anyone to notice for themselves where, with their 60 years of life experience, they might not quite be where you expect them to be. What it has achieved? In individual cases there has been a noticeable change in behavior. [E.g., I told one BoD member] that his efforts and involvement is too little for this team, even in his role, and he changed. […] Others have felt strengthened in the way they perform their role. This is quite individual. […] You have to ask yourself how to get the most out of [this BoD]. If I let them bumble around like this [and do not give them feedback, this is not going to be effective]. It is said to Luther, 'out of a sad ass a happy fart has never been born'." Chairperson, Organization B |
| | "I thought the [one-on-one] feedback interactions [with the Chairperson] were really good. It was surprising [but good]. [...] It was open. [The Chairperson] then also asked, 'it remains confidential, do you want to tell me anything to anyone else?' And I find that very good. He is the person who then has to deal with it. And there is also the trust that if you tell him something about someone else, that it will stay with him [...]. He then gives you feedback [too]. He did not tell us what he had done with it. But he takes note of the comments and then you probably realize over time whether he really initiated something or not." BoD member, Organization B |
| ***1:1 BoD member & EM member*** | "[These bilateral interactions with the BoD or Executive Management team] have brought a lot that you can later on go back in direct contact with one or the other. I find that very valuable." BoD member, Organization C |
| | "[From an early stage of the process, there] was a person of trust for me [on the BoD]. I also agreed with her very early on that we would have an open relationship. I talk about problems and she helps me to solve them. She gets the transparency from me, but in return she also helps me to solve the problems. And when I think back today, that really worked very well." EM member, Organization B |
| | "I have initiated to create a steering group because I said we still need competencies and experience somewhere, I need support. […] I need the backing so that I don't suddenly have to decide everything for myself. [… The BoD] can't cover it professionally. We need to intervene in between, not to make things complicated, but simply to briefly check certain recommendations for decisions, which for me come from the planning and operative level." CEO, Organization C |

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| | "[I had a one-on-one bilateral interaction with the] honorary Chairperson and BoD member every two weeks. It was simply a deal, because he was an alumnus and he was the delegate of the BoD. It was really about profiting from his know-how and expertise. But in the end, it was also about saving face somewhere. It didn't cost me much. I did hear some things. But I often heard the same thing again." CEO, Organization A |
| ***BoD committee meeting*** | "We don't want to delegate [strategy] to an area where three of [the BoD members] are particularly involved in the strategy and the rest of them say that it will be okay once the other ones have looked at it. What I find acceptable, for example, when it comes to the question of [specific strategic issues] that this can be delegated to a committee." Chairperson, Organization B |
| | "I think these committees proved to be very useful because it does provide members of the [BoD] with, I would say, a more detailed expertise in different areas. I also think it would be an overkill to bring all the members to the level of knowledge that the committees have. So, you can spread the members between different committees and have some specializations that are then combined in the [regular BoD] meetings. Also, we found helpful, the committees also dealing with [issues] quicker and easier because if [an issue] is introduced in the [regular BoD meetings] by the Chair of the committee who explains that they had reviewed it in detail and that they are satisfied with it and confident that this thing is under control, it helps selling it to the other [BoD] members and avoids the need to spend time talking with all [BoD] members. I think it's a good tool and it's one that has served its purpose." BoD secretary, Organization B |
| | "[The strategy process] was conducted in a very tight circle [- the Chairperson, CEO and selected BoD members]. [...] But basically it was no longer a full BoD exercise, it was a committee that wasn't even official. They did that with each other and then they informed us and ultimately asked us whether we agreed. But [the strategy] was the work of a small group." BoD member, Organization A |
| | "[Main parts of] the strategy process took place partly in [two BoD] committees. Here they developed the strategy. […In these committee meetings,] certainly some discussions took place where the whole Executive Management team was together with the [Chairperson]. So, the Chairperson always knew what was coming at the BoD meetings. He is also on the BoD committee for infrastructure, so that he has the information and knows what to react to and who to talk to. [… In the end,] the discussions in the BoD meetings are not very extensive anymore, because A, the documents have been read and B, the committees have already prepared a lot." BoD member, Organization A |
| | "I need more regular BoD meetings or a committee. [We don't have a committee today, but we need one] for more operational issues [or strategic issues to be discussed in more detail]. I'm helping myself right now by having a relatively large number of Chairperson-CEO interactions [...]. But then the responsibility is with the Chairperson and me. But otherwise we're standing still." CEO, Organization C |
| ***Off-site & on-site visits*** | "These [off-site visits] are always possibilities where you compare and try to make a [strategic] benchmark." BoD member, Organization B |
| | "Yes, I always find [these off-site visits] important. You have to look outside [and sense what is happening in the environment]. […] This can also inspire to look a little further, to see the horizon. […] If a BoD saw something so crazy, it would carry more weight. To see things like that, you just have to be inspired by others to think a little bit further and open up the fans. [...] We need air traffic and there are models that go far beyond what we do here. Such ideas are more likely to come to you when you look across the fence." EM member, Organization A |
| | "[The strategy workshop] is usually combined with a visit of an airport. […] I think [these visits] are very valuable. Because first of all, it is appreciated by the organization on site. I think that if you do it the way we do it, people also dare to say directly what is going well, but also what should be changed. It is also an appreciation towards the people that you show yourself there and that you know their faces." BoD member, Organization B |
| | "The off-site visits were a good tool for those who were not so deep into the subject matter, to get an idea of where we wanted to go [strategically], what the infrastructure should look like, what kind of processes they wanted to map, what they wanted to offer the potential passenger. […] But as a BoD as a whole, we have perhaps not done enough of these [off-site visits]." BoD member, Organization C |

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| | "We do not do these off-site visits enough, i.e. best practice management. [...] That's because you simply don't spend enough time. [...] We have the feeling that using one day is such a lot of time. If you don't do it, you need much more time to invent it yourself." CEO, Organization C |
| ***Strategic deep-dive*** | "I think it is very important for both BoD and Executive Management to do deep dives in the right place [of the strategy process]. This is an art. At the same time, it is also important to refrain from deep dives where they are not appropriate. [BoDs need to ask themselves:] 'Where do I place the Deep Dive?' This also has to do with resource management, because [...] time is very short in the Executive Management and also in the BoD. So, it is very challenging to make deep dives in the right places, on the right issues, to not foster 'bicycle stand discussions'." Management, Organization B |
| | "In the BoD, but also in the Executive Management, I would like to see a form of Deep Dive that is less agenda-driven, but not in an informal dinner like the vacation discussion is. In my opinion, it is very valuable to simply trigger discussions, let them happen and then ask for the opinion of the participants. We are often agenda- and productivity-driven [on these strategy days or retreats]. So, the deep dive has to be set right. I think it's a great virtue to allow yourself to be unproductive on the Executive Management and BoD level during a deep dive." EM member, Organization B |
| | "In the beginning [of the strategy process], I had the idea to make a big event with over a hundred people and a World Café [...] that brings a lot of output [in terms of strategy]. I wanted to do this with all kinds of stakeholders [...]. We didn't do this conference [or deep dive] because the BoD said that it would lead to a concert of wishes. That is too dangerous for us, so to speak. And now we've gotten to the point where I said, okay, we won't make it so big anymore. I'm thinking a Thinktank now. [...] My point is that we should be as broadly based as possible [in terms of strategy]. I don't want to be criticized for having developed [and implemented strategic issues all] by myself." CEO, Organization C |
| ***Company event*** | "[The business day is an opportunity for the stake- and shareholders] to have an interaction with the BoD very specifically in this instance. And the BoD gets an opportunity just to get a feel for what it's like and what the rest of the industry is thinking or saying. And do people think that [our organization] is getting it right, getting it wrong and really understand what they're doing and so on and so forth. [... It] offers the BoD the opportunity to interact with the industry without getting a filter from the Executive Management team." CEO, Organization B |
| | "The Business Day was important to get feedback [by our stakeholders and owner], definitely. But it helps a lot more to put the management behind our strategy. In other words, to make sure that the people are behind the ideas of the strategy. That's why people take the time on days like this to explain why [this strategy], where they want to go, because it's important to understand in the background how the strategy is changing. Feedback on the one hand, but rather a kind of coordination task that anyone can be on the same level. Also in the sense of, most of them also have teams, then they can also pass on the [strategy and strategic] ideas." EM member, Organization B |
| ***Dinner & apéro*** | "I think that you get to know each other better [through informal interactions such as dinners or lunches]. You know what is important, what is the background of a person, because you can also talk about other topics to get to know each other better. [...] It's easier to work together and more efficient when you know each other a little better. But it is also very time-consuming. [...] Depending on where we are, it's always with an evening before or in the evening itself with dinner. [...] I think the effort is worth it for everyone and also for the BoD." BoD secretary, Organization B |
| | "[These informal interactions not in combination with a formal one are two-fold]. My very personal attitude to these interactions is actually a rather negative one. I, personally, have an infinite number of such interactions, especially before Christmas. [...] They really get on your nerves with time. You have simply seen that. And even if the group is good, if you get along very well, then in November or December it's one more meal. We are doing it this year in summer. I think that's better timing. [But] I could easily live without it. I don't think these interactions are decisive. I think it's much better to be together a little longer on strategy day, maybe over lunch [...]. Then you could have done it in one go. For me personally, that would be enough. But I know that I am the exception [and] that there are quite a few who appreciate it very much." BoD member, Organization A |

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| | "On the informal side [of interactions on the BoD level], there has been virtually nothing [...]. We just made it so far that we had a short apéro after our meetings, but the first ones said right after the meeting that they had to leave already." BoD member, Organization C |
| ***Update as other informal interaction [inside]*** | "The informal part [of a formal meeting] is then just as important. You hear things that you didn't hear in the formal part. This has already helped a lot, so that you can go back to the direct contact with one or the other of them later on. I find that very valuable. [But we did not do this enough]." BoD member, Organization C |
| | "The informal [interactions] have a huge value and I think people often underestimate how critical these interactions are. You can make much more progress in half an hour of coffee discussion with the [Bod] than a whole day meeting with the plenary. So, this is something that one should not underestimate. […] I remember that [these informal interactions] did have a huge effect [on the strategy development]. For instance, I used to, when we had these [strategy] workshops, […] drive together with the BoD members who lived close to where I am. And of course, you use these times in the car, prepare the ground, draw the attention on issues that should be discussed and give your opinion on these issues to preparing their minds […]. Also, [the BoD members] have questions [that you can answer prior to the actual meeting]." BoD secretary, Organization B |
| | "There [were sometimes] additional interactions [between the Chairperson and me or BoD members and me], which also provided an opportunity for an informal exchange, which is not documented in minutes. That is then more straightforward in that sense." CEO, Organization C |
| ***Stakeholder meetings*** | "Somewhere in the law it says we have to consult our stakeholders [... , such as] we have the airlines around a table [to discuss]. Then we show them what we are doing [in terms of strategy] and some of them will react [and give feedback]. [... It is more or less] institutionalized. [...] But for the influence on [our] strategy [process] and the collection of information, it's more informal." Management, Organization B |
| | "Network-wise I actually did [these interactions] with [the regulator]. Of course, I have a good access from the past. I was present at all [these interactions with the regulator] from the beginning [of our strategy process]. So, [...] this might be that we were treated favorably by them. [But it] is certainly [also] partly due to our openness and the fact that we maintain a good relationship with the [regulator]. Interactions are done on a large scale every year, but also from time to time on a regular basis. I am relatively active in these areas." BoD member, Organization C |
| | "A very positive aspect was, thanks to the good interpersonal relations [of one of our BoD members] with the [regulator] and also with [other stakeholders], they were extremely helpful in getting [our initial strategic issue] off the ground. [...] And succeeding with this strategic issue was immensely important for our [entire strategy process]." Chairperson, Organization C |
| | "My predecessor told me that you have to be very careful, [the regulators] are very difficult people, they are so complicated. [… Then, we had a really good first meeting, where we discussed openly, also in a very informal way at lunch to established a personal relationship.] These [stakeholders] are also humans. We humans want to have a [personal and regular] contact with each other. If you are so open or just not and think, 'you stupid official' [that is not going to help]. They do their job, we do our job. Then we have a common goal and then it works. […] I'm convinced that if you play it reasonably smartly, your intentions have to come from the heart, then the people are extremely cooperative." Chairperson, Organization C |
| | "The exchange with the [regulator] is also very important. Regular interactions are crucial here, perhaps a meeting once or twice a year, including an invitation to [our sight]. At the end of the day, all key decisions for the [strategy] are controlled on the [regulator]'s desk. That's why interactions with [them] are very important and must be maintained." BoD member, Organization C |
| | "Involving [the stakeholder] was part of the strategy process. This had the advantage that the public became aware of [our strategy]. But it also had the disadvantage that the people knew that we could not cope with [the strategy] ourselves and had to ask the taxpayer for support. That was certainly not always very positive." BoD member, Organization A |

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| | "[The relationship with our regulatory bodies, stake- and shareholders] is slowly changing. [Our Chairperson] also has a different opinion and is much more open-minded. [We conduct these interactions] too respectfully on distance [...]. But if [these interactions] are necessary, they are important [for strategizing] and one should use them. I don't know any politician who is reluctant to receive information. So it is not about exclusive information, but that the issues are known, because in the end, as a politician, I am responsible for the whole thing to work." BoD member, Organization B |
| ***Owner Meeting*** | "In fact, it was also important throughout the [strategy] process that [the CEO together with our BoD] presented the vision and strategy [...] to [our owner] so that they could give feedback. [... It was important that they] approved. [...] That helped to move the whole [strategy] forward. Then a BoD [...] is also better able to approve [the strategy] because something positive was said at a higher level [...]. [But they did this out of their own interest and informally, because] there are no formal decrees from the [owner ... in terms of] the strategy [and the strategy process]." Management, Organization B |
| | "[We regularly conduct informal meetings with one of our owners] personally and with his secretary. One sits at the table in a very relaxed manner and exchanges ideas. We then inform them about the status of the strategic planning and the approval procedure, how it is with the financing, etc. So, this is very informal. At the next [regular BoD] meeting, we informed [the BoD] that we had been discussing [with this shareholder] and provided information there. But only under 'Varia', very informally. Simply that the [BoD] members know that we were there." BoD member, Organization C |
| | "You also have to lobby [with the stakeholders and owner] and this is also a long-term process that requires patience and perseverance." BoD member, Organization A |
| | "In the end, sometimes it is forgotten, especially with the background of certain BoD members, that we still have the [owner] who have an important say. That is not so easy for a Chairperson who is a former industry CEO, [... to say,] 'okay, I have now made [strategic] decisions and suddenly the politicians or the owner comes and says, 'yes, I want to have a say in this.'" BoD secretary Organization B |
| ***Other informal social interaction [outside]*** | "I listen around a lot and talk to other people [in the organization] on other locations, other sights and try to see other opinions, see other points of view [in terms of strategizing]. [...] If I only sit on my desk, I don't see that. I have to go to the front, go to the people. [...] These people also listen to me." BoD member, Organization B |
| | "In [our city], there are a lot of social events, executive dinners, cultural activities, where you always meet the same people and exchange ideas. And I must say that such encounters have already produced some extremely good ideas, some of which we are pursuing further. […] I have also sought a formal approach [for a specific strategic issue...]. This has not yet led to the goal. And surprisingly, on the informal level I was more successful than on the formal one." CEO, Organization A |

