Governing corporate culture: a new board task

Governing Corporate Culture: A New Board Task

Thesis submitted for the degree of PhD

Louise Constance Redmond

Birkbeck, University of London

21 July 2023

Declaration

The work presented in this thesis is the candidate's own.

Abstract

Boards of UK-listed companies have been given a responsibility for corporate culture in the 2018 revision to the FRC's Corporate Governance Code. However, boards, due to their independence and remoteness to everyday company matters, are in a difficult position to determine the suitability of the corporate culture or to impact it themselves. Whereas the corporate culture literature addresses the top-down leadership of culture by executives and managers, it does not address how a company board makes a contribution to corporate culture. Neither does the corporate governance literature identify a board role or task in relation to corporate culture. There are therefore important questions as to how boards should best perform the new culture responsibility.

This thesis investigates how UK boards have responded to the 2018 Code change, creating a board culture task that is shown to be differentiable to the equivalent executive task. Hence, a conceptualisation of a board task for culture derived in this thesis addresses the gap in the literature. This is achieved through an interpretive, qualitative case study incorporating 47 semi-structured interviews with representatives of the UK corporate governance community and an analysis of 52 company annual reports and six best practice guides, produced by the community and aimed specifically at boards..

This thesis demonstrates that boards perform a culture task that should be incorporated into the literature on board roles and tasks. It also shows how boards have had to modify and adapt previously identified board processes in order to perform the culture task. Boards have developed new working relationships within the company focussed on partnership, pointing to an evolving notion of the board role. Hence the thesis makes an important contribution to board role and task theory. The conceptualisation of the board culture task developed in this thesis also offers a practical framework for use by boards in performing their culture responsibility.

Acknowledgements

I am indebted to my two supervisors, Professor Sue Konzelmann and Dr Arron Phillips, and to those who took on earlier supervision duties as I developed my concept papers. The guidance, teaching and review, from many members of the staff at the Department of Management, have been invaluable. The corporate governance special interest group at the British Academy of Management offered me many opportunities to share my early work, assisting my emerging thinking no-end through their feedback and camaraderie.

Many friends and family have supported me through this period, enabling me to continue, in spite of it all - my greatest desire. I simply say thank you to them. Elizabeth Campbell-Carter, with her exceptional command of written English, has challenged my sloppy sentences and punctuation, cheering me on when my phraseology worked or if she enjoyed a comment. Special thanks to her. All the work in this thesis is my own; any errors, omissions or sloppiness are entirely my fault.

Contents

List of tables

List of figures

1. Introduction

In 2018, the Financial Reporting Council (FRC) brought out a revised version of the UK Corporate Governance Code (hereafter referred to as the Code) for public companies with a premium listing on the London Stock Exchange (LSE) (FRC, 2018). The revised Code would take effect for company financial years starting after 1st January 2019. This Code has guided UK listed boards to adopt better governance practices since the Cadbury Committee recommended a code of practice for boards as part of its report into the financial aspects of governance (Cadbury, 1992). Although the Code is regularly updated, the 2018 version was a major revision, claimed by the FRC to be shorter and sharper (FRC, 2018). In this 2018 version, boards are charged formally with a responsibility for corporate culture for the first time. Boards would need to disclose, in their annual reports, how they have addressed the culture of the companies they govern, or, if not, how they will do so in future. Why did the FRC include a board responsibility for culture in the 2018 Code? How would it contribute to better corporate governance? How would this one case of a new formal board responsibility for culture for UK listed companies inform extant notions of the board role and task performance?

Since the 2014 version of the UK Code, the FRC had indicated in the preface that boards should establish the culture, values and ethics of the company namely 'the tone from the top' (FRC, 2014). The FRC followed this up with the Culture Coalition consultation project from 2015 onwards, to further explore, with relevant parties, how they should approach the matter of corporate culture (FRC, 2015). Ultimately, a board culture responsibility was formally included in the 2018 Code such that boards would now need to take action. This thesis sets out a qualitative study of members of the UK corporate governance community from 2019-2020 to reveal their perceptions on how boards have responded to the new responsibility for corporate culture and the implications for their role in corporate governance. As a study concerning the case of the UK, its Code and listed company boards' response to the new culture responsibility, the aim is to understand how the new responsibility is conceptualised and its implications for notions of how boards perform their tasks to fulfill their role in corporate governance. This introduction starts with an assessment of the developments in UK corporate governance that led to the 2018 Code revision and specifically the inclusion of a board culture responsibility (section 1.1). Then follows an assessment as to the problems raised by the Code inclusion of the board culture responsibility (section 1.2). Section 1.3 summarises the purpose and aims of this thesis. Section 1.4 outlines the chapter structure.

1.1. Developments in UK corporate governance leading to a board culture responsibility

This section reviews how the UK corporate governance system has developed in relation to the use of a corporate governance code, culminating in the 2018 version where a board culture responsibility was formally included. The corporate governance system in the UK has many other legal and regulatory components but the Code has been argued to have had important policy impact on board practices (Mallin, 2011; Spira and Slinn, 2013). It was through the Code then that the FRC included a board culture responsibility (FRC, 2018). Firstly, the background to the UK Code, its place in corporate governance and its earlier revisions are reviewed to understand what the FRC has attempted to achieve through this policy vehicle (section 1.1.1). Secondly, the background to the FRC interest in corporate culture leading to its formal inclusion in the 2018 Code is reviewed to demonstrate the FRC intent on culture (section 1.1.2).

1.1.1. The UK Corporate Governance Code – soft law governance

Corporate governance concerns the system by which companies allocate resources, make strategic decisions and distribute value (Aguilera, Florackis and Kim, 2016). The governance system is composed of a complex mix of company-level factors, such as a board of directors, interacting with external factors such as the national institutional environment of regulators and primary markets (Filatotchev, Poulsen and Bell, 2019). The institutional environment in most countries, including the UK, is multi-faceted. However, this thesis focuses on the role of the board in corporate governance and the institutional devices that impact it directly. The board of directors has an important, central place in corporate governance as the board guides the strategy, monitors management and is accountable to the company and the shareholders (G20/OECD, 2015). There are high expectations as to what boards must achieve (Zahra and Pearce, 1989; Hung, 1998; Stiles and Taylor, 2001; Useem and Zelleke, 2006; Boivie *et al.*, 2021).

Corporate governance codes aimed at boards of directors are part of the governance system in many countries (ECGI, 2022). These codes are intended to guide boards to prevent conflicts of interest and abuses of power and to improve boards' accountability to shareholders (Aguilera and Cuervo-Cazurra, 2004; Zattoni and Cuomo, 2008). A corporate governance code for boards is not the only governance-related code in many countries. Stewardship codes are intended to guide those who are responsible, such as asset management firms and pension funds, for the allocation, management and oversight of capital to create long-term value for the ultimate beneficiaries, including pensioners and shareholders (ICGN, 2022) The FRC publishes and monitors a stewardship code for UK responsible asset and fund management firms, as it does the corporate governance code (FRC, 2020). The focus of this study is, however, on corporate governance codes that guide the practice of company boards. As such, the responsibility for culture, incorporated into the 2018 UK Code, can be expected to contribute to the board role in corporate governance.

The UK context, with regard to corporate governance codes for boards, is significant as the UK Code was the first of its kind (ECGI, 2022). In the UK, companies wishing to list their shares on the London Stock Exchange (LSE) with a premium listing must achieve the highest level of governance standards set by the Financial Conduct Authority (FCA) of which the Code is a part (FCA, 2021). Such a public listing of shares, along with its governance and Code requirements, remains an important avenue to raising capital in the UK, in spite of trends towards private sources of finance (FTView, 2016).

Corporate governance codes that are aimed at boards of directors encourage them to adopt a wide range of good board practices whilst enabling them to retain some flexibility and self-determination. The UK Code includes a 'comply or explain' principle to support this encouragement of good practice (FRC, 2018). Listed companies must report meaningfully as to how they comply with the Code or explain why they do not yet do so, in order to meet the listing rules (FCA, 2021). For each Code principle, there are specific provisions with which companies must either comply or explain why they do not comply and yet still meet, or intend to meet soon, the principle (FCA, 2021). The UK Code is therefore a voluntary code of conduct, sometimes referred to as soft law. Soft law denotes agreements, principles and declarations that are not legally binding, or where the binding force is somewhat weak (OECD, 2021). Hard law, in contrast, generally refers to legal obligations that are binding and which can be legally enforced before a court. Boards in the UK are subject to hard law concerning, for example, their duty as directors, in section 172 (1) of the 2006 Companies Act (CompaniesAct, 2006). The soft law approach, using corporate governance codes for boards, has been adopted by many countries although the content of these codes varies considerably, for example not all adopt the UK comply or explain approach, due to differing institutional and business practices (Cuomo, Mallin and Zattoni, 2010). Common law countries, such as the UK, have been found to have strongly worded codes (Zattoni and Cuomo, 2018). Codes in other countries, and how they are responded to by boards, may differ to the UK Code.

In the UK, there is no enforceable assessment of the Code by a regulatory body, instead shareholders are expected to determine whether the company's response has been adequate (Keay, 2014a). This may be seen as in keeping with the Code's soft law status and its scope for boards to explain alternative approaches. The FRC comments on Code compliance and explanations annually (FRC, 2021). The FCA can determine that listing rules have been broken and delist. Shareholders, or their agents, are, however, intended to be the primary arbiters and actors.

The UK Code has evolved and extended over its many years of existence. Its origins and evolution are important context to the 2018 revision. The first Code emanated from a committee led by Sir Adrian Cadbury (ICAEW, 2021). Following a series of company scandals, the FRC, the LSE and accountancy professional bodies formed a committee to address standards of financial reporting and accountability in response to a number of recent corporate scandals. Membership of the committee included representatives from the Bank of England, the Confederation of British Industry, the Institute of Directors as well as the main sponsoring organisations (Cadbury, 1992) The Cadbury committee concluded that: company audits had failed to deal with fraud committed by managers and powerful shareholders; accounting standards were perceived by many to be loose; and boards were failing to keep the controls in the business under review and so were failing in their accountability to shareholders (Cadbury, 1992). The committee found that there was a need to improve confidence in company financial reporting and the safeguards offered by auditors. The Cadbury committee report (1992) also proposed a Code of Best Practice for company boards which was designed to 'achieve the necessary high standards of corporate behaviour' (p.11). It would enable boards to be 'free to drive their companies forwards but exercise that freedom within a framework of effective accountability' (p.11). This first Code was less than three pages long and was recommended to apply to all listed companies, with other types of companies encouraged to follow suit. Listed companies would include a statement in their annual reports on how they had complied with the Code provisions and with reasons for any areas of non-compliance. Provisions in the Code were to be verified by the auditors where possible. All parties concerned with corporate governance, particularly the institutional shareholders, would encourage Code compliance in their discussions with boards.

The Code, as proposed by the Cadbury committee, had its critics who argued that it would stifle entrepreneurialism; however, a voluntary code was seen by some as a means to stave off the potential imposition of more rigorous regulation (Spira and Slinn, 2013). The notion of a voluntary code was welcomed by the new Conservative government and the Cadbury Code was adopted intact by the FRC and the LSE informally from 1993 onwards and was incorporated into the LSE listing rules from 1998. The Code became an important policy device to influence UK board behaviour (Mallin, 2011; Spira and Slinn, 2013).

The original Cadbury Code focussed primarily on structural matters such as the separation of the roles of the chairman and the chief executive officer (CEO), the desirability of independent non-executive directors, the existence of audit committees chaired by and consisting primarily of non-executive directors. The Cadbury Code also included procedural matters such as the importance of committee terms of reference, the provision of information to non-executives in good time and to have meetings at an appropriate frequency. These were all means to increase the ability of boards to control financial matters in order to support the board's accountability to shareholders (Nordberg and McNulty, 2013). Much of these structures and procedures were already in existence in some companies; Cadbury's intent was to make them more commonplace (Arcot, Bruno and Faure-Grimaud, 2010).

The need for Code revisions over time was anticipated by the Cadbury Committee. The principles in the original Code have remained largely intact. However, the Code has been extended, with new principles and provisions added over time in response to governance failures by UK and overseas boards (Nordberg, 2020). This section continues with an assessment of the main Code revisions to show the direction of its content and reveal the intent of the FRC towards a board culture responsibility.

Important updates to the Code came in 2003 and 2010 (Nordberg and McNulty, 2013). The 2003 version came in the wake of the 2001-2 wave of corporate failures of, for example, Enron and WorldCom in the US and Parmalat in Europe (FRC, 2003). Although these failing companies were not UK-listed, reviews of corporate governance were set up such as the Higgs review on the role of non-executive directors which focussed on concentrating more functions into the hands of independent non-executive directors to challenge the executive directors (Higgs, 2003). Non-executive directors were an important focus for both blame and reform (Jones and Pollitt, 2004; Roberts, McNulty and Stiles, 2005; Corley, 2005). The role of the senior independent director was enhanced to become a sounding board for the chairman and a support to the board overall, not just an alternative channel for shareholders. Retiring CEOs should not become chairman and chairmen should meet the independence criteria at the time of their appointment. Non-executives with affiliations to the company, and so limited in their independence, should not sit on audit and remuneration committees. As these examples reveal, the revisions in 2003 had a focus on strengthening structural matters in relation to the non-executive, independent directors.

The 2010 revision to the Code came in the immediate aftermath of the 2007-9 financial crisis which revealed continuing inadequacies in governance (Sanderson *et al.*, 2010). Revisions to the Code needed to respond to the fact that financial companies that had to be rescued at the UK tax payers' expense, such as the Royal Bank of Scotland and Northern Rock, had followed the Code to the letter (TreasuryCommittee, 2008). The 2010 Code stressed that it fell on boards, not codes, to make the difference to effective governance (FRC, 2010). The 2010 Code revision focussed on 'changing the "tone".... to signal....the general principles which should guide board behaviours' (p.2). The need to follow the spirit as well as the letter of the Code was highlighted. As Carr (2012) commented, in a celebration of its 20-year anniversary, the Code 'encourages adherence to the spirit of the rules rather than simple obedience to the letter of the law’ (Carr, 2012). Heightened board attention to behavioural matters was therefore a key change in the 2010 version. Along with 2010 Code came the first FRC Guide to Board Effectiveness with additional advice to boards (FRC, 2011). In this Guide (2011), culture is mentioned as something that the board develops and promotes: ‘An effective board develops and promotes its collective vision of the company’s purpose, its culture, its values and the behaviours it wishes to promote in conducting its business’ (p.2). For the first time, in an advisory document, the FRC notes the contribution that boards should make to corporate culture.

In the 2010 version, the non-executives’ knowledge and skills is newly highlighted as opposed to the 2003 attention to their independence. The attention to non-executive director knowledge was an echo of the Walker (2009) report on governance failings in financial companies leading up to the 2007-9 financial crisis where the lack of banking knowledge amongst the non-executives was seen as an important factor in board weaknesses. Without the important application of relevant non-executive director experience, boards had failed to challenge some of the excessive risks the executives had taken (Walker, 2009).