# *Appendix E3b: Phases of Strategy Interaction*

**Table E3b:**
**Phases of Strategy Interactions**

| 1st order concept | Exemplary Quotes | 2nd order themes |
|---|---|---|
| ***Briefing & preparation*** | "First we simplified the committee. We have simplified the reporting [for the BoD]. That's where I brought in and changed the way we worked based on my knowledge and experience. [...] I said, [...] if we there are questions, they can ask, but it doesn't have to be there directly as preparation. When you are swimming in information, you don't discover the right one. When someone provides me with so much information, I ask myself, 'what does he want to achieve?' Yes, this has developed over time. But we have tried to do that from the very beginning." BoD member, Organization B<br>"[We had to] set up the conversation [for the workshop, define] the amount of information that [we] put out beforehand without swamping [the BoD] and creating the opportunity for a proper full discussion. […] What we did was […] to give the BoD sufficient information in 30 or 40 pages so they can have all of the conversations and give them some background reading. On top of that, maybe another up to 100 pages if they wish to go delve deeper and further. But actually, if we are not capable of explaining the topic to the BoD in a small number of pages, we probably haven't understood the problem ourselves." CEO, Organization B<br>"The relevant topics of [the BoD meetings] were always prepared in a presentation and the corresponding additional documents are fed in beforehand so that everyone can read in and get an idea of what is going on. [… The CEO] usually makes it so that he has directly linked the attachments in his presentation so that we can go through them together. […] And otherwise there is also an opportunity to ask questions during the meetings." Chairperson, Organization C<br>"[The CEO] does the preliminary work, basics, papers and preparations for decision-making very well and submits them to us in advance. The information, calculations, tables, etc. thus provide us with a good basis for our decisions. If you don't have templates, ideas, calculations, etc., it is much more difficult to deal with the issues [being discussed in BoD interactions]." BoD member, Organization C<br>"I would say that the mindset of the [BoD members] is right. They arrive on time, they are prepared, they have the documents with them and they are open [... and] hungry to know what's new and where we stand. They are then also ready to make decisions. […] Quite a lot is intrinsic motivation from the individuals themselves. Of course, we also get into topics [fast ...]. When they are in a meeting and the BoD members haven't read [the documents], then they look rather exposed [and embarrassed]." Chairperson, Organization C<br>"I simply observe this BoD and then I see that two or three colleagues are not really interested [and involved] in the meeting. They are simply very passive. I watch them on their iPads as they flip through the documentation [...] and probably discover the topics in those moments. Maybe [I discover this] because there are no critical questions about the strategic issues. This shows me that they probably haven't read [the preparation documentation]." CEO, Organization A | ***Phases of strategy interactions*** |
| ***Agenda-setting*** | "Monitoring is happening as well. […] I am keeping the list of pending issues. There is a meticulous look, 'where is the pending issue, is it on the agenda, why didn't you put it on the agenda?' […] Especially with the Chairperson it is very accurate. He' s at the top of the agenda." BoD secretary, Organization B<br>"We try to concentrate more on the essentials for a BoD. I followed a discussion back then on whether or not to outsource the replacement of toilet paper rolls. This kept the BoD busy for at least three meetings. […] What bothered me the most, in those early days [and before our recent strategy process], was this permanent ability of the management, I must clearly say of the management, to bring any issue that came up somewhere to the board of directors and at the very least to have an affirmative note in the minutes of a BoD meeting." Chairperson, Organization B | |

"The [one-on-one interactions of the Chairperson and CEO] determine to a large extent the agenda of the BoD meetings, which in my opinion is not only necessarily bad." BoD member, Organization A

"The Board of Directors had a slight tendency towards 'sparing' the wishes and hopes. And by 'sparing' I mean continuing and never having the courage to say that this is not possible and not on the agenda anymore. […] But at least the CEO, true to the principle of concentration of forces, […] took note of this [sparing]. I think he realized that [many agenda items are] not an issue at that moment." BoD member, Organization A

*Discussion*

**PREPARATION**

"[The culture of the BoD] is different today. [… Today,] the Board of Directors are supposed to become a little more actively involved and that it is not enough to simply have tons of papers presented and then just nod off at the end. And if nobody bothers, then it's okay. I have tried to activate and involve the Board of Directors a little more and thus develop a culture of discussion even more than before." Chairperson, Organization B

"We have a good climate and not only a good cuddling together, but we can also discuss properly. We have confidence in each other's competence and that the person is doing his or her job. […] It is really how the individuals act, their votes, their way of acting on the board of directors, but also the discussions. I have the courage to say that I do not agree with them. [...] That something like this is allowed by the climate at all and that you don't get the impression that you are becoming an outsider. I think that is very important for this trust [relationship]. We all know that we are acting to the best of our knowledge and conscience, but also with commitment and energy for the success of this organization." BoD member, Organization B

"In this context, [the CEO] has done a very good job of preparing the preliminary work, basics, papers and decision-making documents. [Then we were able to discuss these issues, came to a consensus and decided on it together as team]." BoD member, Organization C

"I don't think it is an absolute must for anyone to attend [our BoD] interactions. They do it with joy and enthusiasm. For me, this is also a sign that the team works. In the end, it's the people who make the difference. And I am convinced that you have to pick them up accordingly and create a climate [that fosters discussions between BoD members]." Chairperson, Organization C

"The business is already decisively processed and managed by the Chairperson and CEO in between the formal interactions. The Chairperson makes every effort to keep us informed by e-mail. This works very well, but the [regular BoD meetings] are less loaded with strategy discussions than with information exchange." BoD member, Organization A

"The strategy was developed bilaterally in a small group. […] In the subsequent interactions of the BoD, we did not discuss the content of the strategy extensively, because we thought this is acceptable for us. […] It was rather important that the Chairperson had all the information needed and knew what he had to react to and who to talk to." BoD member, Organization A

**MODERATION**

"[The Chairperson] has always been like this, even outside of formal interactions, actively getting involved and leading discussions." BoD member, Organization A

"We have a good climate. You can talk openly with each other, and the Chairperson hears that. You don't have to do a feedback discussion artificially just to make sure that [feedback is heard]." BoD member, Organization B

"I always feel comfortable in the team and also find the atmosphere and discussion culture in the commission very good. Above all, the leadership is good, it allows discussion, but always leads to the point. The constellation also allows [controversial and focused] discussions, even if there has been a transitional phase in the last two or three years. But I think we have a good team spirit." BoD member, Organization C

"[The Chairperson] leads our interactions [...] very well compared to his predecessor. [...] He keeps the discussions going, but always summarizes them and leads them back to the main focus. So, instead of the discussions digressing, he has the gift of bringing them back to the point. But he lets the discussions run very well [and smooth]. The discussions are good and factual, and so I have never experienced personal animosities or insults. [...] There are also people who allow endless discussions and never come to a conclusion. And then it degenerates [which is not efficient and effective at all]." BoD member, Organization C

"For me, some [BoD members] are too calm, although this is more a statement than a valuation. I prefer someone who makes his opinion known and thus also stimulates discussion or brings in new thoughts. My personal impression is that someone is better to say something than to remain silent." BoD member, Organization C

**OPENNESS**

"The [strategy] day is actually a free, open discussion with the most visionary approaches possible and with equal attention to reality. Strategy is based on that, visions and taking into account feasibility and reality. [And this is what we discuss on a strategy day in the phase of strategy development. …] The discussions on this day are very intense." BoD member, Organization B

"[The CEO and I] I provide the basis, as we see it, and then the discussion in the [BoD] is open. But despite the fact that we have a head start in thinking, I think it is important that questions and discussions arise and that adjustments are made if necessary. We also do not have the wisdom to know everything, so there are always good objections. So, this discussion [with the whole BoD] is very important to me, because everyone should be behind a decision taken." BoD member, Organization C

"That is this consensus, this incredible need for consensus of the average Swiss. This is not at all problematic when criticism is made. […] I think the diversity in such processes is important, that there are insiders and outsiders. If you pick up everyone in small groups beforehand, then that is critical. Then the new approach might not be there, and you become somewhat blind to the process. […] That's why I think it's absolutely good, constructive [to discuss]. […] And if someone can't stand it, then he's in the wrong place." Chairperson, Organization A

**FOCUS**

"The discussions were perhaps even more concise and focused. I find the strategy workshops better every year than the last year, which is very positive. The discussions we have brought together, the openness, the debates, even the critical points are better discussed. The content is also more interesting. This is also related to the fact that we know each other better and we know what is missing. The Chairperson of the Board of Directors knows better and better what we want and the Executive Board knows better and better what we can and may work on together. And that is very good." BoD member, Organization B

"We try to concentrate more on the essentials for a BoD. I followed a discussion back then on whether or not to outsource the replacement of toilet paper rolls. This kept the BoD busy for at least three meetings. […] What bothered me the most, in those early days [and before our recent strategy process], was this permanent ability of the management, I must clearly say of the management, to bring any issue that came up somewhere to the board of directors and at the very least to have an affirmative note in the minutes of a BoD meeting." Chairperson, Organization B

"I simply have the feeling that discussions often derail. [One BoD member] asks a question […] that was not on the agenda, nor was it an issue at all. [… Then I think,] A, it's not a matter for the Board of Directors, it's an operational management issue, B, it wasn't on the agenda, and C, it's not even a problem. […] And I don't understand that stuff. But voila. Meanwhile, I'm so calm and I take note of it and just execute. Because there is nothing to discuss [in the interaction]. Really nothing." CEO, Organization A

"It took a lot of [regular BoD meetings] in the beginning [for our BoD members] until the flow of information was better. [Also, ...] they took place less often. Instead, there were more bilateral meetings, which was a challenge for the flow of information. The [regular BoD] meetings were then quite often almost overloaded. Sometimes we did not really have the time to discuss in the required depth. Some of them were perhaps not always very satisfying." BoD member, Organization C

**CONTROVERSY**

"I also think that we were very well involved in [entire strategy process]. At various interactions, we actually discussed in detail the aspects that did not suit us, or where someone had questions or where someone saw things a little differently, and reached a consensus within the Board of Directors." BoD member, Organization B

"During strategy discussions we had new members coming with statements that seemed absolutely wild to those within the organization for 20 years. But then, when you stop and sit back and think, you will think, why not? Then, when you look deeper, you say, 'well, that's probably the best thing that we've heard during the day.' And it forces you to rethink your assumptions." EM member, Organization B

"I actually would have liked to see BoD members talking about issues, discussing with questions such as 'what can be done differently, how do you come up with this proposal, why do you do it and are there alternatives?' That's what I mean with the BoD being a coach and mentor. We expect the board of directors to deal with the issue and ask critical questions in order to challenge the management that comes up with proposals. That is what I miss. There is always some wisdom or they have decided how to proceed, and that is set." EM member, Organization A

"Sometimes the [regular] BoD meetings are not deep enough [in terms of discussion]. Sometimes [decisions] happen very quickly. If the BoD members do not really deal with [the issues] in detail, they cannot draw the necessary conclusions and insights. When everything is going reasonably well, it is less of a problem than when there are difficult problems." BoD member, Organization A

"It took a lot of meetings in the beginning [to foster] a flow of information. [... These regular BoD meetings] took place less often [than before]. Instead, there were more bilateral [interactions], which was a challenge for the flow of information. The [regular BoD] meetings were quite often almost overloaded. Sometimes we did not really have the time to discuss in the required depth. Some of them were perhaps not always very satisfying. […] I believe that this can only be compensated for by working with committees again, if at most fewer issues are put on the agenda per [BoD] meeting. This might mean that you have to have more [and more regular BoD] meetings. [... The effect on efficiency is difficult to tell. But it would have a positive effect on the effectiveness [of the interaction] for sure. One would also be more satisfied with the outcome. There wouldn't be the feeling, uff, issues should have been discussed better, but there was no time." BoD member, Organization C

**ENABLING TO BUILD CONSENSUS**

"[The whole BoD] discusses in a very factual way, but expresses its opinion clearly and thus [we reach a consensus and make a] respective decision. Of course, not every decision suits me, but after the discussions I can stand behind these decisions all the time." BoD member, Organization C

"I also think that we were very well involved in [entire strategy process]. At various interactions, we actually discussed in detail the aspects that did not suit us, or where someone had questions or where someone saw things a little differently, and reached a consensus within the Board of Directors." BoD member, Organization B

"The decisions are usually already prepared to the extent that one can still offer a few control questions and contributions to the discussion, but it will not overturn the decision itself." CEO, Organization C

***Consensus-building & decision-making***

**INSIDE FORMAL INTERACTION**

"[What we have in terms of culture and climate] is that [the BoD] is confident to disagree with each other." BoD member, Organization B

"[Our BoD] is ready to make decisions. […] Quite a lot is intrinsic motivation from the individuals themselves. Of course, we also get into topics [fast ...]. When they are in a meeting and the BoD members haven't read [the documents], then they look rather exposed [and embarrassed]." Chairperson, Organization C

"Decisions are not made outside of formal meetings, nor does politics happen or consensus building. If you want people to be involved, you have to play it seriously. The majority decides." Chairperson, Organization C

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| | "[The whole BoD] discusses in a very factual way, but expresses its opinion clearly and thus [we reach a consensus and make a] respective decision. Of course, not every decision suits me, but after the discussions I can stand behind these decisions all the time." BoD member, Organization C |
| | **OUTSIDE FORMAL INTERACTION** |
| | "If [the strategic issues for BoD meetings] are well prepared [by committee meetings or bilateral interactions] and you have a basis for decision-making, then you will get through [the meeting] quickly. Then the decision is made, and the consensus is reached by the BoD quickly, even if it was only three out of nine [BoD members who prepared the decision]. This is then no longer a problem." BoD member, Organization A |
| | "You have also experienced how [the Chairperson] leads. He has a clear idea, often he explains at the beginning of the session what we want to decide." CEO, Organization A |
| | "But since, almost without exception, the votes were always unanimous, I have the feeling that, on the one hand, the BoD was convinced by the arguments of the Chairperson or of the preceding committee and, on the other hand, was perhaps not sufficiently well-informed in some elements to say that it could try something else." BoD member, Organization A |
| | **LIMITATIONS TO DECISION-MAKING** |
| | "In terms of decision-making it's simply more complex if the team is big. Whether it is necessary or not is of course the main question. The characteristics of the members are very decisive here, so that there is as much diversity as possible." BoD member, Organization A |
| | "If one has to make decisions due to lack of own experience or competence, one has to rely on the corresponding professional advice [and trust this advice]." BoD member, Organization C |
| ***Termination*** | "The contents [of the strategy workshop] were included [in the termination, which was done by the Executive team]. I also think that we were very well involved in the subsequent phase [of the strategy process]. At various BoD meetings, we actually discussed the issues that didn't suit us or where someone had questions or where someone saw things a little differently, and we reached a consensus within the BoD [...]. In the end, we all really said that this is the result of this workshop. We all stood behind [our decisions]." BoD member, Organization B |
| | "[The terminating] was actually mainly through the minutes, in writing up the relevant information. In these minutes, a middle ground was created between the minutes of the decision and the minutes of the discussion, so that information is not lost." BoD member, Organization A |

## *Appendix E3c: Strategy Interaction Characteristics*

**Table E3c:**
**Strategy Interaction Characteristics**

| 1st order concept | Exemplary Quotes | 2nd order themes |
|---|---|---|
| ***Frequency*** | "[The frequency] actually works quite well for us. We see each other regularly enough so that we can [get involved in strategizing]. The regular [BoD] meetings plus the workshop. That's actually a good fit." BoD member, Organization B<br>"But we need more [and more regular BoD] meetings. There is so much going on and the [BoD] has no idea about it. And then we have one meeting, two and a half hours, I already know that I'll be on half the agenda and the rest will stay for four months. I can't get the [strategic] issues off the table. That also blocks the pace of change, of course. [The Executive Management] is much faster than the [BoD]. […] I would like to have one [BoD meeting] at least every two months [..., so] six to eight [a year]. The issue is simple, there is so much information coming in, the meetings become so crowded and the meetings become so long and so intense for the members, the members have no chance at all. It is too much. I wish that there were more meetings to talk issues through a bit more seriously. […] So, we need more meetings or a committee […] for more detailed [discussions and] issues." CEO, Organization C<br>"I have long been an advocate of more meetings with fewer items on the agenda. However, I have had the experience in this [BoD], since the commission members are spread all over Switzerland and prefer the physical meeting whenever possible, that it is in the nature of things that one does not have many meetings, but these meetings are packed with agenda items. If I had the people all around me, I would prefer more and shorter meetings. [...] For meetings longer than 1.5 hours, you will eventually hang up. It's extremely demanding that the people are really involved." Chairperson, Organization C | ***Strategy interaction characteristics*** |
| ***Flow*** | "I wouldn't say that the flow was natural in the sense that the meetings were pretty much agenda-driven. [… But] I have no memory of the flow of the [BoD] meetings [or workshops] being disturbed during the strategic discussions. Most of the time, the Chairperson was time-minded, meaning that he would make sure that we would be able to cover the agenda that was on the table, except for [some] occasional drifting from the original topic. So, for me, the flow was good, probably also because the [workshops] were run and led by [our CEO] or the [BoD] members primarily, [and then it] was really for us to give the pace and to structure the discussion. Then, the discussions of the [BoD] were in the hands of the Chairperson. But no, my memories are rather positive in terms of flow." BoD secretary, Organization B<br>"[The Chairperson] leads our interactions [...] very well compared to his predecessor. [...] He keeps the discussions going, but always summarizes them and leads them back to the main focus. So, instead of the discussions digressing, he has the gift of bringing them back to the point. But he lets the discussions run very well [and smooth]. The discussions are good and factual, and so I have never experienced personal animosities or insults. [...] There are also people who allow endless discussions and never come to a conclusion. And then it degenerates [which is not efficient and effective at all]." BoD member, Organization C | |
| ***Length*** | "I have long been an advocate of more meetings with fewer items on the agenda. However, I have had the experience in this [BoD], since the commission members are spread all over Switzerland and prefer the physical meeting whenever possible, that it is in the nature of things that one does not have many meetings, but these meetings are packed with agenda items. If I had the people all around me, I would prefer more and shorter meetings. [...] For meetings longer than 1.5 hours, you will eventually hang up. It's extremely demanding that the people are really involved." Chairperson, Organization C | |

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| | "The BoD meeting goes faster if not everyone is involved in strategizing. […] The point is, do you read your documents before you go to the meeting or not. If you have an involved BoD, they want to have a say in terms of strategy. But if you have people who say they are BoD members, but send e-mails on their iPad during the meetings, then they're not interested in the strategy of the organization." EM member, Organization A |
| ***List of pending issues*** | "I keep the list of pending issues. There is a meticulous look, 'where is the pending issue? Is it on the agenda? Why is it not on the agenda?' 'Yes, because we are not ready yet.' 'Yeah, doesn't count.' [...] Especially with the Chairperson it is very accurate. He is always on track with the pending issues." BoD secretary Organization B |
| | "There were really a large number of [strategic] issues that were continued. But not only simply continued, re-evaluated, got a new touch. Very often this became negative over time, because it became clearer and clearer that you don't have the money for pursuing them. That does not mean, however, that [the BoD or the person responsible for it] deleted it, but one continued to have it simply [on the agenda every BoD meeting]. [...] The BoD had a slight tendency towards, 'sparing' the wishes and hopes of [our organization]. And by 'sparing' I mean continuing it and never having the courage to say that it is not possible. […] But at least the CEO [...] said there is only one issue for me, [developing and implementing the new strategy]. [...] I think he realized that [everything else] is not an issue at this point in time." BoD member, Organization A |
| | "The [BoD] meetings must be relieved of workload. What often happens now is that the [BoD] quickly signs a short bilateral agreement, but does not completely take [the issue] off the table, because it still has to be formally included in the meeting of the BoD. [...] That makes these meetings so bloated [...] and pending issues management almost impossible. So, I come to the [BoD] meetings with two boxes, I have to work through. You get attachments without end. I can't do that anymore." CEO, Organization C |

# Appendix E4: Strategy Process

## *Appendix E4a: Strategy Process Characteristics*

**Table E4a:**
**Strategy Process Characteristics**

| 1st order concept | Exemplary Quotes | 2nd order themes |
|---|---|---|
| ***Fit of strategy interactions*** | "[The strategy process] actually works quite well for us. We see each other regularly enough so that we can [control and guide in the strategy process]. The regular [BoD meetings] plus the workshop. That's actually a good fit." BoD member, Organization B<br>"[If the method-fit of strategy interactions is correct,] then it is more critical that it is done at the right time. Otherwise this might be [quite dangerous]. [...] For us [as expert organization,] it is more critical that the timing [of strategic interactions] is chosen correctly. [The problem with our timing of the Accelerator Workshop was that] issues were listed, [concrete] milestones were listed. If nothing happens then, everyone gets frustrated. Therefore [certain issues] had to be implemented quickly [so that] after these three days of work [in the Accelerator Workshop] it was worth it. [... But] today, some issues are still open [and unsolved], because the quick and dirty sometimes works very well, but not always. Then these issues get stuck. […] I would do it differently next time and conduct the workshop [earlier or] not at all. [In our case,] the workshop was not primarily about collecting ideas, but rather about explaining strategy. […] So, a lot of energy and little outputs to really start and implement [our strategic] transformation." EM member, Organization B | ***Strategy process characteristics*** |
| ***Timing of strategy interactions*** | "If you hold that [strategy] workshop too late in the [strategy] process, actually the BoD doesn't have that much chance to actually input anyway. […] So, basing a lot of the conversation […] on assumptions, working hypotheses and principles allows every member of the BoD to have an opinion." CEO, Organization B<br>"I also mentioned this that in the [strategy process] you should work with stakeholders much earlier and more intensively. [... The point is that] we have to spend much more time with the stakeholders. Sometimes losing time, but at least that they are on board. But it takes a lot of time. It is costly. And it's not easy with, [such as] politicians either." BoD member, Organization B<br>"I sometimes think it would be useful if the active members of the Board of Directors, the Chairperson and CEO, and then possibly also the CFO could tell us more regularly as a Board of Directors team with which committees they intend to speak or have spoken. Perhaps this is only one point that concerns me, because I am very much involved in politics with the departments. If I find out in a roundabout fashion that our Chairperson with the Federal Councilor is discussing exactly the same issue that actually concerns us, then it would be good if I knew that beforehand, and not when I'm on the road with the Federal Councilors and have to put on a brave face and say, 'yes, I don't really know anything'. So, it would be nice if these [briefings or debriefings of] interactions could sometimes take place a little more promptly." BoD member, Organization A<br>"The tenure of certain individuals [...] also gives a certain time pressure. Of course, you want to change [the strategy] in a certain environment, where you know that politics, local politics that you can work well with [are still there]. There is an expiration date for these relationships. We also want to change things while the environment is still favorable. Also, there the current situation [and the strategy] depends on the acting persons [of our stakeholders, especially those from the regulator]." BoD member, Organization C | |
| ***Efficiency [speed] of strategy process*** | "The pressure that [the BoD and especially the Chairperson is] putting on us to move faster means that we'll think about different ways of doing it, which we maybe didn't think about before." CEO, Organization B | |

"We have the feeling that one day is so much time investment [for strategizing or off-site visits]. [But] if you don't invest it [here], you need much more time to invent it yourself [and bilaterally through other types of interactions]." CEO, Organization C

"[Through the discussions with the BoD], the strategy process took too long and we lost half a year. […] The BoD only saw the risks [...]. However, they forgot that if we do not pursue this strategy, we will be on the losing side anyway. […] If the BoD had been a bit more demanding and encouraging, and had said, 'do something yourself, [take the risk and we will support you'. Then [the strategy process] would have been faster. We almost desperately had to explain [our strategy and] that we had no other chance [to follow the developed strategy] in the summer of 2019." EM member, Organization A

***Level of openness for strategic change***

"I also find it interesting [and challenging to be an outsider] because you have a completely different view and postures if you don't know the industry [or the outcome of a strategy process]. It's like looking at a Rubik's Cube. You only see three colors at a time. You have to turn it or look in another corner." Bod member, Organization B

"Those BoD members who have outside experience from non-air traffic management is very valuable. […] People who know our industry get stuck in the belief that this is it. And in order to take us somewhere into the future, we've got to have people who don't believe that the only real strategy is status quo." CEO, Organization B

"It was a strategy process where you start without knowing exactly where you will end up. [...] Of course we had ideas. We said we had to replace the entire technical infrastructure with something completely new. And the completely new is not simply to replace the old with something similar." BoD member, Organization B

"There are also decisions that involve a certain amount of risk. [...] We had to decide, for example, whether we should now plan for core developments for the time being or whether, despite all the risks, we should already plan for further developments, including the inclusion of factors that are still uncertain, such as attracting investors. We then decided in the [BoD team] to plan beyond core developments and look at the next steps [of the strategy process]. Even if this means that we now have additional costs due to the planning fees, but we take the risk in order to be able to think further and look beyond our own noses. This also helps to ensure a good [strategic] development of the airport. In this context, [the CEO] has done a very good job of preparing the preliminary work, basics, papers and decision-making documents. [Then we were able to discuss these issues, came to a consensus and decided on it together as team]." BoD member, Organization C

"Impatience in the sense of we must and we want [to change]. There is nobody who does not want this [strategic] change or does not believe that this change is needed. We all agree on that. This applies to Executive Management as well as to the Board of Directors." BoD secretary, Organization B

"In principle, the [...] strategy process was top-down. Basically, we knew where we wanted to go. [...] We had to collect elements and important information with one-on-one [interactions] and meet people, and then to mirror it afterwards, so to speak [...]." Chairperson, Organization A

"So it's not a strategic change [that we initiated with the strategy process], it was actually a strategy confirmation with the new focus, 'okay, if we don't have anyone [creating our revenue, we have to create something ourselves.'" Management, Organization A

"Main point of criticism, we somehow didn't manage to not only recognize the reality at the right moment, but also to implement it, so to speak the whole old crisis mode [. …] That became very often and over the time rather negative, because we noticed more clearly that we did not have the money to implement [strategic projects]. But that does not mean that we deleted them, we simply continued. […] The Board of Directors had a slight tendency towards 'sparing' the wishes and hopes of the organization. And by sparing, I mean continuing it and never having the courage to say that it is not possible. [… But then, at one point of the strategy process] I said, 'hey guys, it's a problem already at the beginning [of the strategy]. But then I, too, became the victim of a certain level of protection and considerate attitude. In the end, you also had to motivate the [Executive] team and keep them in line." BoD member, Organization A

***Blind spots***

**Through composition of the BoD team**

"The composition of the Board of Directors as a whole, which was and is ultimately helpful [for the effectiveness of the strategy process] in that there are not seven industry experts looking to ensure that the organization will continue to do the same in the future as it did in the past." Chairperson, Organization B

"My experience is that some of the best inputs brought by members came from members who have just been appointed to the BoD and who knew absolutely nothing about what we were doing. This is something not to underestimate. This freshness, this freedom from the organization's history has a huge value. Quite often over time, the value the members bring goes down because the members will fall into the comfort of the organization's history. […] During strategy discussions we had new members coming with statements that seemed absolutely wild to those within the organization for 20 years. But then, when you stop and sit back and think, you will think, why not? Then, when you look deeper, you say, 'well, that's probably the best thing that we've heard during the day.' And it forces you to rethink your assumptions." EM member, Organization B

"We've had many personnel changes lately, that's true. This is not stable. And trust can also be blind trust. I would say 50 percent of it is blind trust at this point. […] So, it's not trust based on knowledge, it's blind trust. It is then trust in me and then in my colleagues. We just had new [BoD] members who came into the first meeting and had to participate in the decision-making, voting and so on. They can't help but trust the others - unless it concerns their area of expertise and their particular interests." CEO, Organization C

"These BoD members are all, to put it bluntly, all there for far too long and earn far too little money. Then they do not prepare themselves, or you have seen everything more than twice. Some of the members have already seen two groundings. They have already seen everything and so on. That's why I go through the sessions here very quickly, because it's more in line in that sense." Chairperson, Organization A

"The problem [to realize new projects] was the airport's past [and the past experience of the BoD] with the airport. The BoD said that we have already had many airlines and none of them made it. But we came up with a completely new strategy and product. The thoughts [of the BoD] were with past products. All of them have withdrawn. Nobody made money here. That was the general statement. Probably that' s where the problem [of no strategic change] was." EM member, Organization A

"And, as always, when the same people who have been with us for years or decades, and who are strongly locally anchored, blindness develops. This [local network] has advantages, for example, when it comes to capital increases or to raising money for the organization. But it does not prevent regional blindness. It makes it impossible to understand or accept that nothing is the same as before. The conditions are different, the regulation is different, and the topography and the obstacles cannot simply be changed." EM member, Organization A

**Through strategy interactions**

"[With the former CEO, strategic issues] came to the BoD at a level of granularity that was less detailed than today's documents. Today, it is more detailed and more professional. But back then it was much more categorical, black or white. [...] Today, [our CEO] does it differently, in a smoother way. He always has the door open to the BoD. There is still a gap [or a blank to fill in his documents]. [And] there is always a next stage. [...] The risk in deciding for our BoD today seems to me to be deeper because there are several stages [where the BoD is involved]. It is never about black or white. It's just a rolling process and step by step the CEO can bring his ideas across because the door is always open for further discussion. [...] So everything is on the table and always open. [BoD meetings and the entire strategy process] go forward softer and smoother." EM member, Organization B

"I actually would have liked to see BoD members talking about issues, discussing with questions such as 'what can be done differently, how do you come up with this proposal, why do you do it and are there alternatives?' That's what I mean with the BoD being a coach and mentor. We expect the board of directors to deal with the issue and ask critical questions in order to challenge the management that comes up with proposals. That is what I miss. There is always some wisdom or they have decided how to proceed, and that is set." EM member, Organization A

"I do believe that with [a BoD], you also have to take the time and space to optimize certain developments. Let's assume that we really did have a two-day strategy day and spent a day looking at some other infrastructure and then stayed overnight, then such [strategic] issues [and the relevant discussions on them] would have emerged automatically. […] Maybe it would also have been good if we had taken the time to evaluate one or two days of best practice examples or worst-case examples. I have had good experience in other areas and in previous jobs. It would not have been a big time invest and effort too." BoD member, Organization C

## *Appendix E4b: Effectiveness of the Strategy Process*

**Table E4b:**
**Effectiveness of the Strategy Process**

| 1st order concept | Exemplary Quotes | 2nd order themes |
|---|---|---|
| ***Effectiveness*** | "It is very difficult to develop a definitive strategy in one day. This is not possible. You have to look at it critically and be able to challenge it. And that comes in an iterative process. It must not take too long, because otherwise the environment will continue to develop." BoD member, Organization B<br>"It must also be said that many [aviation organizations] fail to introduce something new because our formal framework, regulatory, makes it very, very hermetic. You can't improvise if you want to do it technically new. It just doesn't work because there are norms and standards here and there. Of course, it would be cool to communicate as Google, for example, could imagine. [...] The industry has also made it pretty hermetic to make it work at all, because if everyone thinks freely, you won't get a worldwide harmonization of the system. I think this has also historically helped to distance oneself from the outside world [and not change strategically]." Management, Organization B<br>"The structure [and strategy] is actually already future-oriented, I am still of the opinion, because it was developed with the help of experts [and from various angles]. But in part, the way [the strategy] was [...] handled in the final development is sometimes [not that effective]." External facilitator, Organization C<br>"This may be very critical, but we don't have a real strategy, if you ask me. There is no vision and mission. A few elements are missing. This medium to long-term strategy does exist, I suppose now, but it is not communicated in this way. [...] The strategy changes relatively quickly and is sometimes not communicated properly at all. […] The tendency today is to try to formulate the strategy as we would like it to be. However, this does not answer the question of the future [and why we should exist]." Management, Organization A<br>"I think [with the strategy] we can make a long-term contribution, but not very long term, because the environment is changing so fast with exogenous factors that we would not have dared to think about." BoD member, Organization A<br>"I see the lack of strategy in the fact that 1.5 years ago issues were raised that did not necessarily lead to the airport being better represented economically. […] The tendency [of the BoD] today is to try to formulate the strategy as we would like it to be. However, this does not answer the question of the future of our organization." EM member, Organization A | ***Effectiveness of the strategy process*** |