The 2010 Code revision focused on boards taking greater accountability for good governance (Nordberg and McNulty, 2013). The board chairman was, for example, encouraged to report personally on how the Code had been applied. Boards, in the 2010 Code, were told to ‘attack the fungus of “boiler-plate”’ statements which had become the metaphor for generic platitudes in annual report disclosures which could be re-used every year (p.2). All directors had to be re-elected by shareholders every year, making the accountability of directors even clearer. Expectations of boards were increased both in the UK and the US (Nordberg and McNulty, 2013; Strine Jr., 2014; Brown *et al.*, 2019).

In spite of various revisions, unease about the effectiveness of the UK Code continues, with the degree to which the Code has prevented governance problems questioned (Nordberg and McNulty, 2013; Nordberg, 2020). Early aspirations that the Code could prompt a cycle of shared learning between companies have been disappointed due to the heavy compliance rates (Veldman and Willmott, 2015). The original intent in introducing a Code, as a piece of soft law where companies could comply or explain reflected the view that there was no one best way to govern companies (Jubb, 2014). Over time, however, compliance rates became high and the explanations for non-compliance were often weak or even non-existent (Arcot, Bruno and Faure-Grimaud, 2010). The Code has led to a norm of full compliance such that the majority of its contents has become akin to hard law, as deviation is not considered acceptable (Sanderson *et al.*, 2010). High levels of compliance continue to be reported. In 2017, for example, sixty-six percent of FTSE 350 companies, the largest listed companies by market capitalisation, complied with all 55 Code provisions, and 95% complied with all but one or two (GrantThornton, 2017). The norms created by the Code are viewed not as a threat to boards' autonomy, but as an unavoidable condition of their listing (Roberts *et al.*, 2020). Compliance with the Code is just a necessity of doing business in the listed sector. Meanwhile company explanations for non-compliance continued to disappoint due to the growing tendency to minimise or disguise non-compliance, or to argue that the ends had justified the means (Shrives and Brennan, 2017). The evolving picture is of a Code considerably extended over the years where compliance has become the norm.

Further enhancements to the Code were likely, including the continuing debate on corporate governance failures prompting the 2007-9 financial crisis (Walker, 2009). The matter of corporate culture was significant in reviews of factors leading to that crisis (CommissiononBankingStandards, 2013). As Sir David Walker, the author of the 2009 report on UK bank governance failings, quoted in a Financial Times article, said:

> 'I would say the biggest lacuna, the biggest change I would want to make, is to propose that the need is not only to focus on hard risk, where the world is in a much better place, but also to focus on soft risk, or culture.' (Arnold, 2014).

The FRC would also become concerned about corporate culture in the companies in all sectors of the economy that were subject to the Code. The significance of culture in UK corporate governance, as well as other related governance developments are therefore reviewed next.

1.1.2. Including a responsibility for corporate culture in the Code

This section traces the interest in corporate culture in the UK leading up to the formal inclusion of a board culture responsibility into the 2018 UK Code. Corporate culture has been a concern in UK companies for some decades. Business books from the US emphasising the importance of corporate culture were published in the UK in the early 1980s (Peters and Waterman Jr, 1982; Deal and Kennedy, 1982). The notion of corporate culture became widely understood in ways such as those offered by Schein (1984), who had worked with several large US organisations on their culture. Schein's (1984) definition captured much of what was understood in companies about culture:

> 'Organisational culture is the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.' (p.3).

Schein's (1984) notion of culture as the pattern of basic assumptions held by a given group, along with his further conceptualisation of culture in later work, has been influential in organisations and may have informed the FRC's early considerations of culture (FRC, 2015). The notion of culture, and its importance in organisations, is often referenced in the business literature with little attempt at definition or at delineation of a boundary as to what should be included or excluded. Nevertheless, definitions and notions of culture from the literature will need to be carefully selected for this thesis, in order to understand the board's response to the 2018 Code.

The creation of a culture of group assumptions that endured for adaptation and integration benefits, as defined by Schein (1984), and quoted above, was recognised as a responsibility for managers in the UK, just as in the US. Various culture change programmes were attempted in UK companies, admittedly with varying degrees of success (Knights and Willmott, 1987; Whipp, Rosenfeld and Pettigrew, 1989; Ogbonna and Wilkinson, 1990). The notion that organisational or corporate culture could influence business success had arrived even though achieving a desirable culture could be difficult.

The discussions on corporate culture received a further impetus from the wave of corporate crises of the early 2000s, to which the 2003 Code responded. The collapse of Enron, WorldCom, Tyco, Parmalat, Global Crossing and others had prompted waves of concern about corporate culture. Regarding Enron, for example, two journalists wrote:

> 'Extravagance by itself, did not bring the company down. But the company's spending reflected a go-go corporate culture…in which top executives cast traditional business controls by the wayside…The Enron culture went way too far.' (Banerjee and Barbosa, 2002).

Despite this concern about culture, the 2003 version of the Code made no mention of a board responsibility for corporate culture.

Subsequently, the 2007-9 financial crisis showed, at least in financial firms, serious corporate culture problems about which their boards had been unaware (Kapoor, 2013). Inappropriate cultures had contributed to dramatic failures of financial firms and their boards needed to take more note of culture (OECD, 2009; Walker, 2009; NewCityAgenda, 2014). The banking regulators signaled their interest in culture in the wake of the financial crisis (Sants, 2010; Bailey, 2016). A debate on the risk culture of banks and the role of boards became intense (Power, Ashby and Palermo, 2013; Redmond, 2014). A number of banks commissioned reviews of their culture, such as the Salz review at Barclays, although some felt these reviews were mere window-dressing (Gill, 2013; Greenham and Lewis, 2014). A UK parliamentary commission into the lessons from the financial crisis found that culture was at the heart of the problems in the banks (CommissiononBankingStandards, 2013). Bank boards had failed to spot the risks developing in their corporate cultures.

The 2010 version of the UK Code had responded to governance issues raised by the financial crisis but was published before many reforms impacting corporate culture in the banks. In particular, a new regime defining the accountabilities of nominated senior personnel in financial firms, the Senior Managers Regime, gave the board chairman the personal responsibility for culture with effect from 2016 (BankofEngland, 2016). The joint banking regulators, the Prudential Regulatory Authority (PRA) and the Financial Conduct Authority (FCA) had assigned the responsibility for culture to the chairman, not to the CEO. The Senior Manager Regime was soon extended to other financial companies such as insurers and asset managers (BankofEngland, 2021). Boards in these sectors had culture directly assigned to them, through their chairman, by their banking regulators, with many of these companies also listed on the LSE and hence subject to the Code.

How boards in non-financial companies should deal with culture was also a subject of debate and concern. In the 2014 UK Code revision, the board's role in creating company culture was included in its preface (FRC, 2014). This meant culture was not expected to be reported on to meet the listing rules; it was merely indicative of the FRC view. Many examples of culture problems continued to emerge. There were issues with bribery at GSK, a pharmaceutical company, where, according to the new general manager, 'the mindset was more, more, more' (Ward and Waldmeir, 2015). There were issues with accounting practices at Tesco, a grocery retailer, where 'if analysts had focused a little less on data and a little more on the culture…they might have saved a few pennies' (Black, 2014). What boards were doing in regard to corporate culture had become an important issue for all industry sectors.

The FRC prompted further debate on corporate culture through a series of public speeches from senior personnel (Bischoff, 2015a; McLaren, 2016; Hadrill, 2017). Sir Win Bischoff, who was chairman of the FRC at the time, wrote in one of London's free newspapers: 'unfortunately, as 2014 showed, we continue to see examples of governance and cultural failings' (Bischoff, 2015b). He didn't give any specific examples, but the FRC's interest in corporate culture was signaled.

The FRC's disquiet about corporate culture eventually progressed to the establishment of a joint consultation project with other partner organisations, called the Culture Coalition (FRC, 2015). This Coalition engaged with many individuals involved in corporate governance on the need for boards to pay attention to culture. The partner organisations in the Coalition were primarily professional and trade associations; their details are provided in table 1.1.

Organisation Name	Organisation Type
The Financial Reporting Council (FRC)	UK corporate governance regulator
Chartered Institute of Management Accountants (CIMA)	Professional association for management accountants
City Values Forum (CVF)	City of London lobby group with corporate funding, primarily banking and insurance
Chartered Institute of Personnel and Development (CIPD)	Professional association for human resource managers
Institute of Business Ethics (IBE)	Trade association with corporate membership in all sectors
Chartered Institute of Internal Auditors (CIAA)	Professional association for internal auditors

Table 1.1 Organisations in the Culture Coalition

The Culture Coalition resulted in a report of observations; not bold enough to claim it included recommendations for best practice (FRC, 2016). The attention to culture brought about by the Culture Coalition was, however, well received. For example, the Investment Association, representing institutional shareholders, welcomed the report, commenting: 'Our members agree that a healthy corporate culture is a valuable asset, a source of competitive advantage, and vital component in the creation and protection of long-term value' (InvestmentAssociation, 2017). Further consideration of how culture could be included in a major revision of the Code was announced (FRC, 2017c; FRC, 2017b).

In January 2016, FRC chairman Sir Win Bischoff had launched the FRC (2015) assessment that the overall quality of corporate governance in the UK remained high and that there would be no substantial revisions to the 2014 Code for the next three years but the FRC would engage with market-led and collaborative initiatives (Bischoff, 2016). The Culture Coalition had been one such collaborative initiative. However, the new UK government in late 2016 launched a consultation on several corporate governance matters that also impacted the 2018 Code revisions, potentially impacting the board culture responsibility (BEIS, 2016). Of potential impact to the culture responsibility were consultation questions on how to enhance the stakeholder voice at board discussions such as from employees. Amendments to the Code as a result of this consultation were included in the 2018 version.

The FRC finally incorporated corporate culture formally into the Code in the 2018 revision (FRC, 2018). The Code did not give a definition for culture but FRC's Culture Coalition report (2016) had provided a definition for corporate culture as: 'Culture in a corporate context can be defined as a combination of the values, attitudes and behaviours manifested by a company in its operations and relations with its stakeholders.'(p.6). The Code principle and provision including culture is given in table 1.2.

2018 Code requirements on corporate culture (FRC2018, p.4)
Principle B on board leadership and company purpose
The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.
Provision two on board leadership and company purpose
'The board should assess and monitor culture. Where it is not satisfied that policy, practices or behaviour throughout the business are aligned with the company's purpose, values and strategy, it should seek assurance that management has taken corrective action. The annual report should explain the board's activities and any action taken.'
Table 1.2 Principle including culture in the 2018 Code

The 2018 Code specifies that boards have a responsibility to ensure that company culture is aligned with the purpose, values and strategy. Boards must promote the desired culture and make assessments to monitor the culture in the company, requiring management to take actions as needed. Under the listing rules, boards must make disclosures in their annual reports for all Code principles and provisions, and so would need to include their activity with regard to culture.

The 2018 version of the Code was a major revision. A number of changes had been under consideration, not only from the Culture Coalition, such as from the government's 2016 consultation on corporate governance (BEIS, 2016). These other changes included the need for greater attention to wider stakeholder interests, not just the shareholders, including options for the representation of worker perspectives at board discussions (ETUI, 2016). Another addition was the need for companies to define their purpose in a way that shows how they meet a specific need in society. The Purposeful Company Taskforce, for example, defined a visionary corporate purpose as one which 'sets out how the company will better peoples' lives' (ThePurposefulCompanyTaskForce, 2016). As Sir Win Bischoff had advised, in the FRC Culture Coalition Report:

> 'Establishing a company's overall purpose is crucial in supporting the values and driving the correct behaviours. The strategy to achieve a company's purpose should reflect the values and culture of the company and should not be developed in isolation. Boards should oversee both.' (FRC, 2016).

The 2018 Code formalised this expected alignment by boards of their company purpose, strategy, values and culture. The 2018 Code can be seen as widening the focus of boards from a narrow interest in shareholder. To reinforce the focus on company purpose and wider stakeholders, the FRC amended its stated purpose for the 2018 Code, adding a second aspirational outcome of increasing public trust in business (FRC, 2018). Since the 2010 version, the Code had been solely positioned as for the long-term success of the company (FRC, 2010). A board responsibility for corporate culture is one means (amongst the many other Code provisions) by which the FRC aims for the two Code outcomes to be met.

Governing culture, from 2019 onwards, has therefore potentially become a norm for UK boards, as other aspects of the Code have become (Roberts *et al.*, 2020). The voluntary, yet normative, Code is the main policy device for guiding board behaviour in the UK (Mallin, 2011; Spira and Slinn, 2013). Stronger powers for the FRC have been recommended but have yet to be enacted (Kingman, 2018; BEIS, 2021). With culture in the Code, boards will have to comply and perform a culture task, or explain their inaction. Boards may face considerable challenges in creating this new task which are introduced next, leading into a discussion of the purpose and aims of this thesis.

1.2. Problems in managing corporate culture

The organisation culture literature tends to be focused on executives (O'Reilly *et al.*, 2014; Alvesson, Karreman and Ybema, 2017; Schein, 2017; Groysberg *et al.*, 2018). The lack of literature on a board culture responsibility may be due to many reasons; a lack of literature on the role of the board in change management has also been noted (Morais, Kakabadse and Kakabadse, 2020). The omission, with respect to change management, may be due to a crude assumption that boards either have no contribution to make or that boards should adopt an identical approach to the executives; however, neither assumption was found to be the case (Morais, Kakabadse and Kakabadse, 2020). An assessment of the contribution of a board culture responsibility is therefore also needed.

Surveys of senior executives reveal that managing culture in companies is considered important. In one survey, ‘driving culture change’ ranked number three in global business leaders’ top priorities (KornFerry, 2015). In another survey, 92% of US senior managers believed that improving their culture would increase their firm’s value (Graham *et al.*, 2017). In various ways, and with different sources for guidance, executives have been attempting to manage corporate culture for many years (Deal and Kennedy, 1982; Schein, 1984; Goffee and Jones, 1996; Trompenaars and Hampden-Turner, 1997). Although the importance of culture may be established amongst corporate managers, the practice of achieving culture change can be less straightforward (Groysberg *et al.*, 2018; Neville and Schneider, 2021).

Boards may be at a particular disadvantage to take on a responsibility for culture. Board remoteness from their companies and dependency on information from the executives has long been highlighted (Lorsch and MacIver, 1989). The challenges that remoteness brings remain today, including when dealing with culture. For example, a US journalist revealed the difficulty the Wells Fargo Bank board had in getting information from the executives on culture, in spite of explicitly asking for it (McLean, 2017). A cross-selling disaster, based on poor culture, soon followed this episode (Tayan, 2019). So remoteness and lack of independent information may be barriers to the performance of a board culture task. There has been much commentary that culture in companies is determined by the tone at the top since that notion was adopted by the accountancy profession in the US (Medcraft, 2016). Boards represent the top of their company hierarchy so this notion may lead them to believe that they can readily dictate the culture. However, their influence may be indirect and dependent upon the executives, so setting a tone may not be so straightforward. Boards may have overly high expectations for what they will be able to achieve, with regard to corporate culture.