# Appendix F: Exemplary Patterns Tables

## Appendix F1: Role of the Chairperson in Strategizing

**Table F1:**
**Role of the Chairperson in Strategizing**

| Pattern | Chairperson characteristics | | BoD team characteristics | | BoD-EM interface characteristics | | Strategy interaction | | BoD team characteristics | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***The dominant Chairperson*** *Organization A* | - High level of involvement<br>- Bad feedback culture<br>- Moderation as head of organization<br>- Irregular and closed communication and only in subgroup<br>- High dominance and power | → | - Chairperson dominates culture<br>- Low level of involvement | → | - Ineffective Chairperson-CEO relationship<br>- Low level of trust: Chairperson does not trust EM<br>- Somewhat strategic issues discussed with partial drifting-off<br>- Low level of information exchange | → | - Preparation and agenda-setting mainly done by Chairperson<br>- Focused and somewhat closed and non-controversial discussions<br>- Slow building of consensus, but fast decision-making | → | - Somewhat bad strategizing culture since strategizing is not relevant for the entire BoD team<br>- Somewhat bad strategizing climate with BoD members feeling that strategizing is not a real team effort | → | - High centrality of responsibility at Chairperson<br>- Somewhat low recognition of BoD as strategy contributor: medium for Chairperson and low for other BoD members<br>- Somewhat low confidence in BoD's strategic decision-making: medium for Chairperson and low for BoD members | → | - High level of efficiency<br>- Somewhat closed for strategic change<br>- Somewhat a lot of blind spots | "In the strategy process I have rather perceived the president [as being active and involved. …] He is involved in detail, sometimes too detailed." EM member, Organization A<br>"And then we have a strong Chairperson. […] In [our city's] German they say they eat out of the Chairperson's hand. […] He has a clear idea, often he explains at the beginning of the interaction what we are going to decide. […] That's probably a dangerous mixture for boards of directors to say, yes, those two [, the Chairperson and CEO,] will handle [the strategy process]." CEO, Organization A |
| ***The integrative Chairperson*** *Organization B* | - High level of involvement<br>- Good feedback culture<br>- Moderation as Coach and Mentor<br>- Regular and open communication<br>- Medium dominance and power | → | - Inclusive culture<br>- High level of involvement | → | - Effective Chairperson-CEO relationship<br>- Medium level of trust<br>- Somewhat strategic issues discussed<br>- High level of information exchange | → | - Preparation and agenda-setting done by everyone, but mainly by Chairperson and CEO<br>- Somewhat controversial, open but focused discussions<br>- Medium speed of building consensus and making decisions | → | - Good strategizing culture since strategizing is relevant for the entire BoD team<br>- Good strategizing climate with BoD members feeling that strategizing is a real team effort | → | - Responsibilities divided by BoD and EM team<br>- High recognition of BoD as strategy contributor<br>- High confidence in BoD's strategic decision-making | → | - Medium level of efficiency<br>- Somewhat open for strategic change<br>- Very few blind spots | "[The Chairperson] also became very active. […] This also helped us [in the strategy process]." EM member, Organization B<br>"[Further, it helped from my previous CEO position] that I just knew, and I think I still know today, what a CEO needs from a Chairperson. […] But I also know when it's enough, because the CEO doesn't want to have the CEO in the organization every day. But from time to time he needs a point of contact. The CEO is all alone." Chairperson, Organization B |
| ***The empowering Chairperson*** *Organization C* | - Medium level of involvement<br>- Medium feedback culture<br>- Moderation as enabler<br>- Irregular and open communication<br>- Low dominance and power | → | - Single BoD members or EM dominates culture<br>- Somewhat low level of involvement | → | - Somewhat effective Chairperson-CEO relationship<br>- High level of trust<br>- Somewhat operative issues discussed<br>- Somewhat low level of information exchange | → | - Preparation and agenda-setting mainly done by CEO with support of Chairperson<br>- Controversial, open and somewhat not focused discussions<br>- Slow building of consensus and making decisions | → | - Medium strategizing culture since strategizing is not always relevant for the entire BoD team<br>- Medium strategizing climate with BoD members feeling that strategizing is only partially a real team effort | → | - High centrality of responsibility at CEO, EM or individual BoD members<br>- Medium recognition of BoD as strategy contributor<br>- Medium confidence in BoD's strategic decision-making: high and low confidence in individual BoD members and medium in Chairperson | → | - Low level of efficiency<br>- Very open for strategic change<br>- Somewhat few blind spots | "I see myself as the person who is supposed to make things easier. [E.g.,] not that you overuse [my personal] network, but to use the network [for the good of strategizing]." Chairperson, Organization C<br>"So, the leadership of the BoD by [the Chairperson] was positive. All in all, it was a very constructive and goal-oriented body, where discussions were very controversial." BoD member, Organization C |

# Appendix F2: Level of Industry-Outsiders on the BoD Team

**Table F2:**
**Level of Industry-Outsiders on the BoD Team**

| Pattern | BoD characteristic | | BoD team characteristic | | BoD-EM interface characteristics | | Strategy interaction | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***The industry-Outsider BoD team*** *Organization C* | - High level of industry-outsiders | → | - High level of risk-taking | → | - Mainly strategic issues discussed<br>- Low level of sparring<br>- Low confidence in decision-making | → | - Use of new forms of interactions<br>- Controversial, open and somewhat not focused discussions<br>- Slow building of consensus and making decisions<br>- Somewhat long interactions | → | - Medium level of recognition of BoD as strategy contributor<br>- Medium confidence in strategic decision-making<br>- Medium level of advice and monitoring | → | - Low level of efficiency<br>- High level of openness for strategic change<br>- Few blind spots through interactions, but blind spots through composition | "I think it is a very natural process for a board to develop. I am convinced that it is good to have personnel changes in a committee. For those who stay, new people come along with new perspectives, which you can then get to know and learn from. And it is then like a living organism, it is not static but continues to develop. People join it, people leave. I don't find that problematic at all." Chairperson, Organization C<br>"We've had many personnel changes lately, that's true. This is not stable. And trust can also be blind trust. I would say 50 percent of it is blind trust at this point. […] So, it's not trust based on knowledge, it's blind trust. It is then trust in me and then in my colleagues. We just had new [BoD] members who came into the first meeting and had to participate in the decision-making, voting and so on. They can't help but trust the others - unless it concerns their area of expertise and their particular interests." CEO, Organization C<br>"For me, [the lack of industry experience of the BoD] means that I have even more responsibility. I cannot hope for professional support in the development of the [strategy]. Many [issues] will pass through without being seen [or discussed in detail]." CEO, Organization C |
| ***The industry-diverse BoD team*** *Organization B* | - Medium level of industry-outsiders | → | - Medium level of risk-taking | → | - Somewhat strategic issues discussed<br>- Medium level of sparring<br>- Medium confidence in decision-making | → | - Use of mix of conventional and new forms of interactions<br>- Somewhat controversial, open but focused discussions<br>- Medium speed of building consensus and making decisions<br>- Medium length of interactions | → | - High level of recognition of BoD as strategy contributor<br>- High confidence in strategic decision-making<br>- Medium level of advice and monitoring | → | - Medium level of efficiency<br>- Somewhat open for strategic change<br>- Few blind spots overall | "The composition of the Board of Directors as a whole, which was and is ultimately helpful [for the effectiveness of the strategy process] in that there are not seven industry experts looking to ensure that the organization will continue to do the same in the future as it did in the past." Chairperson, Organization B<br>"The fact of having people from outside the industry sector, I think is very, very valuable because you don't get caught in your own bubble." EM member, Organization B |
| ***The industry-Insider BoD team*** *Organization A* | - Low level of industry-outsiders | → | - Low level of risk-taking | → | - Somewhat operative issues discussed<br>- High level of sparring<br>- High confidence in decision-making | → | - Use of somewhat conventional forms of interactions and many informal interactions<br>- Focused and somewhat closed and non-controversial discussions<br>- Fast building of consensus and making decisions<br>- Somewhat short interactions | → | - Low level of recognition of BoD as strategy contributor<br>- Low confidence in strategic decision-making<br>- High level of advice and monitoring | → | - High level of efficiency<br>- Somewhat closed for strategic change<br>- Few blind spots through composition, but blind spots through interactions | "Actually, the first people who wanted to work on [the strategy] were outsiders. But they didn't get to the point. And then, as part of the normal [strategy] process, the Executive Management team [took over to develop the strategy further]." BoD member, Organization A<br>"These BoD members are all, to put it bluntly, all there for far too long and earn far too little money. Then they do not prepare themselves, or you have seen everything more than twice. […] They have already seen everything and so on. That's why I go through the sessions here very quickly, because it's more in line in that sense." Chairperson, Organization A<br>"And, as always, when the same people who have been with us for years or decades, and who are strongly locally anchored, blindness develops. […] It makes it impossible to understand or accept that nothing is the same as before. The conditions are different, the regulation is different, and the topography and the obstacles cannot simply be changed." EM member, Organization A |

# Appendix F3: Tenure of BoD Members

**Table F3:**
**Tenure of BoD Members**

| Pattern | BoD characteristic | | BoD team characteristic | | BoD-EM interface characteristics | | Strategy interaction | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***The high-tenured BoD team*** *Organization A* | - High tenure of BoD members | → | - Low level of risk-taking<br>- High level of trust | → | - Somewhat operative issues discussed | → | - Use of somewhat conventional forms of interactions<br>- Focused and somewhat closed and non-controversial discussions<br>- Fast building of consensus and making decisions | → | - Low level of recognition of BoD as strategy contributor<br>- Low confidence in strategic decision-making<br>- Low level of advice and monitoring | → | - High level of efficiency<br>- Somewhat closed for strategic change<br>- Few blind spots through high business-model specific experience, but a lot through interactions | "These BoD members are all, to put it bluntly, all there for far too long and earn far too little money. Then they do not prepare themselves, or you have seen everything more than twice. Some of the members have already seen two groundings. They have already seen everything and so on. That's why I go through the sessions here very quickly, because it's more in line in that sense." Chairperson, Organization A<br>"The problem [to realize new projects] was the airport's past [and the past experience of the BoD] with the airport. The BoD said that we have already had many airlines and none of them made it. But we came up with a completely new strategy and product. The thoughts [of the BoD] were with past products. All of them have withdrawn. Nobody made money here. That was the general statement. Probably that' s where the problem [of no strategic change] was." EM member, Organization A<br>"And, as always, when the same people who have been with us for years or decades, and who are strongly locally anchored, blindness develops. This [local network] has advantages, for example, when it comes to capital increases or to raising money for the organization. But it does not prevent regional blindness. It makes it impossible to understand or accept that nothing is the same as before. The conditions are different, the regulation is different, and the topography and the obstacles cannot simply be changed." EM member, Organization A |
| ***The medium-tenured BoD team*** *Organization B* | - Medium tenure of BoD members | → | - Medium level of risk-taking<br>- Medium level of trust | → | - Somewhat strategic issues discussed | → | - Use of mix of conventional and new forms of interactions<br>- Somewhat controversial, open but focused discussions<br>- Medium speed of building consensus and making decisions | → | - High level of recognition of BoD as strategy contributor<br>- High confidence in strategic decision-making<br>- High level of advice and monitoring | → | - Medium level of efficiency<br>- Somewhat open for strategic change<br>- Few blind spots overall | "My experience is that some of the best inputs brought by members came from members who have just been appointed to the BoD and who knew absolutely nothing about what we were doing. This is something not to underestimate. This freshness, this freedom from the organization's history has a huge value. Quite often over time, the value the members bring goes down because the members will fall into the comfort of the organization's history. […] During strategy discussions we had new members coming with statements that seemed absolutely wild to those within the organization for 20 years. But then, when you stop and sit back and think, you will think, why not? Then, when you look deeper, you say, 'well, that's probably the best thing that we've heard during the day.' And it forces you to rethink your assumptions." EM member, Organization B<br>"[Sometimes we lack] this knowledge component a bit [...], because you just get someone external. [...] Of course, you have to rely on consultants and on the trust in the Executive Management, because as a BoD you hardly have the knowledge to play the role of a sparring partner." Management, Organization B |
| ***The low-tenured BoD team*** *Organization C* | - Low tenure of BoD members | → | - High level of risk-taking<br>- Low level of trust | → | - Mainly strategic issues discussed | → | - Use of new forms of interactions<br>- Controversial, open and somewhat not focused discussions<br>- Slow building of consensus and making decisions | → | - Medium level of recognition of BoD as strategy contributor<br>- Medium confidence in strategic decision-making<br>- Medium level of advice and monitoring | → | - Low level of efficiency<br>- High level of openness for strategic change<br>- Few blind spots through interactions, but a lot through low business-model specific experience | "I think it is a very natural process for a board to develop. I am convinced that it is good to have personnel changes in a committee. For those who stay, new people come along with new perspec-tives, which you can then get to know and learn from. And it is then like a living organism, it is not static but continues to develop. People join it, people leave. I don't find that problematic at all." Chairperson, Organization C<br>"We've had many personnel changes lately, that's true. This is not stable. And trust can also be blind trust. I would say 50 percent of it is blind trust at this point. […] So, it's not trust based on knowledge, it's blind trust. It is then trust in me and then in my colleagues. We just had new [BoD] members who came into the first meeting and had to participate in the decision-making, voting and so on. They can't help but trust the others - unless it concerns their area of expertise and their particular interests." CEO, Organization C<br>"It took a lot of [regular BoD meetings] in the beginning [for our BoD members] until the flow of information was better. [Also, ...] they took place less often. Instead, there were more bilateral meetings, which was a challenge for the flow of information. The [regular BoD] meetings were then quite often almost overloaded. Sometimes we did not really have the time to discuss in the required depth. Some of them were perhaps not always very satisfying." BoD member, Organization C |

# Appendix F4: Level of Trust on the BoD Team

**Table F4:**
**Level of Trust on the BoD Team**

| Pattern | BoD team characteristic | | BoD team characteristic | | BoD-EM interface characteristics | | Strategy interaction | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***The high-trusting BoD team*** *Organization A* | - High level of trust between BoD members | → | - Low level of involvement | → | - Mainly strategic issues discussed with sometimes drifting of the topic<br>- Low level of monitoring | → | - Use of somewhat informal, bilateral interactions<br>- Preparation and agenda-setting mainly done by Chairperson<br>- Focused and somewhat closed and non-controversial discussions<br>- Fast building of consensus and making decisions<br>- Somewhat short interactions | → | - Somewhat low level of recognition of BoD as strategy contributor<br>- Somewhat low confidence in strategic decision-making | → | - High level of efficiency<br>- Rather many blind spots through interactions | "The right people got together for the important discussions and also prepared the basics so that we could make a decision [as a BoD]. [... This is a] matter of trust. I trust someone who is competent, who has experience. Then I stand behind my colleague on the [BoD]. [... If I trust the other members on the BoD,] not everything has to be questioned about its significance. One assumes that the information is correct." BoD member, Organization A<br>"Without trust you cannot work in any organization or group. […] I also think that the enormous dedication shown by [our Chairperson] almost invites you to reward this with your own personal involvement. This creates a peer pressure. Please, if the Chairperson is already putting the pedal to the metal, then the rest of us should not simply let him down. And there must be trust in the performance of those [BoD members] who are doing the [strategic work] on the ground [or get involved]. We only meet four times a year." BoD member, Organization A |
| ***The medium-trusting BoD team*** *Organization B* | - Medium level of trust between BoD members | → | - High level of involvement | → | - Somewhat strategic issues discussed<br>- High level of monitoring | → | - Mix of formal and informal interactions<br>- Preparation and agenda-setting done by everyone<br>- Somewhat controversial, open but focused discussions<br>- Medium speed of building consensus and making decisions<br>- Medium length of interactions | → | - High level of recognition of BoD as strategy contributor<br>- High confidence in strategic decision-making | → | - Medium level of efficiency<br>- Few blind spots overall | "I must trust that my colleagues on the committees where I am not present do their work properly. [... In our case,] I have this trust because of their background and because of the people, because I know them, because I experience them on the Board of Directors. That's why I'm also very happy to be on this Board of Directors, because I can trust [the other members]. We have a good climate and not only a good cuddle with each other, but we can also discuss properly. […] It is really how the individuals act, their votes, their way of acting on the board of directors, but also the discussions. I have the courage to say that I do not agree with them. [...] That something like this is allowed by the climate at all and that you don't get the impression that you are becoming an outsider. I think that is very important for this trust [relationship]." BoD member, Organization B<br>"In terms of the way the [BoD] team works, each member of the team needs to have both trust in the other members of the team and the Executive [Management] to be able to say what they want, to ask what they want, and to believe that they're going to be told the truth." CEO, Organization B |
| ***The low-trusting BoD team*** *Organization C* | - Somewhat low level of trust between BoD members | → | - Medium level of involvement | → | - Somewhat operative issues discussed<br>- Somewhat low level of monitoring | → | - Use of formal interactions<br>- Preparation and agenda-setting mainly done by EM or single BoD members<br>- Controversial, open and somewhat not focused discussions<br>- Slow building of consensus and making decisions<br>- Somewhat long interactions | → | - Medium level of recognition of BoD as strategy contributor<br>- Medium confidence in strategic decision-making | → | - Low level of efficiency<br>- Few blind spots through composition | "Where there was something missing [...] is the clear disclosure of interests [and roles], especially the openness of the non-specialist members of the [BoD, such as the politicians and their agenda]." BoD member, Organization C<br>"Yes, [the BoD] has tried to get a picture of the situation by means of the discussions, the arguments. Of course, if nobody has dealt with the issues, then it's easy for the CEO or the person who has the information." BoD member, Organization C<br>"We've had many personnel changes lately, that's true. This is not stable. And trust can also be blind trust. I would say 50 percent of it is blind trust at this point. […] So, it's not trust based on knowledge, it's blind trust. It is then trust in me and then in my colleagues. We just had new [BoD] members who came into the first meeting and had to participate in the decision-making, voting and so on. They can't help but trust the others - unless it concerns their area of expertise and their particular interests." CEO, Organization C |

# Appendix F5: Size of the BoD Team

**Table F5:**
**Size of the BoD Team**

| Pattern | BoD team characteristic | | Chairperson characteristics | | Strategy interaction | | BoD team characteristic | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***The large BoD*** *Organization A* | - Large BoD team [>7 team members] | → | - Somewhat little feedback culture<br>- Few individual, regular and open communication by Chairperson | → | - Use of somewhat informal and bilateral interactions<br>- Centralization of preparation and agenda-setting<br>- Somewhat not controversial and open discussions<br>- Fast building of consensus and making decisions due to high levels of trust | → | - Involvement very diverse | → | - Somewhat low level recognition of BoD as strategy contributor<br>- Medium confidence in strategic decision-making | → | - Low level of efficiency<br>- Few blind spots through composition, but a lot through interactions | "You know, of course, not everyone is equally committed and involved in our Board of Director team. Although we don't actually have any special gradations, there are some who come to the meeting, in the best case, with printed agenda packs the day before. There are members of the Board of Directors […] who are actively involved and engaged outside of meetings and hold discussions, too. The level of commitment varies greatly within our Board of Directors. Maybe because it is so big. Perhaps it would be better to have a small board of directors and to have everyone working on the same level of involvement and commitment." BoD member, Organization A<br>"[Through downsizing the BoD team,] the meetings have become more efficient. Not everyone has the need to get involved. The reduction in size has not promoted a reduction in experience and knowledge. But it is still a relatively large board for a relatively small organization." BoD member, Organization A<br>"The larger the board is, the more you have people coming out of the group dynamics to speak badly or to speak too much. It must also be possible for the Chairperson to address the individual members directly." BoD member, Organization A |
| ***The medium-sized BoD*** *Organization C, Organization B* | - Medium size of BoD team [3-7 members] | → | - Good feedback culture<br>- A lot of individual, regular and open communication by Chairperson | → | - Mix of formal and informal interactions<br>- Centralization or decentralization of preparation and agenda-setting<br>- Somewhat controversial and open discussions<br>- Medium speed of building consensus and making decisions | → | - Somewhat high level of involvement | → | - High level of recognition of BoD as strategy contributor<br>- High confidence in strategic decision-making | → | - Medium level of efficiency<br>- Few blind spots through composition and interactions | "In [our organization here], I find [the size of the BoD] really ideal. There are seven of us and there is a discussion. And we don't have all Executive Management team members, but only [the CEO] plus the people who are responsible for the issues we're dealing with. That's how you can discuss [efficiently and effectively]." BoD member, Organization B<br>"The larger the board is, the more you have people coming out of the group dynamics to speak badly or to speak too much. It must also be possible for the Chairperson to address the individual members directly." BoD member, Organization A<br>"[Through downsizing the BoD team,] the meetings have become more efficient. Not everyone has the need to get involved. The reduction in size has not promoted a reduction in experience and knowledge. But it is still a relatively large board for a relatively small organization." BoD member, Organization A |
| ***The small BoD*** *none* | | | | | | | | | | | | No patterns for small BoDs can be analyzed in this section since no small BoD team was part of the case selection. However, suggestions for patterns of small BoDs based on the patterns analyzed for medium and large BoDs will be made in the discussion part. |

# Appendix F6: Definition of Roles and Responsibilities

**Table F6:**
**Definition of Roles and Responsibilities**

| Pattern | BoD-EM interface characteristic | | BoD team characteristics | | Strategy interaction | | BoD team characteristics | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***The structured BoD-EM interface*** *Organization B* | - Clearly defined roles and responsibilities in terms of strategizing in bylaws, but open for ad-hoc or experience-specific adjustments | → | - Effective Chairperson-CEO relationship<br>- High level of information exchange<br>- High level of sparring | → | - Very focused discussions<br>- Decision-making inside of strategy interactions<br>- Preparation and agenda-setting done by everyone<br>- Somewhat good flow of interaction | → | - Good strategizing culture since strategizing is relevant for the entire BoD team<br>- High level of involvement | → | - Medium level of trust<br>- High level of recognition of BoD as strategy contributor<br>- High confidence in strategic decision-making<br>- High level of monitoring and advice | → | - Somewhat few blind spots through composition and interactions | "We have also defined the issues, i.e. a yearly cycle, when which issues will be discussed. The Chairperson of the Board of Directors is very much in charge of this. This gives us better monitoring over the course of the regular BoD meetings. There is a clear division of responsibilities, what is the task of the Executive Board [and what of the BoD]. We do not want to follow all the decisions of the Executive Board. The Board of Directors should be a strategic body that respects and complements the competencies of the Executive Board. This was much less the case in the past. [… Today, we filter issues] and only bring those issues to the whole BoD that are worth discussing there." BoD member, Organization B<br>"I also always say that I do not interfere operationally. That is not my job. But to give guidance [on a strategic level]." BoD member, Organization B |
| ***The semi-structured BoD-EM interface*** *Organization C* | - Somewhat definitions of roles and responsibilities in terms of strategizing in bylaws | → | - Somewhat effective Chairperson-CEO relationship<br>- Medium level of information exchange<br>- Medium level of sparring | → | - Somewhat focused discussions<br>- Decision-making mostly inside of formal strategy interactions<br>- Preparation and agenda-setting mainly done by Chairperson and CEO<br>- Somewhat good flow of interaction | → | - Medium strategizing culture since strategizing is not always relevant for the entire BoD team<br>- Medium level of involvement | → | - Somewhat low level of trust<br>- Medium level of recognition of BoD as strategy contributor<br>- Medium confidence in strategic decision-making<br>- Medium level of monitoring and advice | → | - Medium number of blind spots through composition and interactions | "[At one point, the CEO] was appointed [...] and I have the feeling that this led to BoD members saying 'ok, now we can lean back a little. We now have someone to take care of [the strategy].'" BoD member, Organization C<br>"The [BoD] gives the strategic direction or approves this direction, and discusses this direction. [However, we still need a committee for the implementation]. I'm helping myself at the moment by making a lot of Chairperson-CEO interactions to wave things through. Then the responsibility is with the Chairperson and me. But otherwise we would stand still [and would not change anything]." CEO, Organization C<br>"[The CEO] is also the one who is aware of his role that he needs the [BoD and regular BoD meetings] as a body, as it provides him with the necessary decisions to drive the whole thing forward" Chairperson, Organization C |
| ***The unstructured BoD-EM interface*** *Organization A* | - Hard definition of roles and responsibilities in terms of strategizing in bylaws but did not use them. Only informal definition. | → | - Ineffective Chairperson-CEO relationship<br>- Low level of information exchange<br>- Low level of sparring | → | - Somewhat not focused discussions<br>- Decision-making outside of formal strategy interactions<br>- Preparation and agenda-setting mainly done by Chairperson and CEO<br>- Bad flow of interaction | → | - Bad strategizing culture since strategizing is not relevant for the entire BoD team<br>- Low level of involvement | → | - High level of trust<br>- Low level of recognition of BoD as strategy contributor<br>- Low confidence in strategic decision-making<br>- Low level of monitoring and advice | → | - Somewhat a lot of blind spots through composition and interactions | "[I see a role conflict, since] the airport [thinks they are able] to influence all decisions or to be involved in the decisions of the newly founded airline and not necessarily to allow the airline as a separate organization to go its own way. […] The airline is also an issue at every BoD meeting of the airport and one becomes also incisive. I really have no problem with that per se. But in principle the airline is a participation of the airport, but is still considered by the airport as a subsidiary and is seen as a 100% daughter. These role definitions and the distinction as a whole do not exist on the airport's BoD level. […] In my opinion, the BoD of the airport has not defined their role and is not clear what their role should be." Management, Organization A<br>"And if [roles of BoD members are] mixed up, then you run the risk of pushing something through, of not paying enough attention to the financial figures, because the person who makes the strategy is dictatorially saying, 'We'll do that now, we decided that.' Then there is no longer any guarantee from the hierarchical level that someone […] will say, wait, we have a problem." BoD member, Organization A |

# Appendix F7: Level of Information Exchange

**Table F7:**
**Level of Information Exchange**

| Pattern | BoD-EM interface characteristic | | BoD-EM interface characteristic | | Strategy interaction | | BoD team characteristics | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***The high information sharing*** *Organization B* | - High level of information exchange between formal interactions | → | - High level of sparring<br>- High level of advice and monitoring | → | - Use of informal, bilateral interactions at times<br>- Controversial and open, but focused discussions<br>- Medium speed of building consensus and decision-making<br>- Somewhat frequency of interactions | → | - Good strategizing climate with BoD members feeling that strategizing is a real team effort | → | - Very good feedback and fairness culture<br>- High level of effort norm<br>- High level of recognition of BoD as strategy contributor<br>- High confidence in strategic decision-making | → | - Low level of efficiency<br>- Very open for strategic change<br>- Very few blind spots through interactions | "My general feeling is that [the BoD] played their role as far as the strategy process is concerned. They have to stay on the strategic level and we have to provide the information that they need to make strategic decisions. [… So, well, in my view, [the decisions of the BoD were] comprehensive [and extensive ...]. [...] The questions for understanding were good questions as well. There were not just at a very superficial level, they were really trying to understand why we thought something." BoD Secretary, Organization B<br>"[With strategic issues, it is important] that the entire BoD does not have a blind spot but receives information and also has the opportunity to ask questions." BoD member, Organization B |
| ***The medium information sharing*** *Organization C* | - Medium level of information exchange between formal interactions | → | - Medium level of sparring<br>- Medium level of advice and monitoring | → | - Main focus on formal strategy interactions<br>- Very controversial and open, but sometimes not focused discussions<br>- Low speed of building consensus and decision-making<br>- Low frequency of interactions<br>- Good flow of interaction - somewhat no drifting off the topic with sometimes operational level of topics | → | - Somewhat good strategizing climate with BoD members feeling that strategizing is mostly real team effort | → | - Somewhat good feedback and fairness culture<br>- Somewhat high level of effort norm<br>- Somewhat high level of recognition of BoD as strategy contributor<br>- Medium confidence in strategic decision-making | → | - Medium level of efficiency<br>- Somewhat open for strategic change<br>- Few blind spots through interactions | "[We sometimes inform the BoD members between regular BoD meetings. This is mostly done by the CEO and me.] Recently, I sent something that we are on the front page [of a newspaper with the headline being] about a debacle. At least the BoD members will see [something like that]. Then they are informed and prepared. [This bilateral, informal interaction] is still important to know what is going on. It's about when people are ad-dressed. But these are more informal things that you can do on the side [and we don't do it on a regular or planned basis]." Chairperson, Organization C<br>"It took a lot of [regular BoD meetings] in the beginning [for our BoD members] until the flow of information was better. [Also, ...] they took place less often. Instead, there were more bilateral meetings, which was a chal-lenge for the flow of information. The [regular BoD] meetings were then quite often almost overloaded. Some-times we did not really have the time to discuss in the required depth. Some of them were perhaps not always very satisfying." BoD member, Organization C |
| ***The low information sharing*** *Organization A* | - Low level of information exchange between formal interactions | → | - Low level of sparring<br>- High level of monitoring and low level of advice | → | - Use of somewhat informal interactions<br>- Focused but somewhat closed and non-controversial discussions<br>- Somewhat slow consensus and decision-making<br>- Low frequency of interactions<br>- Bad flow of interaction - often drifting off the topic | → | - Bad strategizing climate with BoD members feeling that strategizing is not a team effort | → | - Bad feedback and fairness culture<br>- Low level of effort norm<br>- Low level of recognition of BoD as strategy contributor<br>- Low confidence in strategic decision-making | → | - Somewhat high level of efficiency<br>- Somewhat closed for strategic change<br>- Blind spots through interactions | "What could be improved would be the whole issue of the BoD committee infrastructure. […] There we received a review in the BoD meetings. But not before the BoD meetings or during the actual process." BoD member, Organization A<br>"Since almost without exception the votes were always unanimous, I have the feeling that on the one hand the Board of Directors was convinced by the arguments of the Chairperson or the preparatory committees and on the other hand was perhaps not sufficiently well informed in some areas to say that they could try something else." BoD member, Organization A<br>"[At one BoD meeting the Chairperson] said something like that meekly, 'yes, one had dissolved a reserve' [to implement our strategy]. That was not quite correct on the part of the Chairperson. [...] It was only through my question that this was [uncovered] at all. He has cheated a little bit [...]. They didn't steal anything, but they threw in some silverware and saved [the organization] with it." BoD member, Organization A |

# Appendix F8: Regular BoD Meetings

**Table F8:**
**Regular BoD Meetings**

| Pattern | Strategy interaction | | Strategy interaction | | BoD team characteristic | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|
| ***The Chairperson-centric BoD meeting***<br>*Organization A* | - Agenda-setting and preparation done by Chairperson with support of CEO | → | - Focused and somewhat closed and non-controversial discussions<br>- Fast building consensus and making decisions<br>- Medium flow of interaction<br>- Short meetings<br>- Long list of pending issues per meeting | → | - Bad strategizing culture since strategizing is not relevant for the entire BoD team<br>- Bad strategizing climate with BoD members feeling that strategizing is not a real team effort<br>- High level of involvement by Chairperson, low level by BoD members | → | - Chairperson-CEO relationship dominated by Chairperson<br>- High level of effort norm for Chairperson, low level for BoD members<br>- Low level of information exchange<br>- Chairperson has high level of recognition as strategy contributor and BoD members low level<br>- Low confidence in strategic decision-making of BoD team<br>- Low level of advice and monitoring | → | - High level of efficiency<br>- A lot of blind spots through interaction<br>- Low level of openness for strategic change | "The [regular] BoD meeting [in our organization] are rather coordinative, symbolic and social." Chairperson, Organization A<br>"[These meetings] are a good platform to bring everyone to the same level of information, because many people don't have time otherwise. There are some top-class people who logically could not read in immediately. But it was important interactions, not very numerous, but enough to make the necessary decisions and to give the necessary to the [Executive] Management [team]. I sometimes have the impression, but that probably depends on the size of the organization that our Board of Directors still has a relatively large say in operation-al business [at these BoD meetings ...] or even participates itself to some extent." BoD member, Organization A<br>"Sometimes the [regular] BoD meetings are not deep enough [in terms of discussion]. Sometimes [decisions] happen very quickly. If the BoD members do not really deal with [the issues] in detail, they cannot draw the necessary conclusions and insights. When everything is going reasonably well, it is less of a problem than when there are difficult problems." BoD member, Organization A |
| ***The balanced BoD meeting***<br>*Organization B* | - Agenda-setting and preparation mainly done by Chairperson and CEO with help of secretary, but open for input from entire BoD and EM team | → | - Somewhat controversial, open but focused discussions<br>- Medium speed of building consensus and making decisions<br>- Good flow of interaction<br>- Medium length of meetings<br>- Medium amount of pending issues per meeting | → | - Good strategizing culture since strategizing is relevant for the entire BoD team<br>- Good strategizing climate with BoD members feeling that strategizing is a real team effort<br>- High level of involvement | → | - Cooperative Chairperson-CEO relationship<br>- High level of effort norm<br>- High level of information exchange<br>- High level of recognition of BoD as strategy contributor<br>- High confidence in strategic decision-making of BoD team<br>- High level of advice and control | → | - Medium level of efficiency<br>- Very few blind spots through interaction<br>- High level of openness for strategic change | "[The involvement of the BoD] is done through constant monitoring and control. Then, [in regular BoD meetings,] we also take corrective action if we see that things are going in the wrong direction or that the strategy may have to be adapted to the new environment. But we are actually always on top of the [strategy throughout the year]." BoD member, Organization B<br>"I must admit, the BoD is well prepared and informed. [...] I think, especially through the Chairperson, the BoD performs an important supervisory function [...] that also applies to strategy. Although I rarely hear the explicit sentence 'How does that fit in with our strategy?', implicitly, [...] the question of strategy is always present [in our BoD]." EM member, Organization B |
| ***The CEO-centric BoD meeting***<br>*Organization C* | - Preparation and agenda-setting mainly done by CEO with support of Chairperson | → | - Focused but somewhat closed and non-controversial discussions<br>- Slow building consensus and making decisions<br>- Medium flow of interaction<br>- Long meetings<br>- Long list of accumulated pending issues per meeting | → | - Somewhat bad strategizing culture since strategizing is only partially relevant for the entire BoD team<br>- Somewhat bad strategizing climate with BoD members feeling that strategizing is only partially a real team effort<br>- Somewhat low level of involvement | → | - Chairperson-CEO relationship dominated by CEO<br>- Somewhat low level of effort norm<br>- Somewhat low level of information exchange<br>- Somewhat low level of recognition of BoD as strategy contributor<br>- Somewhat low confidence in strategic decision-making of BoD team<br>- Somewhat low level of advice and monitoring | → | - Low level of efficiency<br>- A lot of blind spots through interaction<br>- Somewhat high level of openness for strategic change | "[The regular BoD meetings] are very demanding in terms of both time and knowledge, because, for example, for members who are not experienced in aviation, these documents, which are related to aviation, must also be studied. This is quite demanding [sometimes]." BoD member, Organization C<br>"The [BoD] meetings must be relieved of workload. What often happens now is that the [BoD] quickly signs a short bilateral agreement but does not completely take [the issue] off the table, because it still has to be formally included in the meeting of the BoD. [...] That makes these meetings so bloated [...] and pending issues management almost impossible. So, I come to the [BoD] meetings with two boxes, I have to work through. You get attachments without end. I can't do that anymore." CEO, Organization C |