Another relevant factor may be the additional legal duties that board directors in the UK have that do not apply to most managers. One duty is to promote the success of the company: 'A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole' is contained in Section 172 (1), part 10 chapter 2, of the 2006 Companies Act (CompaniesAct, 2006). With the disclosure requirements of much of the board's work, directors may feel the pressure of external scrutiny of their actions. Section 173 of the Companies Act (2006) requires directors to exercise independent judgment. In UK common law, the business judgment rule may protect board directors, as long as they can demonstrate that they have acted in good faith and with due care, skill and diligence, as it is often accepted by the courts that board directors may make the wrong decisions, from time to time (Keay and Loughrey, 2019). Board directors need to take their statutory duties, and how to manage associated risks, into account in their decision-making (McNulty *et al.*, 2020). The legal and regulatory context for a board leadership responsibility for culture therefore has additional pressures that do not apply to most managers.

As part of the consultation process prior to the 2018 Code revision, advisers to corporate boards had written of the challenges boards have had with corporate culture (Ziehn, 2016; Long, 2018). These advisers argued that boards had struggled when dealing with culture and further delineation was needed. Managing culture has not proved straightforward for executives (Jermier, 1998; Ogbonna and Wilkinson, 2003; Alvesson and Sveningsson, 2015). A culture responsibility for boards, therefore, may be equally challenging.

Boards have been assigned various roles in the literature such as control, service, and mediation (Pfeffer and Salancik, 1978; Fama and Jensen, 1983b; Blair and Stout, 1995). In addition to these roles, the governance literature tends to focus on matters such as strategy, without mentioning culture (Judge Jr. and Talaulicar, 2017; Aberg, Bankewitz and Knockaert, 2019). In general, there has been a growing trend to study board processes to explain company-level governance (Hambrick, von Werder and Zajac, 2008; McNulty, 2013; Zattoni and Pugliese, 2019). Board processes have been exemplified, rather than defined, as: engaging in constructive conflict, avoiding destructive conflict, working together, addressing decisions in a comprehensive manner (Finkelstein and Mooney, 2003). Hence board processes are broadly conceived. How boards perceive the way that their culture responsibility supports one or other of their roles, and how their processes do or do not apply is not known. The 2018 Code has set new expectations but how the responsibility is best performed by a board of directors is less clear.

1.3. Thesis purpose and aims

This thesis aims to conceptualise a putative board culture task using the single case of the FRC's regulatory intervention on corporate culture through the 2018 UK Corporate Governance Code and how boards have responded. Due to high levels of previous compliance with Code provisions, it is expected that boards will construct a task to fulfil this culture responsibility. This thesis sets out a study which aims to understand how a sample of impacted boards have conceptualised their responsibility for corporate culture in light of the 2018 revision of the UK Code and how it fits with their governance role. The evidence gathered is used to explore the extent to which a new board task for culture, not previously identified, should be proposed.

In considering the potential for a board culture task, the thesis aims to understand the extent to which boards carry out their culture responsibility in the same way as executives do, or the extent to which it is differentiable. In doing so, the thesis aims to contribute to the literature on the leadership of culture by extending it to board directors, in the first year of the implementation of the revised 2018 UK Code. As the board responsibility may be performed in different ways to the executives, it is important to fill this gap in the literature as to how boards can contribute to corporate culture.

In considering how the culture responsibility fits with previously identified board governance roles, the thesis also aims to understand how the culture responsibility contributes to board roles. In order to achieve this, earlier studies that identified board processes that contribute to other task performance are compared. This thesis therefore aims to make a theoretical contribution to the board process literature in the light of this new responsibility and the task created.

1.4. Chapter structure for this thesis

The thesis continues in chapter two with a review of both the corporate culture and the corporate governance literatures. This is in order to capture what is currently known about the leadership of corporate culture and how it might fit with the board role in corporate governance.

Firstly, the literature on corporate culture is reviewed in order to understand what is known about how culture is shaped by leaders in companies (section 2.1). As how boards govern culture is considerably less studied, the existing knowledge on managers' leadership of culture is needed for the study. There are different constructs for corporate culture in the literature and so for the ways that managers have successfully shaped culture. The study argues for both a values view of culture and a toolkit view of culture (Giorgi, Lockwood and Glynn, 2015). These represent two distinct theoretical constructs for corporate culture that are argued to offer insight into the ways that boards may construe their responsibility. The achievable outcomes that have been reported in the literature from management efforts on corporate culture are explored in light of the FRC aspirational outcomes for the Code; long-term corporate success and public trust in business.

Secondly, as this study focuses on a board as opposed to a management responsibility, the literature on the board role is reviewed (section 2.2). This literature is examined in order to understand how boards of directors see their responsibility for culture supporting their governance role. The literature on board roles and on board processes which have been found to be important to task performance are assessed for those that may be important for the culture task.

Finally, section 2.3 details the conceptual framework drawn from this literature review which is used to guide the study. The research questions for the study are derived from this framework.

Chapter three presents the study methodology which adopts the interpretivist paradigm for a single, embedded case study adopting qualitative methods (Yin, 2018). A number of authors have argued for the importance of qualitative methods in better understanding the work of the board (McNulty, Zattoni and Douglas, 2013; Pettigrew, 2013; Judge Jr. and Talaulicar, 2017; Boivie *et al.*, 2021). Data is collected from three different sub-groups from the UK corporate governance community with knowledge of board responses to the 2018 Code. The study derives its evidence from members of this community that have experience of a sample of industry sectors with business to business and technology-rich business models.

Data collection is achieved through a semi-structured interview programme and through documents for analysis. In total, 47 people were interviewed. The documents collected for analysis were 52 company annual reports from the sample industry sectors and six Best Practice Guides on culture for boards. The data collection took place from June 2019 to October 2020, capturing the experience of the first year of the 2018 Code.

The findings are presented and discussed in two chapters; chapter four and chapter five. Chapter four analyses the findings in relation to analytical themes on the perceived reasons for the responsibility and on how boards are perceived to have performed it. The findings show that the boards have accepted the responsibility albeit with varying degrees of confidence and task formation. The reasons for the FRC including the responsibility for culture are analysed as are the boards' own expectations. From these findings, a board task on culture emerges that differs from the executive task.

Chapter five analyses the findings in relation to how previously identified board processes support the performance of the culture task. The chapter reveals how board processes have needed to evolve to support the culture task. The findings also show that the boundaries between non-executive and executives roles may become blurred causing confusion. A notion of partnering is revealed as the perceived means to avoiding this role confusion. The partnering role is then considered in relation to the established control, service and mediating board roles.

Chapter six draws the conclusions for the study and offers a revised conceptual framework which offers a distinctive and novel conceptualisation of the board responsibility for culture which demonstrates its candidacy as a board task. The chapter shows how the literature should be amended to include a board task for culture. The conceptualisation of the board task on culture is distinct from other identified board tasks such as for strategy and is also distinct from the previously identified executive culture task. The conceptual framework is revised, demonstrating the implications for notions of the board role and board processes. The contribution to theory is highlighted and future research directions discussed.

2. Literature review

This chapter explores the academic literatures on corporate culture and on corporate governance to determine what is known about a board responsibility for culture. Firstly in section 2.1, the literature on corporate culture is reviewed to address how company culture is conceptualised, how company leaders are believed to influence and modify company culture, and what benefits can be derived. This literature on corporate culture can then be used to help this study frame how boards of directors are likely to approach their responsibility for governing corporate culture. Much of the literature on corporate culture addresses the role and impact of executive leaders and managers as opposed to the responsibility of a governance body, so leaving a gap. Aspects of the organisational culture literature have been disseminated by business schools and management consultancies, from the 1980s onwards, and so UK board directors may have some awareness of the notion of corporate culture (Deal and Kennedy, 1982; Peters and Waterman Jr, 1982; Kanter, 2008; Kanter, 2011). Board directors may have experience of leading corporate culture that they may choose to apply to their current governance mandates.

Secondly in section 2.2, the literature on the role of the board in corporate governance is reviewed in order to explore how a responsibility for culture fits with notions of the board's role in corporate governance. The company board plays a key role in the achievement of effective corporate governance and this role must be understood in order to address the work of boards on company culture. In constructing a new task, it may be that approaches boards have taken to other board tasks will be applied. The literature on board roles, tasks and their involvement in company matters is reviewed for guidance on how boards may apply or adapt these in order to perform the culture task. The corporate governance literature has tended not to make mention of corporate culture as among the tasks boards need to address and so gaps in the literature emerge. How boards approach other matters, most particularly corporate strategy which has been well studied, may shed light on how they approach culture.

The chapter concludes, in section 2.3, with a conceptual framework derived from the literature. The research questions for the study are then discussed.

2.1. Corporate culture and its leadership

This study needs a conceptualisation of culture, and how it can be shaped by leaders, based on existing notions in the literature. Boards of directors will likely have some notion of the concept of culture, possibly from their earlier careers with the influence of management consultants and business writers in the 1980s (Peters and Waterman Jr, 1982; Deal and Kennedy, 1982). They may also take the advice of more contemporary experts (Goran, BaBerge and Srinivasan, 2017; Walters, 2021). This section aims to select the conceptualisations of organisational culture and its leadership to apply to the board responsibility for culture.

A number of authors began studying culture in organisations from anthropological and sociological perspectives from the 1960s onwards (Schein, 1963; van Maanen, 1978; Pettigrew, 1979; Hofstede, 1980). These authors argued that culture concepts, previously related to nations, tribes and gangs, could also be used for organisations. Pettigrew's (1979) work on culture in an English school has, for example, been described as highly influential in prompting further academic studies on culture in organisations (Schneider and Barbera, 2014). By the 1980s, there were many references to culture as pertaining to an organisation prompting a need for further theoretical treatment (Smircich, 1983; Schein, 1984; van Maanen and Barley, 1985).

One stream of research has studied corporate culture in relation to national cultures (Hofstede, 1994). National cultures, with their wider social context, are argued to have an influence on how organisation cultures develop (Hofstede, 1994). The GLOBE (Global Leadership and Organisational Behaviour Effectiveness) programme was an extension of Hofstede's (1984) work on identifying the cultural dimensions that differentiate national cultures and their relationship with leadership behaviours in organisations (House *et al.*, 2013). Others have developed similar programmes on the dimensions of national cultures that are reflected in organisational cultures (Trompenaars and Hampden-Turner, 1997). These programmes have been applied in many UK corporations that have global reach resulting, in some cases, on an over-reliance on its validity (Harrison and McKinnon, 1999). Hofstede's work, for example, is critiqued as a model that is overly dependent on limited data from one company (IBM) and which makes implausible claims for national cultures as a causal factor for much behaviour in organisations (McSweeney, 2002). These critiques serve to warn of an over-interpretation from models of the significance of national cultures on organisation cultures (Williamson, 2002). Nevertheless, they have had application in many UK companies and may influence board directors' conceptualisation of culture.

The cultures of other social groups such as professions or trades may also have an important inter-play with corporate cultures. Professions have their own cultures due to the training and professional codes of conduct that influence members' behaviour, regardless of their employer (Bloor and Dawson, 1994). There may be many professional groups that influence employees' behaviour in companies (Hofstede, 1998; Schein, 2015). A managerial culture may also result from similarities in the nature of managerial roles in many organisations (Everett, Stening and Longton, 1982). Board directors are likely to be cognisant of the potential for an interplay between relevant professional cultures and their company cultures, dependent on the nature of their business.

With culture in organisations a notion that has been exposed to board directors through business schools and consultancies, the choice of theoretical conceptualisation of culture is important. There have been a number of ways in which the notion of organisational culture has been theorised (Giorgi, Lockwood and Glynn, 2015). These ways impact how leaders perform their task in shaping culture (Denison, Nieminen and Kotrba, 2014; Chatman and O'Reilly, 2016). For this study, it is important to adopt a conceptualisation of culture that will resonate with board directors and that will enable an understanding of the conceptualisation of the board culture task. The next sections address the literature on two theoretical paradigms of corporate culture; the values paradigm and the toolkit paradigm (section 2.2.1-2). Each paradigm results in its own definition of corporate culture. The case is made for the use of both paradigms in this study. The ways in which leaders shape culture is then reviewed (section 2.1.3). This is followed by findings from the literature on what outcomes might be achieved through an appropriate corporate culture, to enable a sense of what boards might perceive to be the purpose of their task (2.1.4). Conclusions are finally drawn from this culture literature for the conceptual framework of the study (section 2.1.5).

2.1.1. Culture as reflective of values

This section considers the conceptualisation of culture as reflective of the values of the social group. This conceptualisation has an extensive literature and a strong tradition in organisation studies (Giorgi, Lockwood and Glynn, 2015). The lessons from this literature are important to this study due to definitions of culture commonly in place that are likely to be known to UK board directors. For example the FRC Culture Coalition definition of culture includes the notion of values: 'Culture in a corporate context can be defined as a combination of the values, attitudes and behaviours manifested by a company in its operations and relations with its stakeholders.' (FRC, 2016, p.6).

Edgar Schein's conceptualisation of culture derived from his research into companies such as Hewlett Packard and Ciba-Geigy in the 1970s and 80s and has continued to be republished (Schein, 2017). His definition of culture was derived from his in-company observations. Schein (1984) wrote:

> 'Organisational culture is the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.' (p.3).

Schein notes the pattern of basic assumptions which are considered the correct way to think and feel in relation to the group's problems. There is a stability in the culture that is passed on to others in the social group. The culture results in a consistency and predictability in the way the members of the social group perceive situations. Culture is something the organisation possesses and which has some enduring features that can be passed on.

Schein's place in the values tradition becomes apparent from their centrality in the framework he developed to conceptualise culture. His framework for culture consists of three interrelated levels: (1) underlying assumptions and beliefs, (2) norms and values about appropriate attitudes and behaviours, and (3) artefacts that reflect the norms and values (Schein, 2017). The most visible level of culture, on the top level of the framework, consists of artefacts of culture such as structures and processes in the organisation. These artefacts are visible but hard to decipher in terms of meaning.

Below the artefact level is the middle level of the framework consisting of the beliefs and the values which are stated in company documents, and so are apparent and spoken of. These beliefs and values inform the top level of artefacts but often in ways that are hard to decipher. Influencing the beliefs and values is the bottom hidden level of the framework which is composed of underlying assumptions that are unconscious but critical to the formation of the values. There are two important sets of underlying assumptions: one set about external adaptation which tackles the reason the organisation exists and its goals, and one set about internal integration which tackles the way the group will work together. In addition, three deeper cultural assumptions address what is reality and truth, what is the nature of time and space, and what is human nature and relationships.

Conceptualisations of culture involving levels of different components, similar to the Schein framework, had emerged in earlier anthropological studies. For example, the notion that culture in societies had hidden elements that could emerge to become more evident in particular circumstances had been articulated in a model that used the metaphor of an iceberg mostly hidden underwater (Hall, 1976). Boards may be familiar with the notion that elements of culture are often hidden, therefore drawing a boundary around what to include in its assessment difficult.