# Appendix F9: Strategy Workshop

**Table F9:**
**Strategy Workshop**

| Pattern | Strategy interaction | | Strategy interaction | | BoD team characteristic | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|
| ***The closed strategy workshop*** *Organization A* | - Preparation and agenda-setting mainly done by Chairperson and CEO<br>- Stimulating closed and non-controversial discussions | → | - Slow building consensus and fast decision-making<br>- Bad flow of interaction<br>- Short strategy workshop | → | - Low strategizing culture since strategizing is only partially relevant for the entire BoD team<br>- Low strategizing climate with BoD members feeling that strategizing is only partially a real team effort<br>- Somewhat low level of involvement | → | - Somewhat low level of information exchange: only for subgroup and committee<br>- Low level of sparring<br>- Somewhat low effort norm<br>- Somewhat low level of recognition of BoD as strategy contributor<br>- Somewhat low confidence in strategic decision-making<br>- Somewhat low level of advice and somewhat low level of monitoring | → | - Somewhat not open for strategic change<br>- Somewhat a lot of blind spots through interaction | "With us, a BoD strategy workshop is nothing more than a BoD meeting. Perhaps the difference is that at a BoD meeting we have plus-minus a standard agenda. And in the [strategy] workshop, [...] there should simply be one dominant issue [to be discussed]. The other issues should be dealt with very briefly, but actually one devotes a bit of time to one issue. [In our case,] there is usually simply a presentation by the CEO. For me, this is not really a discussion of a strategic issue." CEO, Organization A<br>"[The decision on the strategy] was essentially fixed in these preparatory documents [of the strategy workshop]. Of course, there was also feedback, but questions that were asked could all be answered. [… But] it's this consensus, this incredible need for consensus of the average Swiss [that everybody has to agree]." Chairperson, Organization A<br>"[The strategy workshop] was a disruption [for the entire strategy process]. No question. Yes, these interactions are [… not more than regular] BoD meetings. It is simply careless if you simply walk into a meeting with difficult strategic decisions and assume that, A, they have read the documents, B, have dealt with them and C, have already had bilateral interactions with each other to prepare. Unfortunately, all this does not happen. My experience shows that they often come into the meeting with the printed documents and read them during the meeting. I am sorry, but I have already experienced this from some BoD members. That is a fact." CEO, Organization A |
| ***The open strategy workshop*** *Organization B* | - Preparation and agenda-setting very open to every participant<br>- Stimulating open and controversial discussions | → | - Medium speed of building consensus and making decisions<br>- Good flow of interaction<br>- Long strategy workshop | → | - Good strategizing culture since strategizing is relevant for the entire BoD team and regularly<br>- Good strategizing climate with BoD members feeling that strategizing is a real team effort<br>- High level of involvement | → | - High level of information exchange<br>- High level of sparring<br>- High effort norm<br>- High level of recognition of BoD as strategy contributor<br>- High confidence in strategic decision-making<br>- High level of advice and monitoring | → | - Very open for strategic change<br>- Very few blind spots through interaction | "For me, most of the strategy discussions happened during the [strategy] workshops." BoD Secretary, Organization B<br>"In fact, the [strategy] is really being discussed with the entire [Executive] Management [and the BoD in] the big strategy [workshop]. At [regular] BoD meetings only the CEO and the [BoD secretary] are present. And in [these workshops], the whole Executive Management team was present." BoD member, Organization B<br>"[The good preparation of documents] allowed [the BoD] to have a better conversation because they didn't feel themselves so vulnerable to the excess of data that had previously been in front of them." CEO, Organization B<br>"The [strategy] day is actually a free, open discussion with the most visionary approaches possible and with equal attention to reality. Strategy is based on that, visions and taking into account feasibility and reality. [And this is what we discuss on a strategy day in the phase of strategy development. …] The discussions on this day are very intense." BoD member, Organization B |
| ***No strategy workshop*** *Organization C* | - | → | - | → | - Bad strategizing culture since strategizing is not relevant enough for the entire BoD team<br>- Low level of involvement | → | - Low level of information exchange<br>- Low level of sparring<br>- Low effort norm<br>- Low level of recognition of BoD as strategy contributor<br>- Low confidence in strategic decision-making<br>- Low level of advice and monitoring | → | - Not open for strategic change<br>- A lot of blind spots through interactions | "I do believe that with [a BoD], you also have to take the time and space to optimize certain developments. Let's assume that we really did have a two-day strategy day and spent a day looking at some other infrastructure and then stayed overnight, then such [strategic] issues [and the relevant discussions on them] would have emerged automatically. […] Maybe it would also have been good if we had taken the time to evaluate one or two days of best practice examples or worst case examples. I have had good experience in other areas and in previous jobs. It would not have been a big time invest and effort too." BoD member, Organization C<br>"[A strategy day] would make sense [for us,] but would require that the relevant experts be present to deal with these various issues or that they were consulted. Otherwise, not much would come out of such [strategy days] because the knowledge and experience is missing." BoD member, Organization C |

# Appendix F10: Frequency and Relevance of BoD Committee Meetings

**Table F10:**
**BoD Committee Meetings**

| Pattern | Strategy interaction | | BoD-EM interface characteristics | | Other strategy interactions | | BoD team characteristics | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ***High frequency and relevance of BoD committee meetings*** *Organization A* | - High frequency and relevance of BoD committee meetings | → | - High level of information exchange between committee members<br>- Intense sparring between committee members<br>- High confidence in decision-making of committee members<br>- Somewhat a lot of role conflicts through interactions<br>- High level of advice and low monitoring | → | - Preparation and agenda-setting influenced by committee Chairs<br>- Somewhat focused discussions<br>- Fast building of consensus and making decisions<br>- Somewhat good flow of interaction<br>- Shorter interactions | → | - Medium strategizing culture since strategizing is not relevant for the entire BoD team but at least worked on regularly<br>- Bad strategizing climate with BoD members feeling that strategizing is not a real team effort<br>- High to low level of involvement | → | -Medium effort norm: high effort norm for BoD committee members, low for non-committee members<br>- Medium level of recognition of BoD as strategy contributor<br>- Medium confidence in strategic decision-making: high in BoD committee members and low in non-members | → | - High level of efficiency<br>- Somewhat a lot of blind spots through interactions | "[The strategy process] was conducted in a very tight circle [- the Chairperson, CEO and selected BoD members]. [...] But basically it was no longer a full BoD exercise, it was a committee that wasn't even official. They did that with each other and then they informed us and ultimately asked us whether we agreed. But [the strategy] was the work of a small group." BoD member, Organization A<br>"[Main parts of] the strategy process took place partly in [two BoD] committees. Here they developed the strategy. […In these committee meetings,] certainly some discussions took place where the whole Executive Management team was together with the [Chairperson]. So, the Chairperson always knew what was coming at the BoD meetings. He is also on the BoD committee for infrastructure, so that he has the information and knows what to react to and who to talk to. [… In the end,] the discussions in the BoD meetings are not very extensive anymore, because A, the documents have been read and B, the committees have already prepared a lot." BoD member, Organization A |
| ***Medium frequency and relevance of BoD committee meetings*** *Organization B* | - Medium frequency and relevance of BoD committee meetings | → | - High level of information exchange overall<br>- Medium sparring<br>- High confidence in decision-making<br>- Possible role conflicts through interactions<br>- Medium level of advice and monitoring | → | - Preparation and agenda-setting done by everyone<br>- Somewhat focused discussions<br>- Medium speed of building consensus and making decisions<br>- Somewhat good flow of interaction<br>- Somewhat shorter interactions | → | - Good strategizing culture since strategizing is relevant for the entire BoD team and regularly<br>- Good strategizing climate with BoD members feeling that strategizing is a real team effort<br>- Somewhat high level of involvement | → | - Medium effort norm<br>- High level of recognition of BoD as strategy contributor<br>- High confidence in strategic decision-making | → | - Medium level of efficiency<br>- Few blind spots through interactions | "We don't want to delegate [strategy] to an area where three of [the BoD members] are particularly involved in the strategy and the rest of them say that it will be okay once the other ones have looked at it. What I find acceptable, for example, when it comes to the question of [specific strategic issues] that this can be delegated to a committee." Chairperson, Organization B<br>"I must trust that my colleagues on the committees where I am not present do their work properly. [... In our case,] I have this trust because of their background and because of the people, because I know them, because I experience them on the Board of Directors. That's why I'm also very happy to be on this Board of Directors, because I can trust [the other members]." BoD member, Organization B |
| ***No BoD committee meetings*** *Organization C* | - No BoD committee meetings | → | - Low level of information exchange<br>- No/minor sparring<br>- Low confidence in decision-making<br>- Somewhat no role conflicts through interactions<br>- Somewhat low level of advice and monitoring | → | - Preparation and agenda-setting mainly done by CEO and Chairperson<br>- Somewhat not focused discussions<br>- Slow building of consensus and making decisions<br>- Somewhat bad flow of interaction<br>- Longer interactions | → | - Medium strategizing culture since strategizing is relevant for the entire BoD team but not regularly<br>- Good strategizing climate with BoD members feeling that strategizing is a real team effort<br>- Low level of involvement | → | - Low effort norm<br>- Low level of recognition of BoD as strategy contributor<br>- Medium confidence in strategic decision-making | → | - Low level of efficiency<br>- Somewhat a lot of blind spots through interactions | "I need more regular BoD meetings or a committee. [We don't have a committee today, but we need one] for more operational issues [or strategic issues to be discussed in more detail]. I'm helping myself right now by having a relatively large number of Chairperson-CEO interactions [...]. But then the responsibility is with the Chairperson and me. But otherwise we're standing still." CEO, Organization C<br>"I have initiated to create a steering group because I said we still need competencies and experience somewhere, I need support. […] I need the backing so that I don't suddenly have to decide everything for myself. [… The BoD] can't cover it professionally. We need to intervene in between, not to make things complicated, but simply to briefly check certain recommendations for decisions, which for me come from the planning and operative level." CEO, Organization C |

# Appendix F11: Frequency and Relevance of Informal Strategy Interactions

**Table F11:**
**Informal Strategy Interactions**

| Pattern | Strategy interaction | | Other strategy interactions | | BoD team characteristic | | BoD-EM interface characteristics | | Strategy process | Exemplary quotes |
|---|---|---|---|---|---|---|---|---|---|---|
| ***The informal BoD*** *Organization A* | - High frequency and relevance of informal interactions | → | - Preparation and agenda-setting influenced by participants of informal interactions<br>- Somewhat focused discussions<br>- Fast building of consensus and making decisions<br>- Somewhat good flow of interaction but disruptions<br>- Short interactions | → | - Medium strategizing culture since strategizing is not relevant for the entire BoD team but at least worked on regularly<br>- Bad strategizing climate with BoD members feeling that strategizing is not a real team effort | → | - High level of trust<br>- Information exchange might be very complex with large information gaps between participants of informal interactions and non-participants | → | - High level of efficiency<br>- Somewhat a lot of blind spots through interactions | "My recollection is that we were informed of this idea [of a newly developed strategy] by the Chairperson in a long, well-formulated letter. [...] I have never dealt with this idea before. [...] I then dealt with it, by reading this document and then came to the conclusion, relatively quickly, this is actually the last possible [strategic] opportunity we have. So, I supported it." BoD member, Organization A<br>"[These informal interactions not in combination with a formal one are two-fold]. My very personal attitude to these interactions is actually a rather negative one. I, personally, have an infinite number of such interactions, especially before Christmas. [...] They really get on your nerves with time. You have simply seen that. And even if the group is good, if you get along very well, then in November or December it's one more meal. We are doing it this year in summer. I think that's better timing. [But] I could easily live without it. I don't think these interactions are decisive. I think it's much better to be together a little longer on strategy day, maybe over lunch [...]. Then you could have done it in one go. For me personally, that would be enough. But I know that I am the exception [and] that there are quite a few who appreciate it very much." BoD member, Organization A |
| ***The balanced BoD*** *Organization B* | - Medium frequency and relevance of informal interactions | → | - Preparation and agenda-setting done by everyone<br>- Somewhat focused discussions<br>- Medium speed of building consensus and making decisions<br>- Somewhat good flow of interaction<br>- Somewhat short interactions | → | - Good strategizing culture since strategizing is relevant for the entire BoD team and regularly<br>- Good strategizing climate with BoD members feeling that strategizing is a real team effort | → | - Somewhat high level of trust<br>- Information exchange sometimes complex with information gaps between participants of informal interactions and non-participants | → | - Medium level of efficiency<br>- Somewhat few blind spots through interactions | "I think [...] the CEO is doing a very good job of keeping everyone on board informally with mailings about the current situation and challenges [...], or new things, regularly and very informally. That's an informal channel that is very much appreciated [by the BoD], and that's where the symmetry is restored [as far as needed]." BoD member, Organization B<br>"The informal [interactions] have a huge value and I think people often underestimate how critical these interactions are. You can make much more progress in half an hour of coffee discussion with the [Bod] than a whole day meeting with the plenary. So, this is something that one should not underestimate. […] I remember that [these informal interactions] did have a huge effect [on the strategy development]. For instance, I used to, when we had these [strategy] workshops, […] drive together with the BoD members who lived close to where I am. And of course, you use these times in the car, prepare the ground, draw the attention on issues that should be discussed and give your opinion on these issues to preparing their minds […]. Also, [the BoD members] have questions [that you can answer prior to the actual meeting]." BoD Secretary, Organization B<br>"It is also important that we are aware of what is going on [in terms of strategizing] and can intervene or answer questions, for example during lunch time in the informal part [of a BoD meeting]." EM member, Organization B |
| ***The formal BoD*** *Organization C* | - Low frequency and relevance of informal interactions | → | - Preparation and agenda-setting mainly done by CEO or Chairperson<br>- Somewhat not focused discussions<br>- Slow building of consensus and making decisions<br>- Somewhat bad flow of interaction<br>- Longer interactions | → | - Medium strategizing culture since strategizing is relevant for the entire BoD team but not regularly<br>- Good strategizing climate with BoD members feeling that strategizing is a real team effort | → | - Somewhat low level of trust<br>- Information exchange somewhat easy with sometimes high information gaps | → | - Low level of efficiency<br>- Somewhat a lot of blind spots through interactions | "On the informal side [of interactions on the BoD level], there has been virtually nothing [...]. We just made it so far that we had a short apéro after our meetings, but the first ones said right after the meeting that they had to leave already." BoD member, Organization C<br>"[We sometimes inform the BoD members between regular BoD meetings. This is mostly done by the CEO and me.] Recently, I sent something that we are on the front page [of a newspaper with the headline being] about a debacle. At least the BoD members will see [something like that]. Then they are informed and prepared. [This bilateral, informal interaction] is still important to know what is going on. It's about when people are addressed. But these are more informal things that you can do on the side [and we don't do it on a regular or planned basis]." Chairperson, Organization C<br>"There [were sometimes] additional interactions [between the Chairperson and me or BoD members and me], which also provided an opportunity for an informal exchange, which is not documented in minutes. That is then more straightforward in that sense." CEO, Organization C |

# Appendix G: Practical Checklists and Templates for BoDs

The following checklists are the same as the ones in main text. I duplicated them to offer a condensed list of checklists in one place, thereby enhancing the practical use of them.

## Appendix G1: Checklist for an Effective Strategy Process

**Figure G1:**
**Checklist for an Effective Strategy Process**

***Checklist to conduct an effective strategy process***
***in times of increasing regulation and information processing demand***

- ***Strategize as BoD team throughout the entire year*** and not only at strategy workshops.
- Have a ***Chairperson*** who is integrative to enable every strategizing actors to get involved, and who finds a balance in terms of dominating the strategy process.
- Compose the BoD diversely in terms of ***industry experience*** and ***tenure*** to not form industry-specific blind spots or stimulate groupthink.
- Set your ***strategic goals and objectives***, conduct an ***assessment*** of these goals and objectives, and promote a ***feedback culture*** through institutionalized feedback.
- Clearly *define* ***roles, responsibilities and strategic goals and objectives*** for every strategizing actor.
- Have a ***medium-sized BoD team*** (3, 5 or 7 members) to enable the BoD team to discuss critically, diversely and efficiently, but have enough experience in the BoD team to strategically contribute. The size is also depending on the size of the organization and the role of the BoD in strategizing. However, make sure that you do not have a too small or too big BoD team.
- ***Involve*** the entire BoD team through ***regular and open communication*** and through ***opening agenda-setting*** to profit from every BoD member's experience.
- Find a ***balance of openness and structure in regular BoD meetings*** to make this form of interaction the vital strategy interaction of the BoD team.
- Hold ***at least one strategy workshop*** per year with a clear goal, a pre-defined structure and liminal space for creativity. Take time for it and be open to strategic change.
- Form a ***BoD committee*** as preparation and intense discussion platform for strategizing, but be careful to make decisions as BoD team and do not delegate strategizing to a strategizing committee.
- Conduct ***informal interactions*** to enhance BoD team's group dynamics, but be careful not to form social subgroups and be aware of the limited time the BoD has.
- Break with ***well-established routines*** and ***long-established social networks*** on the BoD team to encourage critical thinking and reduce blind spots.
- Stimulate a culture and climate of ***strategic change*** on BoD and organizational level.
- Have a ***monitoring*** and ***advisory*** BoD team, preferably via sparring relationships between BoD and EM members.
- Proactively encourage these ***sparring partner relationships*** between the BoD and EM team and ***communicate regularly and openly*** between the BoD and EM.
- Introduce a ***yearly calendar*** (incl. dedicated agenda items in regular BoD meetings) for strategizing, but reserve the possibility to react to changes or ad-hoc strategic issues.