Schein's linkage of the concept of culture with that of values has been widely exposed to the business community. For example, the work is included in reading lists on culture produced by professional accounting and risk management bodies (IRM, 2012; ACCA, 2014; ACCA and ecoDa, 2017). Schein's definition and framework for culture has some alignment with others' in the values view of culture. Hofstede (1980) stated his preferred definition for culture as: 'the collective programming of the human mind that distinguishes the members of one human group from those of another. Culture, in this sense, is a system of collectively held values' (p.24). In the Hofstede (1980) view, there is a collective programming, potentially akin to Schein's shared basic assumptions. The social group is also important. Hofstede's (1980) definition for values as: 'a broad tendency to prefer certain states of affairs over others' recognises the influence of earlier anthropologists (p.19). Values programme the minds of group members to affect how members think and behave. Hofstede's incorporation of values into the definition of culture was one of several influential contributions concerning a strong alignment between values and culture, and between values and subsequent actions. Both Schein and Hofstede can be seen as part of the values paradigm of culture which has had exposure in UK businesses for some time and is likely to be familiar to UK board directors.

Both Schein and Hofstede conceptualise culture as something that the organisation possesses and can be measured and manipulated by managers (Schein, 2017). This places their work in the functionalist tradition of organisation studies. Culture is something that the organisation can use, test and measure. The functionalist approach to culture evolved into the development of many quantitative survey methods to capture members of the organisation's views on many dimensions of culture (Jung *et al.*, 2009; Denison, Nieminen and Kotrba, 2014). One review identified no fewer than 70 culture diagnostic instruments (Jung *et al.*, 2009). Chatman and O'Reilly (2016) discuss several of these instruments, pointing out that their choice will result in different conceptualisations of culture. This may support arguments that culture is intangible and hard to measure (Chatman and O'Reilly, 2016). The functionalist approach to culture fits well with managers' preference to work with a definable, measurable and manipulable variables, and may also be attractive to UK board directors.

Frustrations have arisen, however, as to the lack of practical impact of values culture programmes in organisations (Greenham and Lewis, 2014). Such frustrations over the use of values in shaping culture may be shared by UK boards. Proclaimed company values have been found to be irrelevant to company performance, showing that the existence of values statements is not sufficient to impact performance (Guiso, Sapienza and Zingales, 2015; Graham *et al.*, 2017).

Schein's work on culture has been challenged by those from a social constructivist paradigm. The contrasting theoretical developments from a social constructivist viewpoint, such as from Hatch (1993) and Alvesson and Sveningsson (2015), offer a different notion of corporate culture. Social constructivist viewpoints on culture were already widely incorporated into anthropology and were therefore an oversight on Schein's part (Tierney, 1986). Social constructivists see social experiences and attributed meanings as the fundamental ontology. Culture is not a separate thing, it is rather the multiplicity of relationships and interactions in the organisation. In the constructivist view the culture is what the organisation 'is' as opposed to what it 'has' (Smircich, 1983). Organisations are systems of shared meanings. This focus drew attention to meaning-making processes and an orientation towards ethnographic research methods involving thickly described observations of everyday organisational life enabling, it is argued, a deeper, more fundamental understanding of culture (Alvesson, Karreman and Ybema, 2017). The social constructivist approach to culture focuses on how meanings are made or constructed, how they are shared and accepted in the social system, and how these meanings evolve (Martin, 1992).

For social constructivists an organisation culture can be highly fragmented and localised. Subcultures form which are fluctuating and permeable to a mix of continuously evolving external influences. For example, different departments within one company may exhibit differences in culture due to the different communications that happen there. These subcultures can result in ambiguous meanings such that employees may need to act within potentially conflicting cultures (Martin, 2001).

Hatch (1983) is concerned that Schein's model is hampered by what she considers to be an under-specification regarding the links between his levels of assumptions, values and artefacts, to which she adds a fourth level of symbols. She also advocates the inclusion of localised, socially-constructed processes that create the links between the assumptions, values, artefacts and symbols, resulting in, what she argues to be, a dynamic, evolving notion of organisational culture. The social constructivist approach to culture was viewed as emancipatory, as managers could reduce their reliance on numerical analysis based on spreadsheets and impose values through story-telling and meaning-making (Martin, Frost and O'Neill, 2004). The imposition of values through meaning-making techniques has become a new endeavour in some organisations and so potentially familiar to UK board directors (Wilkins and Ouchi, 1983; van Maanen, 1991; Kunda, 2006).

Chatman and O'Reilly (2016) argue that differences between advocates of the social constructivist and functionalist approaches have resulted in an inability to advance a theoretical understanding of organisational culture, and that differences, which were referred to at one stage as 'culture wars', should be retired (Martin and Frost, 2011).

Chatman and O'Reilly (2016) propose a revised qualitative approach focusing on observable norms and values resonant of the Schein (2017) framework. Their resolution of functionalist and constructivist approaches to culture turns into a revisiting of the significance of values in Schein's work. Schein himself has rejected much of the extreme functionalist approach that has become overly dependent on quantitative correlational studies as he is essentially a field-based researcher (Schein, 2015).

As the setting of espoused values as articulated by Schein (2017) has been adopted in many organisations and has echoes in the FRC Culture Coalition (2016) definition, the Schein conceptualisation of culture is selected for this study as board directors may have some familiarity with notions of levels of assumptions, values and artefacts as the view of culture. The values view of culture is considered a suitable conceptualisation for culture for this study although potentially not sufficient due to frustrations with the use of values in organisations. The practice turn in social theory, in which the role of practices in human activity is explored, is next argued as an alternate and potentially complementary conceptualisation for this study (Schatzki, Knorr Cetina and Von Savigny, 2001).

2.1.2. Culture and the practice turn

There is a commonly used definition of culture in companies as 'the way we do things around here' (Bower, 1966). This expression may be recognised by board directors and suggests a related definition of culture from the literature may be useful in this study. Potentially the practice turn in the literature on culture may offer such a definition. Hence the ways in which culture has been viewed in the practice turn is reviewed next. Giorgi et al (2015) argued that toolkit (practice-related) approaches to culture should be given equal weighting with the values view. They offer a metaphor of a pendulum swinging from one side to the other; leaders can swing between a values and a toolkit view. Others argue the complementarity of the two views (Canato, Ravasi and Phillips, 2013). Practice-derived theories adopting the toolkit view can open up research into culture as much as it has for strategy (Vaara and Whittington, 2012; Burgelman *et al.*, 2018).

The practice turn applied to culture has been characterised as a second wave of interest in organisation culture (Weber and Dacin, 2011). The first wave was based on values as reviewed in section 2.1.1. Instead of conceptualising culture as an all-encompassing ideational constraint on individual action as expressed through values, culture is a set of resources that the organisation can draw upon and employ in pragmatic and flexible ways. Second wave theories attribute greater agency to individuals within organisations. There is also greater attention paid to external domains which are seen to be in a cultural continuum with the people inside the organisation (Weber and Dacin, 2011). This continuum suggests a permeability of organisation culture representing a more open system alongside external agents (Harrison and Corley, 2011). In an early articulation of a toolkit approach, culture is defined as: 'a flexible set of tools that can be actively and strategically created and deployed as actors struggle to make sense of the world' (Lounsbury and Glynn, 2001). Culture tools consist of linguistic items such as names, stories, frames, scripts, identities (Weber and Dacin, 2011). Giorgi et al (2015) acknowledge the importance of the work of sociologist Swidler to notions of toolkits of culture resources that are applied to achieve specific goals (Swidler, 1986; Swidler, 2001). Swidler (1986) rejected the engineered, filtered values view of culture, arguing that cultures are diverse, often contradictory and cannot be simplified into unifying systems. Swidler (2001) notes that: 'we do best to think of culture as a repertoire, like that of an actor, a musician, or a dancer...It is in this sense that people have an array of culture resources upon which they can draw' (p.24). Hence, sometimes the metaphor of a repertoire is used as well as that of a toolkit.

The toolkit view of culture brings an agentic view of culture, less inward-looking, ideational, essence-oriented and pre-determined than the values view where employees are controlled by management's values (Schultz, 2015). In the toolkit view, actors can choose in the moment which cultural resources to use to create new solutions (Schultz, 2015). Schultz's (2015) work is based on a study of culture change at the Carlsberg Group where new culture resources were applied from a fast moving-consumer perspective instead of from the old professional excellence perspective (Hatch, Schultz and Skov, 2015). Managers and employees participate in an ongoing reconstruction of culture influenced by external as well as internal perspectives (Wang and Lounsbury, 2021). Board directors may recognise culture changes achieved through adopting complete systems of practice from other industries, including the culture resources.

A toolkit view of culture must acknowledge that the practice turn in social theory is not a single body of work. Multiple authors, with varying approaches to the analysis of social phenomena, can be said to have contributed to the practice turn (Schatzki, 2001). Schatzki (2001) defines practices as: ‘organised constellations of material activities performed by multiple people’ (p.14). The point is to study social phenomena as material activities performed by the group, not just their words, communications and ideas (Feldman and Orlikowski, 2011). Performances have an agreed purpose and an organised set of both sayings and doings (Nicolini, 2017). Although the practice turn is inherently simultaneously a theory and a methodology, not much empirical work has been done (Nicolini, 2017). This is also the case with regard to the toolkit view of culture in organisation studies, although some empirical studies are reviewed below. The paucity of empirical studies makes it difficult to compare the benefits of the toolkit view with the functionalist and social constructivist values view. However, with the common definition of culture ‘as the way we do things around here’, potentially familiar to UK board directors, the toolkit view is worth pursuing.

Empirical efforts to explore organisational culture through the toolkit view have emerged to show its usefulness in how leaders shape culture. Rindova et al (2011) provide an empirical study applying the toolkit view of culture to an historical case study, using grounded theory development. This is a study of Italian family-owned company Alessi, a steel household product manufacturer, from the 1970s to 2006 Rindova et al (2011) found four waves of culture toolkit enrichment resulting in new strategies for the company. The enrichment of the company’s culture toolkit included inputs from the arts, anthropology and psychoanalysis, showing a management-led approach to enriching the company’s culture toolkit. Another empirical study demonstrates how new routines were implemented by management in a study of the Canadian oil sands industry, through the import of new culture resources (Bertels, Howard-Grenville and Pek, 2016). Other studies have found the ad-hoc introduction of cultural resources (Rao, Monin and Durand, 2005). Hence, there is some empirical support for the toolkit view of culture on which to draw for the characterisation of the board culture task.

Alvesson (2013) critiques the Rindova et al (2011) study claiming a confusion between sociological notions of culture toolkits and artistic and design thinking. However, Rindova et al (2011) refer to examples such as an airline company incorporating culture resources from the hospitality industry, which shows that they are not confusing organisation culture with art. Alvesson is also concerned that there is a focus on what he considers surface behaviours which misses important deep meanings (Alvesson, 2013). Nevertheless, the toolkit view can open up research on how leaders draw on a repertoire of culture resources to form competitive strategies (Chatman and Srivastava, 2021).

The adoption of the culture resources of other sectors, such as that revealed by Rindova et al (2011) at Alessi, may be recognised by board directors. An example in the Financial Times featured banks changing to a technology sector culture in order to recruit experienced staff from these companies (Nilsson, 2018). The Economist featured a story on how an orchestra changed culture by adopting the practices of chamber music; the conductor claimed: 'you don't get there through philosophy, but through rehearsals' (Economist, 2018). These examples from the business press show that executives can be aware of the need to import whole sets of practices and culture resources, not just through promulgation of values. As a toolkit view of the culture task may echo board directors' definition of culture as the 'way we do things around here', it will be used in this study of the board culture task.

Having argued for the two views on culture, the values view and the toolkit view, for the purposes of characterising the board culture task, this review of the literature continues next with a consideration of what is known about the leadership of corporate culture. The extent to which leaders, such as executives, have been able to shape culture may then be considered in relation to the study findings on the board culture task.

2.1.3. Leaders' influence on corporate culture

This section explores the literature that provides evidence of how leaders can shape company culture. There are many ways to conceptualise leadership in organisations (Grint, Smolovic Jones and Holt, 2016; Yukl and Gardner III, 2020; Northouse, 2021).

Grint et al (2016) argue that leadership can be defined by the characteristics of the person, by the position held, or by the processes applied in relation to followers (Grint, Smolovic Jones and Holt, 2016). For this study on company boards, their leadership is a result of the fact that they sit at the top of the hierarchy in public-listed companies. Boards hold a leadership role in their companies due to their position. Boards may perform that leadership role through specific processes.

Northouse (2021) defined leadership in processual terms: 'leadership is a process whereby an individual influences a group of individuals to achieve a common goal' (p.3). Yukl (2020) also argues that leadership can be viewed as a social process or pattern of relationships involving complex influence processes. This study explores how boards perform a culture task which consists of such a social process involving complex influence processes. In relation to culture, Schein (1992) defined leadership as 'the ability to step outside the culture....to start evolutionary change processes that are more adaptive' (p.2). Hence this section of the literature review aims to understand what is known about the processes by which leaders have ensured their cultures are more adaptive, as Schein (1992) proposed.

Leaders in organisations are viewed by Schein (2017) as being the main architects of culture and, if culture is dysfunctional, leadership can and must speed up culture change. Similarly, Bass and Avolio (1993) advocated that the organisation's culture develops in large part from its leadership. Leaders have a very important role in the creation of organisation culture. Leadership and culture are therefore concepts that are closely connected. Board directors are therefore likely to consider that they, at the top of the company, can, like other leaders, shape the culture of the companies they govern. By including culture in the UK Corporate Governance Code, the regulator implies that this will be the case.

Shaping culture is the terminology used here to define the activity that boards adopt to develop the culture they desire. This is terminology used by the FRC in their 2016 report of observations on culture (FRC, 2016). In the literature, two other expressions are often used for the nature of a leaders' attempts to ensure the culture is the one required. These terms are: embedding culture and changing culture. Schein (2017) refers to a model of embedding culture; this was devised to capture how founders and

CEOs reinforce and strengthen the desired culture. The implication is that understanding of the culture needs to be enhanced rather than its nature changed (Schein, 2017). Schein (2017) also addresses changing culture and provides a model for this essentially based around the Lewin model of change where things are unfreezed, changed and then refreezed (Lewin, 1947). This does not help, however, the leadership determination of the direction of culture change needed. At any point in time, boards may feel the culture in the company should be embedded further or changed radically. Alvesson and Sveningsson (2015) propose the use of the terminology of culture change for all occasions on the basis that creating a culture always requires a change of some kind; reinforcement is still change (Alvesson and Sveningsson, 2015). However, some board members may resent the proposal that their culture needs changing. Shaping culture is adopted as the preferred terminology for this study as it captures both embedding and changing culture. Models of how leaders shape culture from the values and the toolkit views are discussed next for their applicability to the board culture task.

2.1.3.1. Approaches to shaping corporate culture

Many authors have argued that leaders can and should create the corporate culture they desire. Bass (1990) advocated the advantages of transformational leadership where leaders challenge and change the culture rather than work within it (Bass, 1990). Schein (1984) argued that leaders are the main architects of culture who can and must do things to speed up culture change. These arguments imply that culture is something that can be modified at will, as long as the leaders are sufficiently motivated and capable. Effective CEOs have the personal traits to provide the substance of the desired organisational culture (Trice and Beyer, 1991). This is a heroic view of individual CEOs where anyone who failed at this would be a transactional leader, unable to lead in many situations (Bass, 1990).

The view that leaders need to set the culture was adopted by the US Treadway Commission on fraudulent reporting and internal control (TreadwayCommission, 1987). 'Tone at the top' was used by the Treadway Commission to describe the ethical atmosphere that is created in the workplace by the organisation's leadership which then trickles down to employees. The Treadway Commission, funded by five US accounting associations, identified this tone at the top as one of the key factors in preventing and identifying fraud. The tone at the top notion was subsequently adopted by the accounting profession to characterise ethical management behaviour more broadly, in relation to accounting and risk management, including in the UK (Schwartz, Dunfee and Kline, 2005; Gunz and Thorne, 2015; Iwasaki, 2018). These accounting professionals had a strong influence on company boards globally (Medcraft, 2016). UK company boards are therefore likely to accept the notion that the tone should be set at the top, potentially reflecting the hero view of the leadership role (Trice and Beyer, 1991; Bass and Avolio, 1993).

In the values view of culture, the Schein (2017) model of embedding culture for leaders may be applicable to aspects of the board task in shaping culture, even though there is no guidance on how to select a culture or know how far it is achieved. Schein (2017) proposed two types of mechanisms for leaders to embed culture. The primary mechanisms reflect how leaders behave personally and indicate culture through their personal decisions such as on resource allocation or on hiring and firing. The secondary mechanisms represent how values are built in to the design and implementation of policies and systems, also captured in formal culture messaging. Although these secondary mechanisms support the leaders' preferred culture they can constrain change, particularly in more mature organisations (Sims, 2000; Schein, 2017).

The priority is on the primary mechanisms which Schein (2017) proposes create the culture whereas the secondary mechanisms make the implied culture more overt. There is no significant emphasis on leadership charisma or on rhetoric skills, as Schein (1992) downplayed the need for an oratorical gifts. So although leaders are key architects of culture, it is achieved through practical day to day behaviour. One study, from large Chinese state-owned companies, supports this notion that it is the everyday behaviour that matters as culture was seen to be developed by leaders who were not necessarily dynamic and charismatic but who behaved consistently and created sustaining systems and processes (Tsui *et al.*, 2006). A new leader with a very different behavioural reputation can act as a strong role-model and induce the desired culture change, as employees desire to behave similarly to their leaders (Sims, 2000).

Organisation culture can impact leadership as well as the other way round. Schein, for example, observed that cultures influence what kind of leadership is possible (Schein, 1984). Bass and Avolio (1993) also noted that the culture of an organisation can affect the development of its leadership. Leaders can work within existing cultures and change them from within; this is not necessarily a weak position (Alvesson, 2013). Leaders must take into account the existing culture in the organisation and can only, gradually, change the culture by taking established behaviours into account. Alvesson's (2013) views reflect a less hero-like view of shaping culture with acceptance of others' values on the appropriate culture. Notions that employees will always follow leaders may be unfounded (Learmonth and Morrell, 2017). It is possible that boards of directors may also hold this view that culture change may be influenced by others' values, and straightforward imposition from the top may not be sufficient for change.

Toolkit views of culture offer an alternative to the values view of how leaders shape culture. The toolkit views are said to be more open to external culture interchanges between the environment and the organisation demonstrating the influence of external parties, not just leaders, on the formation and sharing of culture (Weber and Dacin, 2011). In a longitudinal study of culture change in a tech company in China that applied a practice view, the general managers who successfully drew on external viewpoints to bolster initial minority internal support were the most successful (Wang and Lounsbury, 2021).

Leadership of culture, in the toolkit view, involves ensuring a plentiful toolkit of culture resources that can be drawn on to create practical solutions as situations arise (Lounsbury and Glynn, 2001; Bertels, Howard-Grenville and Pek, 2016). Leaders may import entire new toolkits of culture resources in order to change culture, as in the Alessi case (Rindova, Dalpiaz and Ravasi, 2011) or they may develop new ways of drawing on cultural resources for employees to apply, as and when needed (Swidler, 1986). In their study of the Canadian oil company, Bertels et al (2016) found that managers developed new patterned ways, or routines, using cultural resources such as stories, slogans and metaphors. Examples of slogans, such as 'follow the leader' and 'get it done', guided the way in which employees adopted new routines. In contrast to the values that companies adopt, these patterned ways are considered to be action-oriented and not merely ideational.

Leaders clearly have an important role in shaping culture in the toolkit view, as in the values view. It may be more externally-supported, enabling for diverse situations, and embedded in recognised patterns of behaviour. Both values and toolkit views of shaping culture may have some familiarity to board directors. The two views may reveal different ways in which boards, as leaders at the top hierarchy of the company, may shape culture (Yukl and Gardner III, 2020). Boards are also likely to be aware of the importance of the tone at the top as advocated by the UK accounting profession (Schwartz, Dunfee and Kline, 2005; Iwasaki, 2018).

Although there is a strong advocacy for leaders to set the tone at the top, the literature has shown frustrations for leaders in shaping company culture. These are important considerations for boards to take into account. This literature is reviewed next.

2.1.3.2. Frustrations concerning leadership impacts on corporate culture

In spite of the view that the culture is set by the tone at the top of an organisation, the nature of a leader's impact on the culture of their organisation is not as clear as might be expected after 40 years of research (O'Reilly *et al.*, 2014). Studies of organisation culture are almost always based on the assumption that senior leaders are the prime determinant of culture but the evidence for this assumption is surprisingly thin (O'Reilly *et al.*, 2014). Alvesson and Sveningsson (2015) also questioned the assumption that organisational culture can be changed by the actions of top management. They argue that managers have a lack of influence over deeply rooted employee beliefs. Also, organisational culture is, by its nature, uncontrollable by anyone. Alvesson and Sveningsson (2015) acknowledge that these arguments on culture would probably be difficult for most business leaders to accept as they go against managers' belief that they can control and influence their organisations. However, awareness of a potential lack of controllability of corporate culture may be helpful for board directors.

A number of factors have been found in the literature to frustrate top-down management shaping of culture. Firstly, a dissipation of culture often occurs as messages or signals are reinterpreted differently by different middle and junior managers (Ogbonna and Harris, 1998). Middle managers are, for example, likely to favour certain aspects of the culture and to emphasise these (Hofstede, 1993). CEOs do not have much direct control over organisational matters; they can impact the behaviour of their senior staff but have little impact beyond this, confirming the cascade problem (Hambrick and Finkelstein, 1987). Schein (2017) is biased towards a top management perspective, overestimating their contribution compared to other managers in the organisation (Martin and Siehl, 1983; Alvesson, 2013). This impact problem is likely to be relevant to board directors who are even more distant than CEOs.

Secondly, although employees may understand the messages that come down on culture, they may not necessarily adopt the desired behaviours themselves. Ogbonna and Wilkinson (2003) observed, in an empirical study of a UK food retailer, a compliance with the new culture rather than commitment to it. Separately, Kunda (2006) found that employees make choices without regard to the culture values imposed from the top, in his ethnography of a high technology company. The notion of culture imposition from the top is reflective of a managerial ideology which desires to bind employees to a corporate interest (Kunda, 2006). Attempts by managers to build a culture is a relatively subtle, but yet powerful, form of control (van Maanen and Kunda, 1989). Leadership control of culture may not always be positive in intent (Moore, 2005). There may be a power play by managers in manipulating culture (Willmott, 1993). A calculative compliance may occur in which employees may say they agree with the values but in practice do not (Fleming and Sewell, 2002). Resistance to normative management control, through a cynical distancing behaviour by employees has been observed (Fleming and Spicer, 2003). A study behind the scenes at Disneyworld, showed that employees had elaborate ways to evade a company behaviour code without being spotted by vigilant management (van Maanen, 1991). Hence, boards need to be aware that employees may not wish to adopt their top down imposed values and desired culture.

Thirdly, employees may be more strongly influenced by other parties, such as peers, customers, trade unions or professional associations. In a US police organisation, only one of the five police districts espoused the official culture that derived from top management; the other districts demonstrated cultures that had stronger influences from peers, trade unions, member associations and the public, including the criminal fraternity (Jermier *et al.*, 1991). In some industry sectors, the culture shared across the industry was more impactful than the efforts of company managers (Chatman and Jehn, 1994). Bankers were found to be able to overcome both the industry sector and company culture if reminded of their professional association codes of conduct (Cohn, Fehr and Marechal, 2014). Boards need to be cognisant of other influencers on the corporate culture.

Considering employees as automatic followers to their managers undermines the importance of employees' own values and their own professional standards (Learmonth and Morrell, 2017). Leaders' influence on organisation culture may be confounded by others. Shaping culture from the top down is potentially much more difficult than many board members might hope. If this is the case for executive leaders it could be even more challenging for boards most of whom are non-executive. So, although there are models as to how leaders can embed culture through top down values, such as from Schein (2017) and through developing culture toolkits, such as advocated by Weber and Dacin (2011), boards will not be the only agent shaping the corporate culture. Boards may be aware of the limitations of their own ability to shape culture and of the importance of other influences. In the next section, the expected outcomes from an effective corporate culture are considered in order to understand what boards think they will achieve through their new responsibility.

2.1.4. Outcomes from the leadership of corporate culture

In governing corporate culture, boards can be expected to conceive that they will achieve some benefit for the company as they are assumed to be able to enhance corporate performance (Zahra and Pearce, 1989; Hermalin and Weisbach, 2003). What boards might expect to achieve through their culture responsibility may influence their approach to the task. When the FRC revised the UK Code in 2018, it added an intended outcome of greater public trust in business to its previous single outcome of long-term corporate success (FRC, 2018). These two anticipated outcomes from applying the Code are not defined further by the FRC and no measures are assigned. Board directors may share these FRC anticipated outcomes or have their own expectations as to what they can achieve through the culture responsibility. As Boards' own expected outcomes from their culture responsibility may impact how they construct their task, this section addresses the literature on known outcomes of the leadership of organisational culture on performance. The literature is explored in relation to the two FRC aspirational outcomes for the Code, as that Code is an important context for this study.

2.1.4.1. Long-term business success

The 2018 Code is expected, by the FRC, to contribute to long-term business success (FRC, 2018). Concerns about the preponderance of a short-term outlook in US equity markets were highlighted by the 2007-9 financial crisis (Bair, 2011; Dallas, 2011). In the UK, due to similar concerns, the government commissioned a report on proposals for encouraging long-termism, as short-termism was believed to result in under-investment by companies (Kay, 2013). Short-termism was shown by researchers at the Bank of England to result in companies undervaluing the returns from investments and thereby jeopardising subsequent corporate output (Davies *et al.*, 2014). Attitudes favouring short-termism are often driven by such pressures from shareholders (Marginson and McAulay, 2008). Long-termism, as an outcome of the UK Code may not be easy for boards to adopt due to their shareholder demands (Fried, 2015). Nevertheless, the FRC had the support from the findings of the Kay review and the Bank of England to continue with long-term corporate success as an aspirational outcome for the 2018 version of the Code. Boards may therefore expect that their culture responsibility will have a contribution to make to long-term corporate success.

Surveys of business executives have revealed their belief that culture can impact performance positively (Graham *et al.*, 2017). This may indicate that UK board directors may expect improved performance from their culture responsibility as included in the 2018 Code. In other surveys, executives have also reported a perceived correlation between unaligned cultures and negative business performance due to culture weaknesses such as risk aversion, organisational silos, lack of customer contact (Goran, BaBerge and Srinivasan, 2017). Hence, aspects of poor culture are believed to result in poor business performance, also potentially indicating that board directors will support the expected Code outcome of long-term business success. The timescales for culture impacts on business performance are not revealed by these surveys. However, the empirical literature may give some indications.

It has been difficult for many researchers to demonstrate an association between organisation culture and performance; a difficulty which is considered a problem (O'Reilly *et al.*, 2014; Chatman and O'Reilly, 2016). Initially, the literature may have been overly focused on confusions over culture definitions which may have hampered efforts to find links between culture and performance (Schneider, Ehrhart and Macey, 2013; Schneider and Barbera, 2014). Singling out culture for performance effects may not be possible, as many factors determine company performance (Pettigrew, 1990). A link between culture and performance may never be empirically demonstrated (Siehl and Martin, 1990). Sackmann (2011), in her literature review, concluded that studies remain piecemeal and render 'a rather diverse and eclectic picture of the link between culture and performance' (p.216). The nature of the association may therefore be unconvincing or unclear.

O'Reilly et al (2014), for example, point to the limited evidence of a positive association between culture and performance. Out of 31 studies reviewed, only three found positive associations, and only in specific circumstances (O'Reilly *et al.*, 2014). One study found that where culture is strong, through its widespread understanding amongst employees, it is more likely to have a positive association with financial performance (Kotter and Heskett, 1992). A second study found that a CEO can exert an influence on the culture of the top management team which may cascade down in such a way that organisational performance is enhanced (Peterson *et al.*, 2003). This confirms, with added performance implications, the study by Hambrick and Finkelstein (1987). The third study showed that certain types of culture had an impact on sales performance as well as on employee satisfaction metrics (Berson, Oreg and Dvir, 2008). These three studies point to the need both for strong cultures that are well understood by employees and for effective cascade processes; in such cases, performance impacts may be discernible. In addition, the careful selection of performance measures is needed to be able to show any associations.

If quantitative studies revealing associations between culture and performance may have been challenging, those who have carried out qualitative field studies claim to know very well that these effects exist (Schein, 2011). Methodological problems may be one reason why there may have been challenges in demonstrating a link between corporate culture and performance (Chatman and O'Reilly, 2016). Lim (1995), in his review, argued for improvements to cross-sectional correlation studies, as the results had been poor. Many studies have merely shown perceived benefits through survey results rather than being able to show actual performance associations. For example, a study of a Dutch bank found a marginally significant effect of culture on perceived performance but no indication of direct impact or mediation effects (Wilderom, van den Berg and Wiersma, 2012). Studies may be gaining methodological sophistication and therefore becoming more promising (Sackmann, 2011). A longitudinal statistical study from Boyce et al (2015), for example, found the need to allow for time for culture to have an impact on performance. This study of US-based car dealerships found that culture in both sales and service departments was found to consistently predict higher subsequent levels of customer satisfaction ratings and of vehicle sales (Boyce *et al.*, 2015). Culture impact on customer satisfaction had a time lag of one year and on sales, there was a two year lag. The culture impact on sales was weaker than it was on customer satisfaction but the authors argue that even small causal effects can have large practical benefits for companies. These authors argue that time lag factors are important when planning culture change. Estimates typically involve about a one to three year lag (Kotrba *et al.*, 2012). Taking these time lags into account is one methodological improvement that has helped reveal a positive association of culture on performance. The fact that time lags are quite long may also support perceptions that the board culture task should contribute to long-term business success, one of the FRC's aspirations for the Code.

Some studies have focused on potential mediators between culture and financial performance measures (Sackmann, 2011). Sackmann (2011) notes potential mediators, which may be inter-related, include: leadership style, management practices, communications and employee commitment. For example, a study in Indian software firms found three mediators of the link between culture and financial performance: employee satisfaction, productivity and the quality of work (Mathew, Ogbonna and Harris, 2012). Alternatively, a study of manufacturers from six countries found mediators of employee involvement, accountability and socialisation (Naor *et al.*, 2008). There may be many alternatives for the choice of measure for the impact of culture. Any number of these may be considered important by boards.