*This figure shall serve as a checklist for an effective strategy process in in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G2: Checklist to Promote Strategic Change

**Figure G2:**
**Checklist to Promote Strategic Change**

***If you would like to be even more open for strategic change, do the following***

- ❑ Promote a ***feedback and fairness culture*** to stimulate critical discussions and reduce blind spots, but be aware of non-transferable or -delegable duties of the BoD.
- ❑ Test ***other and new forms of strategy interactions***, such as off-site visits or business days, but make sure they fit other strategy interactions and the entire strategy process.
- ❑ Promote ***open regular BoD meetings*** where strategizing really plays an important role. If possible, increase the frequency but not the length of these meetings.
- ❑ Conduct at least one ***strategy workshop*** per year. This workshop has to be designed and structured so that members can be open for new insights and controversial debate. Also involve various stakeholders and regulators as input speakers in such a workshop.
- ❑ Install a ***BoD committee*** where BoDs even discusses more disruptive strategic issue while not making decisions there, but in following regular BoD meetings as BoD team.
- ❑ Use ***informal strategy interactions***, such as apéros or dinners, to discuss disruptive and controversial strategic ideas and viewpoints with main strategy actors. Do not use these interactions as policy but rather as cognitive platform for knowledge and innovation exchange.
- ❑ Use ***interactions outside the focal organization*** to challenge your strategic ideas and viewpoints and reduce industry or business model-specific blindness.

*This figure shall serve as a checklist to promote strategic change in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G3: Checklist for the Chairperson

**Figure G3:**
**Checklist for the Chairperson**

***Checklist for the Chairperson***
***in times of increasing regulation and information processing demand***

- ❑ Get ***involved*** regularly and continuously, but do not run the strategy process by yourself.
- ❑ Be ***dominant*** and ***powerful*** in raising the tough questions in certain situations of controversial debate or conflict, but act integratively and as one of the BoD team members.
- ❑ ***Moderate*** the BoD team as their leader during the entire strategy process and ***promote information exchange*** and ***sparring relationships*** between the BoD and EM teams.
- ❑ ***Allow every BoD member to contribute*** to agenda-setting, discussions, and decision-making.
- ❑ ***Communicate*** regularly and openly to every BoD member, also in-between regular and formal strategy interactions to involve every BoD member while not promoting the development of subgroups or decentralization.
- ❑ Introduce and live by a ***feedback and fair culture*** that allows every BoD member to speak his or her mind, raise issues and concerns and allow mistakes to happen.
- ❑ Build a ***structure*** of a medium-sized BoD team and clearly define roles and responsibilities, so that the BoD team can develop and learn.
- ❑ Break with well-established routines and social networks on the BoD team to stimulate ***critical debate*** and a ***culture and climate of openness for strategic change***.
- ❑ Go the ***extra mile*** in terms of time and commitment because environmental change can be time- and resource-intense episodes.

*This figure shall serve as a checklist for the Chairperson in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G4: Types of Chairperson-CEO Relationships

**Table G4:**
**Types of Chairperson-CEO Relationships**

| Types of Chairperson-CEO relationships | Type of Chairperson | Type of CEO | What would have happened if… |
|---|---|---|---|
| ***The cooperative relationship at Organization B*** | *Integrative and open:* The Chairperson had a clear, personal agenda on how to structure and conduct the strategy process and proactively nurturing an open Chairperson-CEO relationship based on high levels of advice and monitoring. | *Dominant and open:* The CEO had a clear, personal agenda on how to structure and conduct the strategy process and proactively nurtured an open Chairperson-CEO relationship based on high levels of advice and monitoring. | *The Chairperson had been dominant and closed:* There would have been high levels of controversy between the Chairperson and the CEO, while trust would have been somewhat low, resulting in less information exchange and less controversial discussions. Also, there would have been less advice-giving and more monitoring, leading to more blind spots, less openness to strategic change and less recognition of the Chairperson as a strategic contributor.<br><br>*The CEO had been dominant and closed:* This was the case with the former CEO, described as 'a battle of alpha-animals.' There would have been less information exchange, and the CEO might have tried to dominate the strategy process while not seeking advice from the Chairperson and the entire BoD team. This would have led to less controversial discussions in strategy interactions and more blind spots in the strategy process. |
| ***The monitoring relationship at Organization A*** | *Dominant and closed:* The Chairperson had a clear, personal agenda on how to structure and conduct the strategy process and tested the CEO in the Chairperson-CEO relationship with high levels of monitoring while opening up until the end of the strategy process. | *Dominant and open:* The CEO had a clear, personal agenda on how to structure and conduct the strategy process and viewed the Chairperson-CEO relationship as painful and focused on monitoring at the beginning and as somewhat cooperative later in the process. | *The Chairperson had been integrative and open:* The CEO might have been more dominant and might have pushed his strategic agenda more easily and earlier. However, the Chairperson-CEO relationship might have been based on more advising and less monitoring from the Chairperson, leading to fewer blind spots and more openness to strategic change.<br><br>*The CEO had been dominant and closed:* There would have been less information exchange, and the CEO might have tried to dominate the strategy process while not seeking advice from the Chairperson and the entire BoD team. This would have led to less controversial discussions in strategy interactions and more blind spots in the strategy process. |
| ***The advising relationship at Organization C*** | *Empowering and open:* The Chairperson had a thorough agenda on how to structure and conduct the strategy process and proactively nurturing an open Chairperson-CEO relationship based on advising. | *Dominant and open:* The CEO proactively nurtured an open Chairperson-CEO relationship while wanting less centrality of responsibility in his position and higher levels of monitoring and advising. | *The Chairperson had been dominant and closed:* The Chairperson would have focused more on monitoring, and the CEO would have shared responsibility with the Chairperson. However, discussions would have been less controversial. This would have led to more blind spots in the strategy process but higher recognition of the Chairperson as a strategic contributor.<br><br>*The CEO had been dominant and closed:* The CEO would have dominated the strategy process because the Chairperson lacked monitoring the CEO. This would have led to blind spots in the strategy process and even less recognition of the BoD and Chairperson as a strategic contributor. |

*This table displays the three different Chairperson-CEO relationships identified in this dissertation. It further illustrates the respective type of Chairperson and CEO. Also, the last column is dedicated to a possible scenario of the Chairperson or CEO being different than today, which serves as a discussion basis and opportunity for future research to explore. The table is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G5: Checklist for the Chairperson-CEO Relationship

**Figure G5**
**Checklist for the Chairperson-CEO Relationship**

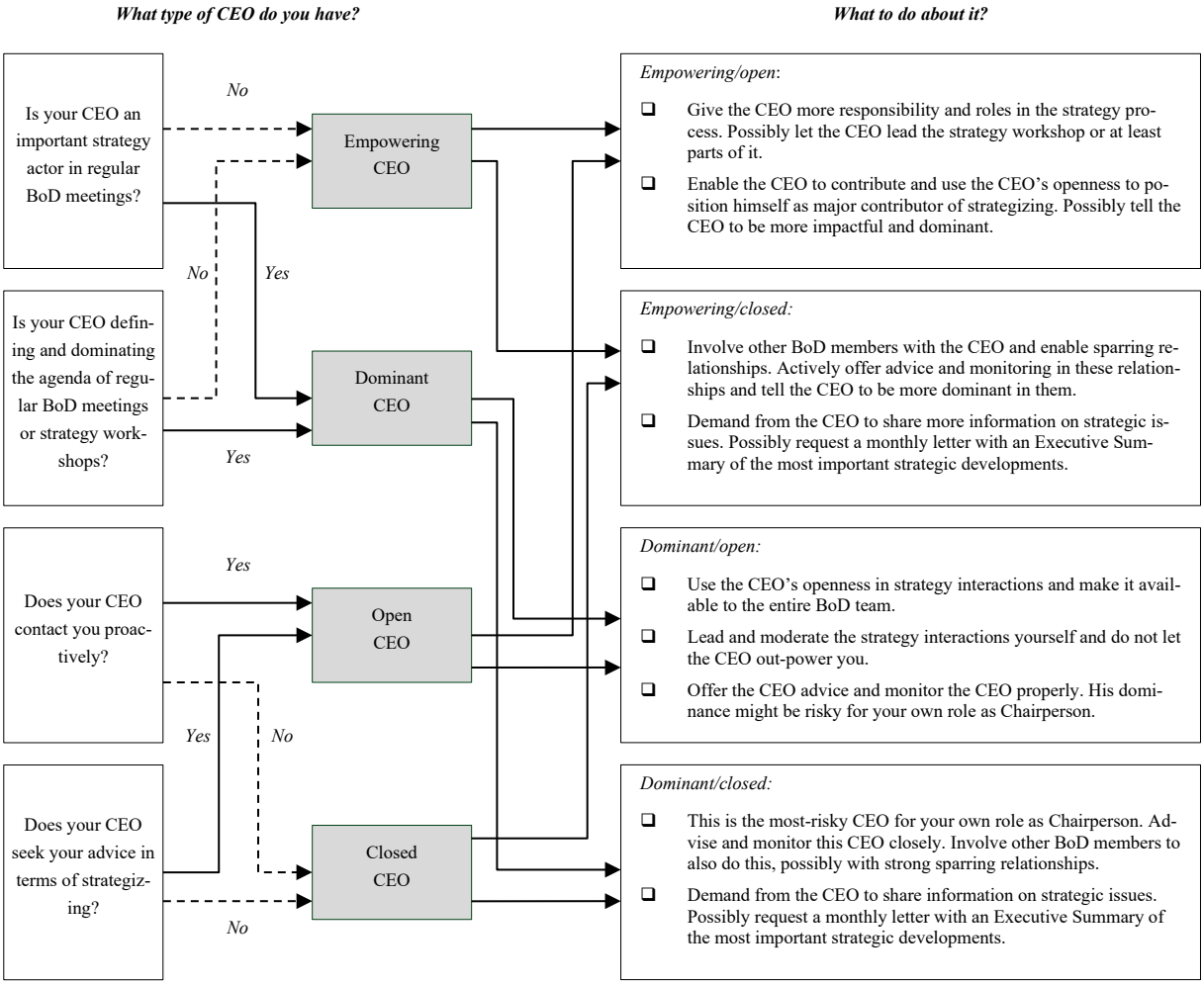
***Checklist for the Chairperson-CEO relationship***
***in times of increasing regulation and information processing demand***

- ❑ Build a ***strong relationship*** between the Chairperson and the CEO. Be aware that this relationship might affect the strategy process to a large extent – positively or negatively.
- ❑ Find an effective ***type of interaction*** between the Chairperson and the CEO. Conduct at least conduct regular, bilateral one-on-one interactions between the Chairperson and the CEO.
- ❑ Build a ***trusting and fair relationship*** between the Chairperson and the CEO. However, the Chairperson should take its task of monitoring and advising the CEO seriously.
- ❑ ***Inform other BoD members*** about the results of the Chairperson-CEO interactions. Otherwise, they might feel overlooked and not involved in the strategy process.
- ❑ Do not be a weak Chairperson and let the CEO out-power you. The CEO wants a Chairperson that takes ***advising*** and ***monitoring*** seriously.
- ❑ Be a ***sparring partner*** for the CEO, because the CEO might feel alone in the strategy process or solely responsible for strategic issues from time to time.

*This figure shall serve as a checklist for the Chairperson-CEO relationship in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G6: Template to Assess Your CEO

**Figure G6:**
**Template to Assess Your CEO**




*This figure shall serve as a decision tree for a Chairperson to assess what type of CEO the focal organization has. Further, the figure displays on what one can do about the different types of CEOs to foster an effective Chairperson-CEO relationship and ultimately an effective strategy process. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G7: Checklist for Ordinary BoD Members

**Figure G7:**
**Checklist for Ordinary BoD Members**

***Checklist for an ordinary BoD member***
***in times of increasing regulation and information processing demand***

- ❑ Define and live according to the ***role*** and the ***expectations*** of your position in the BoD team, in BoD committees, and during the strategy process.
- ❑ Get ***involved*** regularly and continuously in formal and informal strategy interactions to ***advise*** and ***monitor*** the EM team.
- ❑ Bring in your ***resources*** and ***experience*** as best as you can – as outsider, do not hesitate to offer disruptive insights and recommendations.
- ❑ Build a ***sparring partner relationship*** with an EM member to stimulate a controversial dialogue as well as perform your advice and monitoring task continuously.
- ❑ Encourage ***open and controversial discussions*** during formal and informal strategy interaction and do not be afraid to speak your mind.
- ❑ Take your ***BoD committee memberships*** seriously since they might drive the strategy process in a certain direction.
- ❑ Introduce ***new forms of communication and interaction***, e.g., conduct on- or off-site visits, to break with established routines and gain new insights.
- ❑ Be a ***leader*** for the entire organization in terms of time investment and commitment.

*This figure shall serve as a checklist for an ordinary BoD member to foster an effective strategy process in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G8: Checklist for BoD Characteristics

**Figure G8:**
**Checklist for BoD Characteristics**

***Checklist for BoD characteristics***
***in times of increasing regulation and information processing demand***

- ❑ ***Compose the BoD diversely*** in terms of industry experience and tenure, but make sure to have enough experience so that the BoD team is able to advise and monitor the EM team.
- ❑ Find a ***natural balance of renewal and continuity*** in the BoD team. Too much renewal leads to less efficiency and effectiveness in interactions and distrust in the BoD team while too little renewal leads to groupthink and pluralistic ignorance.
- ❑ Find a ***balance of experience-based trust*** and ***controversial debate*** without nurturing personal conflict or blind trust.
- ❑ Do not promote a culture of comfort and routines, but move consciously ***outside of the comfort zone, established industry patterns or organization-specific routines*** to learn and apply new approaches and ways of thinking.
- ❑ Proactively ***break with industry blindness*** and ***industry-specific pluralistic ignorance*** to stimulate openness for strategic change.

This figure shall serve as a checklist for BoD characteristics in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.

# Appendix G9: Checklist for the BoD Structure and the BoD Team

**Figure G9:**
**Checklist for the BoD Structure and the BoD Team**

***Checklist for the <u>BoD structure</u> and the <u>BoD team</u>***
***in times of increasing regulation and information processing demand***

- ❑ Clearly *define* ***roles and responsibilities*** for every strategizing actor, thus, for every BoD member.
- ❑ Have a ***medium-sized BoD team*** (3, 5, or 7 members) to enable the BoD team to discuss critically, diversely and efficiently, but have enough experience in the BoD team to strategically contribute. The size is also depending on the size of the organization and the role of the BoD in strategizing. However, make sure that you do not have a too small or too big BoD team.
- ❑ ***Involve*** the entire BoD team through ***regular and open communication*** and through opening ***agenda-setting*** to benefit from every BoD member's experience.
- ❑ Perform ***regular feedbacks*** where you monitor and refine the roles and responsibilities of the entire BoD team and individual BoD members. This might be done in one-on-one sessions with the Chairperson and individual members or more formally via dedicated feedback forms.
- ❑ Introduce and live by a ***fairness culture***, where mistakes can and should happen while leaders should work together to solve these issues.
- ❑ Envision a ***balanced level of trust*** so that the BoD team can make strategic decisions effectively, but does not build blind trust or distrust, which can both lead to social biases and ineffectiveness.
- ❑ Use a ***BoD platform*** and ***BoD secretary*** to collect, process, and make information useful in BoD-appropriate manner. This enables to reduce the information load on BoD level and allow the BoD team to handle high volumes of information more efficiently and effectively.