Another reason for the difficulties in showing the association between culture and performance, may be the fact that only certain culture traits have been found to be impactful, dependent on the company and the sector. Sackmann (2011) found that a long list of culture traits have been candidates for a positive effect on financial and operational performance measures. Such traits include: open, adaptive, customer- or externally-focussed, mission-, goal- or achievement- oriented, innovative. On the other hand, bureaucratic and hierarchic cultures tend to have a negative association with performance measures (Sackmann, 2011). A survey of senior executives from a large number of UK firms, found that cultures associated with competition and innovation had a positive association with superior performance compared to cultures that are associated with collaborative behaviours or with bureaucracy (Ogbonna and Harris, 2000). Similarly, cultures focussed on innovation, as opposed to supportive cultures, tended to be associated positively with sales growth in a survey of leaders and employees of Israeli high technology companies (Berson, Oreg and Dvir, 2008). The influential Denison research group argue that most effective organisations have high levels of four culture traits: adaptability, mission, involvement and consistency (Denison, Nieminen and Kotrba, 2014). Adaptability in the culture may improve responsiveness to change in the external environment. Clarity of mission shows a strength of understanding as to what should be achieved. High amounts of involvement may motivate employees and support the dissemination of the culture. Consistency has positive impacts on performance only when the other three variables of high mission, adaptability and involvement traits are in place (Kotrba *et al.*, 2012). If the culture is right then consistency will be helpful. If the culture is not right, consistency is not helpful.

Although the Denison preferred culture traits are intended to be generic, company context is highlighted as important. In one review of studies of culture on innovation performance, for example, Tian et al (2018) conclude that: ‘not all cultural influences on innovation can be explicitly categorized into black or white’ as some culture traits are helpful to innovation only in some situations (p.1100). The culture traits most associated with performance appear to depend on the fit with the strategic context, and so may vary (Tian *et al.*, 2018). O’Reilly et al (2014) argue that different industries may exhibit different culture traits that may associate with financial performance in different ways. Boards may therefore need to pay particular attention to which culture traits may be effective for their industrial setting and for their strategic context. The business press also advocates the argument that if culture is aligned with strategy there will be positive financial outcomes (Groysberg *et al.*, 2018). This notion supports the position of the FRC requiring in the 2018 Code that purpose, strategy and culture should be aligned (FRC, 2018).

A theoretical explanation for a culture impact on performance may also help in finding associations (Wilderom, Glunk and Mazlowski, 2000). Boyce et al (2015) offer two theoretical alternatives. These are the process and the resource-based theories (Boyce *et al.*, 2015). A process theoretical explanation is exemplified by the work of Schein who proposes that firm effectiveness and survival over time serves as a continuous positive feedback loop to reinforce cultures that are successful (Schein, 1984). Conversely, a negative feedback loop may exist as the organisation matures and culture change is constrained (Schein, 1984; Sims, 2000; Hofstede, Hofstede and Minkov, 2010). No empirical study has tested the process theory of culture impact, according to Boyce et al (2015), implying an alternative is needed.

An alternative theory treats culture as a resource that can be deployed to benefit the company (Boyce *et al.*, 2015). One resource-based view positions culture as a causal antecedent of performance outcomes, provided that certain conditions for the culture resource are met (Barney, 1986). Barney (1986) described three conditions. Firstly, the culture must be valuable in that it allows the company to behave in ways that facilitate a higher degree of effectiveness than competitors. To achieve this valuableness, the culture must have a good fit with the firm's strategic positioning. Secondly, the culture must be rare. No advantage is conferred if the culture is commonplace among the company's competitors. The need for rarity is in contrast to the findings that there are often commonalities to culture in companies in the same industry sector (O'Reilly *et al.*, 2014). However, there may be differences within commonalities. Thirdly, culture must be imperfectly imitable, such that competitors cannot readily re-create the culture in their own companies. So cultures that are valuable, rare, and not easily imitated are a resource to be used to facilitate superior performance (Barney, 1986). Barney (1995) extended his framework on internal resources, such as culture, that create competitive advantage (valuable, rare, imperfectly imitable), by adding a fourth requirement concerning the extent to which the company is organised to exploit a resource and the capabilities to take advantage of that resource. Companies need to have the organisation in place to take advantage of its strategic resources and the sub-set of resources that are capabilities (Barney, 1995). A company needs to be organised to exploit its resources and capabilities, including, potentially, its organisational culture (Barney and Hesterly, 2018). Components of organisation in this framework include reporting structures, control systems and company policies. In this resource-based view of culture, boards will need to pay attention to how culture contributes to the effective organisation of resources and capabilities.

The notion of culture as a resource fits well with functionalist views of culture and hence for the search for the most appropriate values (Flamholtz and Randle, 2012; Boyce *et al.*, 2015). Carefully selected and organised cultures that can enhance competitive advantage may result in long-term business success, as expected in the 2018 Code. UK shareholder representatives have made a statement, already noted, but which can be argued to reflect the culture-as-resource theoretical approach: 'our members agree that a healthy corporate culture is a valuable asset, a source of competitive advantage' (InvestmentAssociation, 2017). Boards may therefore share this expectation that culture is a resource, which if carefully selected and organised, can lead to competitive advantage, and potentially long-term business success.

2.1.4.2. Greater public trust in business

The FRC added a second aspirational outcome for the 2018 Code – the pursuit of public trust in business. The FRC referred in its speeches and publications to declines in widely published indicators of public trust in business (Edelman, 2018). These declines in trust were seen to be the result of a lack of fairness in the way the public was treated by companies (Rowe, 2018). The banking crisis had prompted considerable distrust by the public in financial institutions, also impacting the wider economy (Sapienza and Zingales, 2012). Good governance practices, steered by the Code, were expected to reverse public distrust in business. Boards may therefore expect their culture responsibility to have an impact on public trust levels.

Trust theory is centred on individuals or groups rather than the inanimate, such as a company (Bachmann, Gillespie and Triem, 2015). In the context of an institution, trust can be defined as a psychological state of accepting vulnerability based on expectations of positive behaviour from the institution (Rousseau *et al.*, 1998). Trust is not a given, rather it is a product of ongoing interactions (Powell, 1996). Avoiding distrust may be the key purpose of governance which serves shareholders who are distant from the company (Roberts, 2001). The FRC, in specifying greater public trust, is seeking trust from a wide range of stakeholders, not just shareholders. The culture responsibility may be directed at stakeholders beyond the company's shareholders. If so, boards will need to shape their culture task to achieve this.

Ethical cultures have been proposed to increase the legitimacy of the organisation boosting stakeholders' trust, with leaders having an important role (Brown and Trevino, 2006; Kaptein, 2008). Ethical cultures may then be the cultures which build trust. Kaptein (2008) argues that if an organisation has strong cultural standards and values concerning humanity, justice, and responsibility, and publicly expresses these values in its strategy and social responsibility activities, it may gain a sound ethical reputation which in turn builds trust amongst business partners, customers, and other stakeholders. So, the board's selection of values is important, in this view.

Moore (2012) bases an argument for ethical cultures on McIntyre's treatment of virtue ethics (MacIntyre, 2007). Complex activities, as performed in listed companies, have the means to create value ('internal goods') through excellent practice. Expert employees are trained in best practice standards and become committed to the creation of these excellent, value-creating 'internal goods'. These activities cannot happen without 'external goods', most usually financing, such that attention must be paid as to how to acquire and best use the 'external goods'; this is the role of management. However, if the creation of customer value through 'internal goods' is crowded out by conflicting company approaches to 'external goods', an emotional disengagement amongst the workforce becomes normalised (Tsoukas, 2018). Tsoukas (2018) quotes the disregard for honest measurement of polluting car emissions at Volkswagen which misled customers and regulators, as an example of when 'internal goods' are downplayed for the sake of 'external goods' (Ewing, 2017). Ethical cultures may therefore be created by respecting 'internal goods' which are focussed on value for the customer, with supportive 'external goods', a key contribution of leaders (Moore, 2005; Moore, 2015). Boards' efforts in creating a culture that normalises workers' emotional engagement with achieving public benefit could result in greater public trust in that company. This could be a route that UK listed boards choose to take in performing their culture responsibility.

2.1.5. Conclusions from the literature on corporate culture

This study aims to understand how boards have responded to the new culture responsibility brought about by the 2018 version of the UK corporate governance code. Often in the business literature, definitions of culture are not given and so conceptualization by boards may vary. The literature offers a values view and a toolkit view of culture which have been argued as two strong alternatives between which leaders may switch like a pendulum (Giorgi, Lockwood and Glynn, 2015). Both views on culture have been argued to be relevant for this study due to commonly-used definitions of organisation culture. This study, in adopting the values and toolkit views on culture, will retain the possibility that the two different conceptualisations will highlight different aspects of the board culture task. Both views suffer from the challenge in setting a boundary as to what to include in a board culture responsibility. In the Schein (2017) values view, assumptions, values and artefacts are likely to be extensive and not uniform across any single company. In the toolkit view, practices in companies are also extensive and specific to the many company departments. The fact that culture in an organisation can be manifest in so many different ways in different parts of the company, will make the responsibility a challenge for boards as they will not be able to categorically reassure themselves that the culture is as they would wish it. The boards' enforcement of the desired culture, may be difficult. Regardless of the theoretical view of culture, focuses of attention by boards are likely to need to stay flexible and open to regular review.

Firstly, the values view is reflected in the FRC (2016) definition of culture in the Culture Coalition report: 'culture in a corporate context can be defined as a combination of the values, attitudes and behaviours manifested by a company in its operations and relations with its stakeholders' (p.6). Schein's levels view of culture is selected as influential in the values view (Schein, 2017). A values view may be familiar to the UK boards as often referenced in Best Practice Guides from the professional associations (IRM, 2012; ACCA, 2017). However, there may be a frustration about the lack of impact of values efforts in companies (Greenham and Lewis, 2014). Alternative views of culture may therefore be useful. Secondly, the toolkit view of culture, a newer, second-wave of culture studies in the literature, has been argued to be better able to elucidate conceptions of culture that are closer to the commonly-quoted definition 'the way we do things around' here (Bower, 1966). A toolkit view is practice-based, agentic, outward-looking and enabling through a choice of culture resources to deal with different strategic situations (Weber and Dacin, 2011). Both conceptualisations are built into the conceptual framework for this study, as several authors have argued to be appropriate in other contexts (Canato, Ravasi and Phillips, 2013; Giorgi, Lockwood and Glynn, 2015; Schultz, 2015).

Leaders, in the values view of culture, are seen as powerful agents who can and must shape culture (Bass and Avolio, 1993; Schein, 2017). The leadership impact on culture, in the values view, is theorised by Schein's framework for the leadership embedding of values, through primary mechanisms of role-modelling and day-to-day decision-making, supported by secondary mechanisms involving policies and corporate communications (Schein, 2017). The literature offers support to the notion that leaders can shape culture which is captured in the 'the tone at the top' principle adopted by the accounting profession (TreadwayCommission, 1987; Schwartz, Dunfee and Kline, 2005; Medcraft, 2016). The view can place an overly 'heroic' emphasis on individual leaders, and may raise expectations as to what leaders can achieve which the empirical literature shows is not always demonstrable (O'Reilly *et al.*, 2014; Chatman and O'Reilly, 2016). There are other influences on employee values (van Maanen, 1991; Wilmott, 1993; Jermier, 1998; Fleming and Spicer, 2003; Fleming, 2013). Employees do not always accept their management's imposed values (Ogbonna, 1993; Ogbonna and Harris, 1998; Kunda, 2006; Learmonth and Morrell, 2017). These findings undermine the certainty of top-down culture formation (Gunz and Thorne, 2015). Even full-time CEOs and managers can face problems in embedding the culture they want. Some humility is introduced in other literature which argues that leaders can change culture by working within existing cultures (Alvesson and Sveningsson, 2015). Such arguments may result in a more nuanced view of the leadership impact on culture.

Toolkit views of culture are said to be more open to external culture interchanges between environment and organisation, demonstrating the influence of other parties (Weber and Dacin, 2011). Culture is an enabler rather than a set of constraining norms

(Wang and Lounsbury, 2021). Leadership of culture involves ensuring a plentiful toolkit of culture resources whose use is encouraged for practical application as situations arise (Lounsbury and Glynn, 2001; Bertels, Howard-Grenville and Pek, 2016). Leaders have an important contribution in ensuring the right culture resources are in place and the external messages are heard (Wang and Lounsbury, 2021).

The literature on the leadership of organisation culture, from all views, is focussed on executive managers such as the CEO, the top management team, and lower managers (Chatman and O'Reilly, 2016; Schein, 2017; Alvesson, Karreman and Ybema, 2017). It does not discuss the specific involvement of the governance body, the board of directors. The board is largely absent in the literature on culture, similar to the finding that the board is absent in the change management literature (Morais, Kakabadse and Kakabadse, 2020). As in the case of change management, the board's contribution culture task is proposed here to potentially distinct from that of the executives.

The expected outcome of the culture responsibility will likely shape the way it is performed. The FRC seeks both long-term business success and greater public trust in business from the 2018 Code. Culture impacts on financial performance cannot always be readily demonstrated, with findings somewhat eclectic (Sackmann, 2011; Wilderom, Glunk and Mazlowski, 2000; Wilderom, van den Berg and Wiersma, 2012). Certain culture traits may be more impactful than others in specific contexts, demonstrating that it is important to select the right culture not just ensure that one is embedded (Sackmann, 2011; Kotrba *et al.*, 2012; O'Reilly *et al.*, 2014; Tian *et al.*, 2018). There are multiple traits which may be useful (Sackmann, 2011; Boyce *et al.*, 2015). There is also evidence that culture impacts are better assessed by mediators of performance, as impacts are difficult to show and may take some time (Kotrba *et al.*, 2012; Mathew, Ogbonna and Harris, 2012). Appropriate cultures can be seen as a resource that can achieve a competitive advantage for businesses, according to the VRIO framework for a strategic resource, which emphasises the selection of the most valuable culture and how well it is internally organised (Barney, 1986; Barney, 1995; Barney and Hesterly, 2018). Boards may share the FRC Code expectation of long-term corporate success as a result of their culture responsibility, potentially achieved through the selection of an optimal culture resource and its effective organisation.

Seeking the other expected outcome from the 2018 Code, greater public trust in business, may also be shared by boards. Achieving trust switches the attention to ethical cultures as opposed to cultures that impact performance; although there may be associations between trust and financial performance (Sapienza and Zingales, 2012). Boards may seek external trust as an outcome of their culture responsibility, for example through supporting employees' pursuit of value to customers with appropriate provision of 'external goods' such as financing (Moore, 2017a).

These conclusions from the culture literature are taken forward into the conceptual framework for the study in section 2.3. First though, the literature review continues, in section 2.2, with a review of the theories of the board role and board tasks in the corporate governance literature in order to be able to situate this study on the board culture task in relation to the board role in governance.

2.2. Board roles and tasks

The aim of this section is to review the corporate governance literature to see how the culture task fits with what is known about the role of the board, and how that role is performed. The organisational culture literature has primarily focussed on managers leaving gaps in our knowledge of how corporate boards may make their contribution and perform their new responsibility. The literature on the role of the board is reviewed in order to identify what is known about this role and the way board tasks are performed in order to inform this thesis on the board culture task.

Section 2.2.1 reviews theories on the role of the corporate board that may influence how boards perceive the contribution of their culture task. Theories are reviewed that result in control and service roles (section 2.2.1.1) and a mediation role (section 2.2.1.2), with the case for theoretical plurality then made for this thesis (section 2.2.1.3). Section 2.2.2 reviews how boards perform their tasks to fulfil their roles through the literature which explores board task performance and the processes boards apply. This section 2.2 on board roles and tasks, together with section 2.1 on leading corporate culture, enables the construction of the conceptual framework for the thesis and the research questions to be answered (section 2.3).

2.2.1. The board role in corporate governance

The board role in corporate governance has been characterised from multiple theoretical perspectives, although agency theory has had a particularly strong influence in recent decades (Zahra and Pearce, 1989; Johnson, Daily and Ellstrand, 1996; Roberts, McNulty and Stiles, 2005; Adams, Hermalin and Weisbach, 2010; Huse *et al.*, 2011). This section considers a range of theoretical approaches and empirical findings on board roles, noting the strong traditions and, finally, the arguments for theoretical plurality (Daily, Dalton and Cannella Jr, 2003; Roberts, McNulty and Stiles, 2005; Zattoni and Pugliese, 2019).

2.2.1.1. Control and service roles

Much of the literature on the corporate board derives from the need for shareholder interests and claims on the company to be protected by a board as an internal control mechanism over self-interested managers (Jensen and Meckling, 1976; Fama and Jensen, 1983a; Fama and Jensen, 1983b). This became a central question since shareholders became a group that was separate from the individuals who control companies (Berle and Means, 1932). The risk was that the interests of the shareholders might be ignored or undermined by the managers who had control of the company, particularly if managers' interests were different to the shareholders'. Shareholder needs were, therefore, the primary set of considerations for managers, and boards should oversee this (Jensen and Meckling, 1976). The lack of a protective contract between shareholders and the corporation has also influenced national corporate governance policies, providing a case for shareholder primacy for corporate governance codes such as the UK Code (Vermaelen, 2009). The rights of other parties, such as employees and suppliers, are best protected through other means such as through contract terms but not governance legislation or codes (Fama and Jensen, 1983a). The UK Code has in its history captured the shareholder primacy principle in large part (Nordberg and McNulty, 2013; Spira and Slinn, 2013; Veldman and Willmott, 2015).

Taking the perspective of the interests of shareholders, Jensen and Meckling (1976) applied agency theory from economics to the role of the corporate board. Agency theory points to the problem that economic actors have if they rely upon an agent to act on their behalf; the risk is that the agents act in their own interests (Jensen and Meckling, 1976). The agency problem for dispersed shareholders, is ameliorated by a board of directors at the top of the corporation who can mediate transaction costs hierarchically, rather than through the market (Coase, 1937). The shareholders delegate decision-making to the managers but appoint a board to monitor managers' decisions in order to control them (Fama, 1980; Fama and Jensen, 1983b). In agency theory, then, the board is a primary internal control system that aligns managers with shareholder interests (Jensen, 1993). Control becomes the main role of the board and the monitoring of performance becomes the main activity (Johnson, Daily and Ellstrand, 1996). In agency theory then, the culture responsibility would primarily require the board to monitor the culture and how managers are creating a desired culture.

The application of agency theory from economics to the role of the corporate board has dominated much of the corporate governance literature (Daily, Dalton and Cannella Jr, 2003; Hendry, 2005; Roberts, McNulty and Stiles, 2005; Mayer, 2013). Agency theory assumptions have also influenced much corporate governance reform in the UK (Roberts, 2012; Clarke, 2013). For example, governance reforms to enhance the control role of the board have included the separation of the chairman and CEO roles, criteria for the independence of the majority of directors, and the alignment of financial incentives for managers with shareholder interests. These points are all included in the UK Code (FRC, 2018). Directors' independence and lack of conflicts of interest are considered essential to the fulfilment of their roles (Brennan and McDermott, 2004; Kirkbride and Letza, 2005; Johnson, Schnatterly and Hill, 2013).

In much of the corporate governance literature then, the board is assumed to a control role which it performs through monitoring activities. Baysinger and Hoskisson (1990) identified strategic control tasks concerning the monitoring of the quality of management decision-making processes. Applying this view to the culture task, the board would need to monitor the quality of management's decision-making processes on culture decisions as well as the outcome of these decisions (Baysinger and Hoskisson, 1990). Baysinger and Hoskisson (1990), however, note that: 'by definition, outside directors have limited contact with the day-to-day decision processes of the firm' and 'lack the type of subjective information needed for evaluating and rewarding managers on the quality of their decision processes' (p.79). Monitoring management decision-making processes on culture may then be a difficult activity for boards.

Some have argued that the costs of board monitoring may be too high where there is considerable asymmetry between the information the executives have compared to the non-executives; board activity spent monitoring is not then worthwhile (Demsetz and Lehn, 1985; Cai *et al.*, 2015). The information asymmetry between boards and managers will need to be overcome to enable monitoring and boards must find their mechanisms to do this (Zhang, 2010; Li *et al.*, 2018). Boivie et al (2016) in a review of nearly 300 research articles on how a correctly staffed board can monitor managers effectively, came to the view that there are many obstacles. The individual information-processing capability to monitor executives' decision-making may be exceptionally difficult to acquire. In addition, boards may be prone to group decision-making biases (Westphal and Bednar, 2005). Hence it is unreasonable to expect boards to be able to do an effective job of monitoring management (Boivie *et al.*, 2016). Concerning corporate culture, there may be a considerable information asymmetry between what boards have and what managers have. There are also considerable difficulties in measuring culture, contributing further to monitoring difficulties (Chatman and O'Reilly, 2016). Monitoring management culture decision-making by boards may then be particularly challenging, in support of their agency-theory derived control role. However, that does not mean that boards would not attempt it, particularly if they believe the costs are justifiable.

If the board control role and monitoring activity, implied by agency theory, is difficult for boards, there are both theoretical and empirical challenges to the theory's explicatory powers. A number of empirical studies have raised questions as other board behaviours have been observed such as the provision of advice (McNulty and Pettigrew, 1996; Johnson, Daily and Ellstrand, 1996; Bosse and Phillips, 2016). Many board directors perceived their main and most usual role to be that of giving advice and guidance to managers, not monitoring them (Lorsch and MacIver, 1989; Lorsch and Clark, 2008). Close links between the board and the CEO have been found which allows for advice-seeking and the opportunity to learn from the non-executive directors on the board (Westphal, 1999). Other theories are needed then to address a board role in which directors offered a service to managers through the provision of advice (Zahra and Pearce, 1989). As a further problem, agency theory's predictive power has also been weak such as for the impact of independent directors on financial performance (Hermalin and Weisbach, 1988; Dalton *et al.*, 1998). The empirical evidence points then to the need for additional theories for the board role.

The opportunistic and self-serving view of managers implied by agency theory is overly simplistic and negative (Daily, Dalton and Cannella Jr, 2003; Ghoshal, 2005). Pye and Pettigrew (2005) argued this point:

> 'The idea that all managers are self-interested agents who do not bear the full financial effects of their decisions...has provided an extraordinary edifice around which three decades of agency research has been built, even though these assumptions are simplistic and lead to a reductionist view of business.' (p.30).

In contrast to agency theory's depiction of self-interested managers, stewardship theorists have argued that managers perceive their own interests coinciding with shareholders (Donaldson and Davis, 1991). These contrasting views of managers' behaviour can then form an alternative theory base for corporate governance (Hendry, 2005). The case for the primacy of shareholder interests has also been argued to have had limited success in governance, societal and economic terms (Armour, Deakin and Konzelmann, 2003; Ireland, 2005; Deakin, 2010). The notion that shareholders own the corporation is disputed although it has persisted (Ireland, 1999; Kay, 2015). There is a need to look elsewhere for theories that characterise the board role and explain empirically-observed board activities such as the provision of advice to managers. These alternatives may then assist the characterisation of the board culture task.

Resource dependence theory is one theory commonly applied as an explanation of the service role of the board that agency theory omitted (Aberg, Bankewitz and Knockaert, 2019). Resource dependence theory derives from organisational theory and addresses how organisations reduce the problems created by their dependence on external resources (Pfeffer, 1972; Pfeffer and Salancik, 1978). The resource dependencies are widely defined including knowhow as well as funding and material items. This theoretical perspective frames the board as a mechanism to link the company with its environment, to overcome resource dependencies and, in so doing, to add value. Resource dependence theory does not imply the shareholders needs are primary; that would be for the board to decide. It does, however, provide an explanation for the observed service role and advice-giving activities.

Empirical evidence for a board service role, as envisaged by resource dependence theory, includes the findings that greater outside representation on boards has been found to provide valuable information in stressed situations (Daily and Dalton, 1994). Board directors have been found to reduce resource dependency with, for example, providing knowledge of management practices that will assist the company (Boyd, 1990). Hence the notion has developed that the board plays a service role to the company, with providing advice as the important activity with a theoretical foundation in resource dependence theory (Hillman and Dalziel, 2003; Hillman, Withers and Collins, 2009). A review of the literature on the board service role notes the importance of resource dependence theory in developing its conceptualisation (Aberg, Bankewitz and Knockaert, 2019).

Although culture is not explicitly addressed in the board service role literature, resource dependence theorists would likely include providing advice on how to shape company culture (Demb and Neubauer, 1992; Stiles and Taylor, 2001; Stiles, 2001). Hillman et al (2000) explored how directors with different backgrounds may be more or less valuable to the company. They developed a typology of resource dependence roles of directors: Insiders, Business experts, Support specialists, Community influentials. It is possible that knowledge of how to shape culture could count as a business expertise or as a support specialism, although this is not explicitly addressed by Hillman et al (2000). Boivie et al (2016), although sceptical of the feasibility of the monitoring activity of boards, are more confident of the ability of boards to give advice. These authors argue that the giving of advice based on one's experience is relatively straightforward in terms of personal information-processing capability compared to that needed for monitoring executives' decision-making. The activity of providing advice on how to manage culture may therefore be readily offered by non-executive directors.

Many have argued for the need for both the control and service roles for the board (Hillman and Dalziel, 2003; Sundaramurthy and Lewis, 2003). Boards may cycle through periods of control which, if overdone, results in distrust and through periods of collaboration, which, if overdone, results in complacency (Sundaramurthy and Lewis, 2003). However, boards that monitor actively also advise actively, showing that boards can balance both the control and the service roles (Pugliese, Minichilli and Zattoni, 2014). Non-executive directors were observed to both challenge and support the managers, depending on the agenda item but maintaining a consistent level of both across an entire meeting (Nicholson, Pugliese and Bezemer, 2017). These authors argue that boards are capable of performing both control and service roles in a highly fluid manner as the roles are complementary and co-existent (Nicholson, Pugliese and Bezemer, 2017).

With the evidence that boards both monitor and advise, boards can be expected to do the same for the culture task, supporting both a control and a service role. Potentially one role may be more important in specific situations. Both monitoring and advising are important for the conceptual framework for the board culture task.

It has been argued that an over-emphasis on the board control role and shareholder primacy has, in actuality, resulted in a worse economic outcome for shareholders (Blair, 1995). Others have pointed to the impact on corporate failures (Deakin and Konzelmann, 2004; Deakin, 2010; Willmott and Veldman, 2016). Critics of shareholder primacy have pointed out the need to consider the other stakeholders who have an interest in the company. These alternative views are reviewed next to identify additional board activities that may be applicable to the culture task.

2.2.1.2. Mediation role

With shareholder primacy rejected by some as the candidate for the main aim of governance law, regulation and practice, other stakeholders come to the fore (Blair, 1995; Clarke, 1998; Stout, 2012; Clarke, 2013). Many other stakeholders have an interest in how the company operates; companies should benefit all these constituencies whose interests are not all covered by contracts (Strine Jr., 2007).

Recent public debates, including from the premium listed companies, have demonstrated a desire to shift focus away from profit maximisation and shareholder returns as the main purpose of the company and hence the main concern of the board (Konzelmann, Chick and Fovargue-Davies, 2022). Such debates may influence how boards view their culture responsibility. In the US, the Business Roundtable, representing corporate leaders, declared that the purpose of the corporation was to deliver long-term value to all stakeholders (BusinessRoundtable, 2019). This revised view received considerable press attention, including in the UK (EdgeCliffe-Johnson, 2019). Some were sceptical as to why these powerful global corporations were attempting to appear altruistic through their concerns for stakeholders (Economist, 2019). Accused of puffery to appease some shareholders, customers and politicians, it is not clear what lasting impact the Business Roundtable statement will have as US corporate law did not change and the corporations do not appear to have altered their behaviour towards their shareholders (Bainbridge, 2020). Nevertheless, the statement gives an indication of US business leaders' thinking.

In the UK, corporate involvement on the purpose of the corporation has included the Future of the Corporation programme from the British Academy, following on from the Purposeful Company Taskforce (Mayer, 2018; BritishAcademy, 2021). For the British Academy, a company's purpose is 'to produce profitable solutions to the problems of people and planet' (Mayer, 2021). This suggests a concern for meeting the needs of the public and the environment albeit without specific reference to balancing stakeholder interests. The public debates in the UK, and in the US, on the purpose of the corporation apply a narrower view on the purpose of the company than earlier authors such as Keynes and Berle (Konzelmann, Chick and Fovargue-Davies, 2022). Nevertheless, the debates on the purpose of the corporation indicate the trend concerning the importance of the wider stakeholder group. The need to disclose how the needs of wider stakeholder groups have been addressed has also been included in the 2018 Code. Stakeholder interests may influence the board's culture task.

Theories of the role of the board are therefore needed to address how they handle multiple stakeholder interests. Stakeholder perspectives are therefore next examined to consider what they reveal about board activities. The activities implied by these board role theories may then be applicable to the culture task.

Stakeholder theory has been applied to the corporate board where the role of the board is to maximise total wealth return for all stakeholders (Freeman and Reed, 1983). Freeman and Reed (1983) quoted the definition of stakeholders as 'those groups without whose support the organization would cease to exist' originally from the Stanford Research Institute (p.104). This definition implies a very wide group and there may be a narrower set of stakeholders with a greater interest in the success of the company (Freeman and Reed, 1983). For example, primary stakeholders can be defined as those without whom the company could not survive and are typically the shareholders, employees, suppliers, customers (Clarkson, 1995). Nevertheless, the company may need to include multiple stakeholder groups in various decision-making processes, not just at the board meetings. At a minimum however, the board must be aware of the impact of their decisions on key stakeholder groups. The board must set the tone for how the company deals with stakeholders (Freeman, 1984).

As some have pointed out, the principle asset in many companies today is the knowledge base of its employees (Clarke, 1998). The value of employee knowledge may balance out the need to raise capital from the markets and hence the primacy of meeting shareholder needs. The employee stakeholder group thus increases in importance. Other stakeholder groups are also receiving attention. The fact that many companies have board committees to address corporate social responsibility matters demonstrates that boards are upholding a stakeholder view of their duties (Clarke, 2013).