*This figure shall serve as a checklist for the BoD structure and the BoD team in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G10: Checklist for a Regular BoD Meeting

**Figure G10:**
**Checklist for a Regular BoD Meeting**

***Checklist for a regular BoD meeting***
***in times of increasing regulation and information processing demand***

***Preparation***

- ❑ Develop a ***yearly meeting calendar*** where you plan every regular BoD meeting in detail. Make this calendar available to everyone involved.
- ❑ Find a ***balance of openness and structure in regular BoD meetings*** to make this form of interaction an important strategy interaction of the BoD team.
- ❑ Let ***everyone participate*** in agenda-setting, discussion and termination of the regular BoD meeting. If needed, individual BoD members might also prepare a dedicated presentation on specific strategic issues of high relevance for the BoD team.
- ❑ Prepare a proper and not too long ***briefing document***. Preferably, create an Executive Summary with the most important information and decisions to be taken and another document where the BoD might find every detail being discussed. Make sure that every agenda item's details and every appendix is part of this larger BoD pack and offer the BoD members enough time to prepare (preferably at least 10 days before the meeting).
- ❑ Make sure that ***strategy is on the agenda at every regular BoD meeting***. Reserve a dedicated slot for it while distinguishing it from more routine and information agenda items.
- ❑ Think of having a ***Privattisimus*** in every regular BoD meeting, where EM members and the CEO are dismissed to, e.g., discuss their performance.
- ❑ Reflect if every ***participant of the regular BoD meetings*** is mandatory and needed for an effective discussion. Sometimes less participants are more in terms of effectiveness and flow of the regular BoD meeting. Ask yourself if every EM member should be part of regular BoD meetings or if only the ones contributing to discussions matter. Answering this question allows you to have a more BoD-conform, thus, focused and strategic discussion.
- ❑ ***Prepare*** every regular BoD meeting. Be aware that in times of increasing regulation and information processing demand, this might be more ***time-intense*** and content ***more complex***.
- ❑ ***Do not make decisions prior to regular BoD meetings*** or decentralize the decision-making process. Bilateral interactions are possible and needed but do not politicize outside of regular BoD meetings or even make decisions bilaterally. This will disrupt your regular BoD meeting.

***Conduct***

- ❑ Reserve ***enough time for discussions of every agenda item***. If this is not possible, think of reducing the list of agenda items by focusing on the most pressing issues or invite BoD members for another, extraordinary BoD meeting where you discuss the remaining agenda items. However, do not overdo these extraordinary meetings.
- ❑ Enable the regular BoD meeting to ***flow naturally***. This is perceived if every agenda item is introduced and terminated properly by the Chairperson while everyone should be able to contribute. Be assured that this smoothness will be positively perceived by the participants.
- ❑ Make sure to have an ***open*** but ***focused***, and ***controversial*** but ***efficient discussion***. Be aware that BoD members do not have a lot of time and BoD meetings' time is flying.
- ❑ Do not hold ***too long and too packed*** regular BoD meetings. This might negatively affect your BoD team dynamics and the satisfaction with regular BoD meetings.

***Termination***

- ❑ ***Write and distribute a detailed protocol***. For different types of protocols, find Müller (2015b). Do not delay the distribution of it. At least, make sure that everyone knows what has been discussed, decided, and what's next in terms of roles and responsibilities with a list of pending issues.
- ❑ Make sure that you ***collect feedback on regular BoD meetings*** to improve the effectiveness of them continuously. Preferably, this is institutionalized with a short survey after every regular BoD meeting or annually for all regular BoD meetings. Collect this feedback at least in your annual or bi-annual one-on-ones between the Chairperson and the CEO.

*This figure shall serve as a checklist for regular BoD meetings in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G11: Checklist for Strategy Workshops

**Figure G11:**
**Checklist for Strategy Workshops**

***Checklist for strategy workshops***
***in times of increasing regulation and information processing demand***

- ❑ The strategy workshop ***starts when the last one ended***. Collect feedback and topics for the next workshop (possibly at a subsequent regular BoD meeting on the next day).
- ❑ Set a ***clear goal*** and ***pre-define the agenda and structure*** as much as possible. However, make sure to have enough ***liminal space*** and ***enough time for open, disruptive, and controversial debate***. Do not conduct the workshop as extended regular BoD meeting but as dedicated strategic episode.
- ❑ ***Every participant has to come prepared***. Therefore, offer guidance and material for the preparation phase, in the best case with an executive summary, additional materials for individual deep-dives, or even individual preparatory assignments for open questions, group discussions or input presentations.
- ❑ Use the ***informal part*** of these workshops for follow-ups or get-to-knows. This is also important to be effective as BoD team and strategic team of the entire organization.
- ❑ The ***moderator*** is key at such strategy workshops. Think of outsourcing this to professionals, e.g., consultants. The moderator needs a quick perceptive capacity, a good short-term memory, social and communicative skills and assertiveness without being arrogant or dominant.
- ❑ ***Terminate the results clearly and openly***. Therefore, clearly define roles and responsibilities for the next steps – preferably with a list of pending issues.

*This figure shall serve as a checklist for strategy workshops in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G12: Checklist for BoD Committee Meetings

**Figure G12:**
**Checklist for BoD Committee Meetings**

***Checklist for BoD committee meetings***
***in times of increasing regulation and information processing demand***

- ❑ Clearly define the ***roles and responsibilities of BoD committees and their members.***
- ❑ Continuously ***reflect the existence of BoD committees*** to make the BoD team more effective. Also build or dissolve BoD committees or even ad-hoc BoD committees if this is contributing to a better decision-making or task performance in advising and monitoring the EM team. Make sure that you are compliant with the minimum legal requirements and duties of BoD committees.
- ❑ ***Do not build a strategizing committee on BoD level*** since strategizing is a non-delegable BoD duty. Every BoD member should be involved in strategizing, not only BoD committee members.
- ❑ Do not use BoD committees for bilateral decision-making but as ***preparation for regular BoD meetings and more in-depth discussion platforms.***
- ❑ ***Compose BoD committees according to BoD characteristics***. Make sure that the right people come together to prepare regular BoD meetings. If you do not have the necessary BoD members to build or effectively run a BoD committee, compose the BoD differently and according to the BoD committee's requirements.
- ❑ Make sure that individual BoD members are not part of all or several BoD committees. This might ***create power-imbalances on the BoD team and negatively impact your BoD team dynamics.***
- ❑ ***Terminate regular BoD meetings properly*** in that at least you summarize the results of BoD committee meetings in subsequent regular BoD meetings. Preferably, you create a short executive summary and a larger document as preparation for the next regular BoD meeting.
- ❑ Make sure that you ***trust the BoD committees*** but also ***monitor their work and conclusions.***

*This figure shall serve as a checklist for BoD committee meetings and the BoD committee in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G13: Checklist for Informal Strategy Interactions

**Figure G13:**
**Checklist for Informal Strategy Interactions**

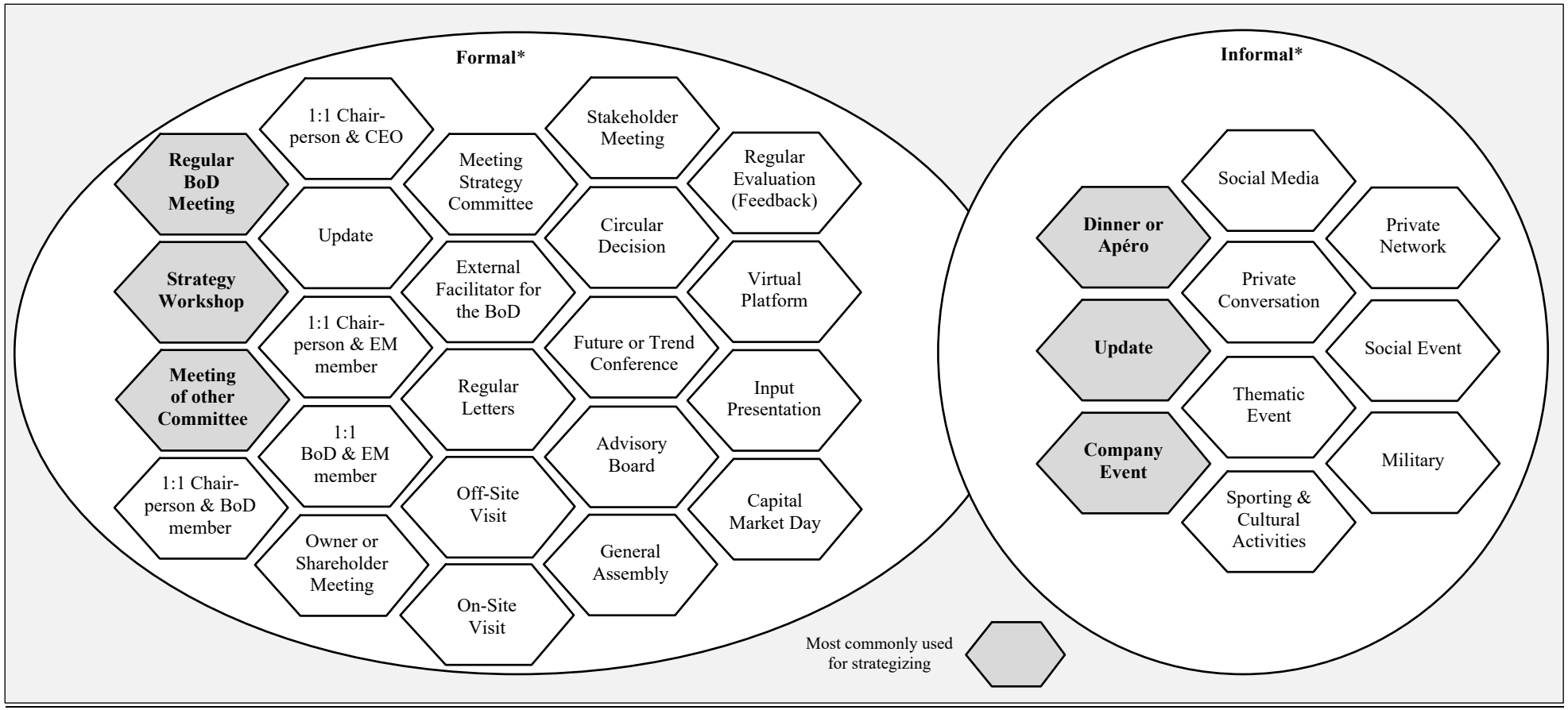
***Checklist for informal strategy interactions***
***in times of increasing regulation and information processing demand***

- ❑ Find a right ***balance and frequency for informal strategy interactions.***
- ❑ Use informal strategy interactions to ***temporarily deinstitutionalize established structures and hierarchies.***
- ❑ Use informal strategy interactions as social encounters of ***cognitive conflict, information exchange, or simply getting to know each other better and more personally.***
- ❑ ***Do not use these interactions as policy-making or agenda-driving.***
- ❑ Make sure to ***inform every BoD member*** about decisive discussions of informal strategy interactions.
- ❑ ***Do not overuse them***, since your BoD members have limited time while they might encourage subgroup-building or social structures which are counter to effective strategizing.

*This figure shall serve as a checklist for informal strategy interactions in times of increasing regulation and information processing demand. It is based on the analyses and discussions of this dissertation. Source: Own illustration.*

# Appendix G14: A Landscape of BoD's Strategy Interactions

**Figure G14:**
**A Landscape of BoD's Strategy Interactions**




*This figure shows the landscape of BoD's strategy interactions developed in this dissertation. I distinguish between formal and informal strategy interactions and highlight the most commonly used interactions in this figure. The development of the landscape is based on a survey with 43 BoDs and 22 renown experts in the field of Strategic Management and BoDs; Based on Concannon and Nordberg (2018), Hendry and Seidl (2003), Jarzabkowski and Seidl (2008), Dittrich et al. (2011), Seidl and Guérard (2015), Johnson et al. (2010), Jarzabkowski et al. (2016), Müller et al. (2014), Dubs (2019), Hilb (2019), Ma et al. (2019), and Müller-Stewens (2019). Source: Own illustration.*
**Refer to Chapter One (section 4.8) and Chapter Two (section 2.1.1) for a definition and distinction between formal and informal strategy interactions.*

# Appendix G15: Five Aspects to Take Away From This Dissertation

**Figure G15:**
**Five Aspects to Take Away From This Dissertation**

***Five Aspects to Take Away From This Dissertation***

1. Map out a ***strategy agenda with the BoD and the EM team***: who takes what role and is responsible for what in which time frame? Also answer to how and how regular to exchange information.
2. Describe the ***strategic planning process***: what happens with whom and why? Do not only plan in a yearly cycle but in extreme time frames (5-10 years; quarterly). Also plan for the unexpected and be open to changes in the process.
3. Be precise about the mandatory ***resources, structure, and processes of the BoD team***: what do you really need from the BoD team and how you leverage its experience and network?
4. Use different ***forms of strategy interactions*** and ***mix them up regularly*** to create a perfect fit for the entire strategy process: when do we need what kind of input from the BoD? You can use the strategy landscape of this dissertation for an inspiration.
5. ***Sense and seize the external environment*** and the change that might be happening. Do this proactively and not reactively: what does the external environment mean for your organization and how can you leverage short- and long-term changes? Be aware that regulation and information processing demands might be rising continuously.

Source: Own illustration; Based on the analyses and discussions of this dissertation.

# Curriculum Vitae

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## *Education*

**University of St. Gallen** — St. Gallen, Switzerland
*Ph.D. in Management (General Management)* — *09/2016 – 07/2021*

**University of St. Gallen** — St. Gallen, Switzerland
*CAS in Teaching and Learning in Higher Education* — *09/2018 – 01/2020*

**University of St. Gallen** — St. Gallen, Switzerland
*Master in General Management (MUG)* — *08/2013 – 06/2015*

**University of Bayreuth** — Bayreuth, Germany
*MBA in Sport Management* — *11/2013 – 09/2015*

**University of St.Gallen** — St. Gallen, Switzerland
*Bachelor in Business Administration* — *09/2009 – 08/2013*

**Gymnasium Johann-Friedrich-von-Cotta Schule** — Stuttgart, Germany
*Abitur (higher education entrance qualification)* — *09/2007 – 07/2009*

## *Professional Experience*

**Orbit Management Services (OMS)** — St. Gallen, Switzerland
*Founder* — *since 02/2021*

**University of St. Gallen** — St. Gallen, Switzerland
*Research Associate, CFAC-HSG/IMP-HSG* — *04/2016 – 02/2021*

**Swiss Aerospace Cluster** — St. Gallen, Switzerland
*Managing Director* — *06/2016 – 06/2020*

**MHP - A Porsche Company** — Ludwigsburg, Germany
*Consultant Retail & Digital Strategy* — *10/2015 – 08/2016*

**Daimler AG** Stuttgart, Germany
*Internship & Master Thesis: After-Sales Business* *09/2014 – 05/2015*

**Bilfinger SA & Porsche AG** various, Germany
*Internships: Corporate Strategy & Strategic Controlling* *07/2013 – 10/2013*

**International Students' Committee (ISC)** St.Gallen, Switzerland
*Organizing Committee 42nd St.Gallen Symposium* *09/2011 – 07/2012*

## *Selected Publications*

Linden, Erik (2021). *Pandemics and environmental shocks: What aviation managers should learn from COVID-19 for long-term planning*. Journal of Air Transport Management, 90, 101944.

Linden, Erik (2019). *Good Governance im Sport*. Volume 19. Zurich/St. Gallen. Dike Verlag. ISBN 978-3-03891-129-6.

Flessati, Julian & Linden, Erik (2018). *Auswirkungen der Überregulierung in der Luftfahrt unter besonderer Berücksichtigung der Sicherheit*. Müller, Roland & Wittmer, Andreas (Hrsg.). 1. Auflage. Zürich/St. Gallen : DIKE, 2018, - ISBN 978-3-03891-015-2.

Linden, Erik & Kinzel, Maximilian (2019). *Board Internationality and Corporate Performance: Theory and Evidence from the International Passenger Airline Sector*. 2019. - ATRS 23rd World Conference. - Amsterdam.

Eberhardt, Stephan; Linden, Erik Stefan & Wittmer, Andreas (2020). *Drohnen als Lufttaxis: Ein neues Transportmittel für Personen.* In Schweizer Jahrbuch für Verkehr 2020. St. Gallen : SVWG und IMP-HSG, 2020, S. 7-23.

Linden, Erik & Wittmer, Andreas (2018). *Zukunft Mobilität: Gigatrend Digitalisierung und Megatrends der Mobilität*. CFAC-HSG, IMP-HSG.

## *Extracurricular Activities at the University of St. Gallen*

**Mentoring Program University of St.Gallen** St. Gallen, Switzerland
*Mentor for four different students* *since 09/2017*

**Senate, School of Management & Student Parliament** St. Gallen, Switzerland
*Member as student representative* *07/2018 – 09/2020*