In terms of the role and activities that boards perform in stakeholder perspectives, team production theory views boards mediating the interests of multiple stakeholders. Team production theory from economics sees the board as a hierarchical body that deals with the competing interests of the multiple parties that have contributed to the success of the corporation (Alchian and Demsetz, 1972; Blair and Stout, 1995). The board is the mediator as to how the surplus wealth is distributed to the interested parties (Blair, 2015). Instead of each party explicitly contracting with each other to determine their share of wealth created, the parties surrender decision-making on rewards to the board. Some stakeholders of the company may not, in any event, be in a position to contract with the company, such as neighbours. In this view, then, the main board role is as mediator and the activity of the board is mediating between multiple claims. The culture task in this view would contribute to the board mediating activity between interested parties.

The team production view prompts changes to the composition of corporate boards such that directors represent the different interests (Kaufman and Englander, 2005). This can imply more inside directors who are not independent, in contrast to the agency theory view. Some empirical support exists for the team production theory, with its similarities to the wider stakeholder perspective, although this comes from outside the listed company sector (Machold *et al.*, 2011).

Stakeholder theory has its critics, argued to be both irrelevant and impractical (Bebchuk and Tallarita, 2021). Irrelevant, because it is not inconsistent with shareholder theory as shareholders are still included as beneficiaries. Building better relations with wider stakeholders has been shown to be able to increase shareholder wealth, for example, through the development of the company's intangible assets (Hillman and Keim, 2001). Impractical, because the trade-offs between stakeholders that boards face are impossible to reconcile (Bebchuk and Tallarita, 2021). Balancing the various stakeholder demands may well be challenging for boards but decisions on different stakeholder returns can be made, imperfect or otherwise (Clarke, 1998). Shareholder primacy implications in relation to monitoring activity have also been shown to be challenging for boards (Boivie *et al.*, 2016). Reconciling different trade-offs may be challenging but that doesn't rule it out as a board responsibility.

Some advocate an alternative to either shareholder primacy views or to stakeholder views as the dichotomy between the two theories is considered false (Mayer, 2021). Mayer (2021) argues: 'we should start from a more fundamental question about why a business exists and is created, what it does and aspires to become, namely its purpose' (p.888). Nevertheless, a single alternative view to the dominant shareholder primacy perspective for the purpose of the corporation had not emerged (Stout, 2013). Indeed Stout (2013) argues that there may be multiple purposes for the corporation depending on individual perspectives. Multiple interest groups each seek something different; citizens may expect corporate tax payments, employees may want enhancement to their own human capital, consumers may want quality products at a reasonable price. This multifunction view of the purpose of the corporation may leave boards with challenges but also with the opportunity to formulate their own views. Boards would then need to conceptualise their culture task in relation to multiple stakeholder views of the purpose of the company, potentially requiring mediating activity.

2.2.1.3. Theoretical plurality with regard to board roles

A number of authors argue for theoretical plurality when it comes to considering board roles (Daily, Dalton and Cannella Jr, 2003; Roberts, McNulty and Stiles, 2005; Pugliese *et al.*, 2009). More fruitful theories may emerge than agency and resource dependency theories that have tended to dominate (Boivie *et al.*, 2016). Fulfilling a board role is a more complex task than just controlling managers' self-interests or reducing resource dependencies (Westphal and Zajac, 2013; Zattoni and Pugliese, 2019). Selecting just one theoretical view of the board may no longer be fruitful. The distinctions between control, service and mediation roles may also be less clear than the theories imply (McNulty, 2013). Board behaviour should be seen as socially constituted and not as a mere aggregate of individual-level actions from economics theories (Westphal and Zajac, 2013).

Although a theoretical pluralism is useful, this thesis accepts that theories traditionally applied to board roles, such as agency, resource dependence and team production, have offered potential candidates for the activities boards perform which may be familiar to UK listed boards in the study. These activities of monitoring, advising, and mediating could well be considered by boards to be important for their culture task. The requirement for purpose statements and for reporting on stakeholder considerations in the 2018 Code may have focused boards' minds on the societal problems they are aiming to solve. The links between purpose and stakeholder considerations to their conceptualisation of their culture task and its performance are currently unclear.

It has been argued that understanding the processes that enable effective board role and task performance would develop a more complete understanding of the board's contribution to governance (Huse *et al.*, 2011; McNulty, Zattoni and Douglas, 2013; Aberg, Bankewitz and Knockaert, 2019). The research that reveals more as to how boards go about performing their tasks in support of their governance role is discussed next to inform the conceptual framework for this thesis on the board culture task.

2.2.2. Board task performance

There have been calls for more research into how boards perform their roles as a counter-balance to input-output studies on demographic and structural factors may impact board effectiveness (Huse, Minichilli and Schoning, 2005; McNulty, 2013). The need to get inside the board to determine how it operates effectively has led to a research focus on what tasks boards have and how these are carried out (Leblanc and Gillies, 2005; Minichilli, Zattoni and Zona, 2009). This literature is important to this study's conceptualisation of the new culture task as there may be some similarities to other board tasks. The literature on board task performance is therefore reviewed next.

2.2.2.1. Identifying board tasks

A review of what board tasks have already been identified can guide this study of the new culture task. There are, however, terminology issues which must be addressed first. Considerable terminology issues arise in the literature with respect to the use of terms such as: roles, tasks, involvement in, contribution to, etc. For example, Pugliese et al (2009) refer to the board contribution to strategy and continue with this in later papers (Zattoni and Pugliese, 2012). On the other hand, Judge Jr and Talaulicar (2017) refer to the board involvement in the strategic decision-making process. Rindova (1999) refers to what boards have to do with strategy. All are concerned, however, with what boards do to perform their responsibility for strategy. Judge Jr and Talaulicar (2017) consider all the papers above to be part of the same body of literature. Zahra and Pearce (1989) identified a board strategy role to sit alongside the control and service roles. However, Forbes and Milliken (1999) refer to control and service tasks, not roles. There is every reason to conclude that both sets of authors are referring to the same thing when it comes to the use of the terms role and task, as other authors have concluded (Machold and Farquhar, 2013; Judge Jr. and Talaulicar, 2017). Similar arguments, that researchers are discussing the same thing, have been made when terms like roles and tasks are used interchangeably with terms like board activities and functions (Aberg, Bankewitz and Knockaert, 2019; Jansen, 2021).

Dealing with these terminology issues is a challenge. For this study, task is preferred to role for consideration of what boards do with regard to culture. The FRC has given boards a culture responsibility; if boards accept this responsibility and create work plans and hold discussions on culture, it may be that they conceptualise a culture task. Task, as the preferred terminology, reflects the fact that boards must perform some work, and so takes the discussion down to a more prosaic level. Such terminology distinguishes a culture task, potentially similar to a strategy task, from the control, service and mediation roles derived from the various theories concerning the board's role in corporate governance. It seems appropriate to consider strategy as a task, and potentially culture too, in the service of these roles. Monitoring, advice-giving and mediating may all be activities that are involved in these tasks.

Attention to the interests of a wider range of stakeholders may have prompted a renewed debate on what tasks boards should perform and a need to identify board tasks (McNulty, Zattoni and Douglas, 2013; Pugliese, Minichilli and Zattoni, 2014). However, there is no single agreement on the list of board tasks (Machold and Farquhar, 2013). The tasks identified by Machold and Farquhar (2013), in their review of the extant literature, are: service, control, strategy, resource dependency, linking, coordinating, maintenance, institutional (Zahra and Pearce, 1989; Johnson, Daily and Ellstrand, 1996; Hung, 1998; Forbes and Milliken, 1999; Stiles and Taylor, 2001; Hillman and Dalziel, 2003; Sundaramurthy and Lewis, 2003). Even the strategy task, which is most frequently identified after service and control, does not have total support as a distinct task. Some see strategy as a distinct task (Zahra and Pearce, 1989; Judge Jr. and Zeithaml, 1992; Stiles and Taylor, 2001). Others see strategy as subsumed in control and service tasks, as a contributor to these (Johnson, Daily and Ellstrand, 1996; Forbes and Milliken, 1999; Hillman and Dalziel, 2003). This view that strategy is a task as a contributor to control and service roles, is the position taken for this study, as indeed could be the culture task.

None of the authors reviewed by Machold and Farquhar (2013) had identified a culture task. Nor do the detailed descriptions for each identified task, as detailed by Machold and Farquhar (2013), refer to culture. It is possible that the authors might argue that culture is implicit as part of other tasks they identify. A question for this study then emerges as to whether, in the light of recent regulatory developments in the UK, an implicit inclusion for culture is sufficient.

The board task that has been most studied is the strategy task. The board work in strategy became an area of specific focus due to shareholder pressure on boards to become more active on strategy (Judge Jr. and Zeithaml, 1992). Earlier normative calls for greater board involvement in strategy had aimed to overcome a perceived strong managerial hegemony in the affairs of the corporation where boards do little but rubber stamp executives' plans (Mace, 1972; Andrews, 1981; Kosnik, 1987). A strategy role was then identified, although acknowledged to be disputed compared to, for example, the control and service roles (Zahra and Pearce, 1989). There were calls for greater involvement in strategy as the means to achieving more active boards (Golden and Zajac, 2001; Hendry and Kiel, 2004). There is now an extensive literature on how boards are involved in company strategy (Pugliese *et al.*, 2009; Judge Jr. and Talaulicar, 2017). This includes growing evidence of a more active performance of a board strategy task (Lorsch and Clark, 2008). Even with much continuing interest in board involvement in strategy, corporate governance scholars may only just be beginning to examine the board's full range of influence on strategic management (Garg and Eisenhardt, 2017; Westphal and Garg, 2021).

Culture is not expressly mentioned in the board task literature. In the light of the 2018 Code and the inclusion of culture, this would seem to be an omission. Studies on the strategy task and its performance may be the closest the literature gets to a current understanding of how boards might perform a putative culture task. The next section looks at the literature on the processes boards use to perform the strategy task. This enables a closer look at how boards perform their strategy task which may then apply to how they perform their culture task.

2.2.2.2. Processes in board task performance

The literature on the processes adopted by boards to perform their tasks is reviewed in this section in order to compare the culture task. Board research had initially been concerned with input-output studies looking for associations between board structure and company performance, finding limited evidence (Dalton *et al.*, 1998; Hermalin and Weisbach, 2003; Daily, Dalton and Cannella Jr, 2003; Dalton and Dalton, 2011). These studies failed to address mediating processes which could not be assumed to be without their own influence on firm performance (Pettigrew, 1992). They were also unable to provide insights into what is actually happening in the boardroom (Finkelstein and Mooney, 2003; Finkelstein, Hambrick and Cannella, 2009). There has been a longstanding call to address this gap, which continues (Gabrielsson and Huse, 2004; Roberts, McNulty and Stiles, 2005; Bansal, 2013; McNulty, 2013; Zattoni and Pugliese, 2019). Extant board process studies are next addressed as to how they might inform the culture task.

Board processes are not clearly defined in the literature. Processes tend to be exemplified rather than defined to illustrate what is meant. Examples, given in one paper, are: engaging in constructive conflict, avoiding destructive conflict, working together, addressing decisions in a comprehensive manner (Finkelstein and Mooney, 2003). McNulty (2013), in a literature review of board processes, cites those from Finkelstein and Mooney (2003) and advocates a broad, inclusive approach. Process studies in relation to board strategy offer a starting point; there are a small number of these as authors have preferred to investigate the antecedents and effects of the strategy task (Judge Jr. and Talaulicar, 2017). Amongst the few processual studies identified for the board strategy task, one found evidence of how UK non-executive directors involve themselves in strategy (McNulty and Pettigrew, 1999). McNulty and Pettigrew (1999) identified three levels of increasingly active but less common involvement of these non-executive directors. The most commonplace level of involvement saw them merely responding to strategy proposals from executives; involving ratification and limited comment on investment decisions derived from the executives' strategy. The next level of more active involvement from some non-executive directors, saw those with specific industry or market knowledge shaping the executives' proposals while they were still in development, thus a few directors were shaping executives' strategy proposals. Rarely, a third higher level of involvement was found, where boards shaped executives' thinking on how to approach strategy, how to think strategically and so how to approach their strategy process. Where boards are more active such as at this higher level of involvement, they are able to challenge any tendencies to managerial hegemony (McNulty and Pettigrew, 1999).

Another of the few processual studies on board involvement in strategy, identified by Judge Jr and Talaulicar (2017), found support for the McNulty and Pettigrew (1999) three levels of involvement (Ravasi and Zattoni, 2006). Ravasi and Zattoni (2006) conducted a multiple-case study of nine large Italian firms of mixed ownership. They found three different patterns of behaviour concerning the involvement of the board directors in strategy decision-making that they believe correspond directly to the three levels described by McNulty and Pettigrew (1999). For the minimal involvement, boards left the generation of proposals, elaboration and implementation to executives.

A higher level of involvement saw some board members contribute to early drafts that would later be presented to the whole board. Finally, the highest level of involvement saw boards involved in actively shaping goals, policies and decisions.

Researchers continue to reference the McNulty and Pettigrew (1999) framework although they also point out its probable need for updating for the fact that boards have been required by regulators to be more active (Concannon and Nordberg, 2018; Aberg, Kazemargi and Bankewitz, 2017). Following the focus on non-executive directors in the 2003 Code, it is difficult to imagine UK boards continuing with a 'minimalist' approach, as previously characterised (Pettigrew and McNulty, 1995). The McNulty and Pettigrew (1999) framework has been updated in a conceptual paper referencing boards in the digital era (Aberg, Kazemargi and Bankewitz, 2017). Aberg et al (2017) suggest that these boards are 'form(ing) new constellations' with executives to scan, anticipate and interpret markets (p.45). These authors argue that examples of such constellations between non-executives and executives have been found citing one empirical study on the existence of dyad partnerships between CEOs and individual non-executives (Garg and Eisenhardt, 2017). This sounds a little like the second level of involvement identified by McNulty and Pettigrew (1999). It is possible then that boards are more commonly adopting the higher levels of involvement characterised by McNulty and Pettigrew (1999). An active board involvement may also apply to the culture task.

One influential conceptual paper based on the work-group literature and applied to boards, by Forbes and Milliken (1999), identifies board processes that are proposed to be mediators between board demographics and company performance. These board processes may be applicable to the culture task. Although, merely proposed by Forbes and Milliken (1999), they have been supported by subsequent empirical investigations (Zattoni and Pugliese, 2019; Aberg, Bankewitz and Knockaert, 2019). Forbes and Milliken (1999) define board effectiveness as the ability to perform the two distinctive board tasks of service and control (task performance) alongside the ability to continue to work together (cohesiveness). Task performance is therefore an important aspect of board effectiveness. Three processes are important for board task performance. Firstly, the process of applying effort norms is defined by Forbes and Milliken (1999) as 'the group's shared beliefs regarding the level of effort each individual is expected to put toward a task' (p.493). Secondly, the process of cognitive conflict is the board's ability to deal with their members' complex differing views. Thirdly, the process of using the board's knowledge and skills concerns how these are used in practice; it is not the mere existence of directors' knowledge or skills that is important, rather how they are used.

Various studies find empirical support for the three board processes that impact task performance in the Forbes and Milliken (1999) model of board effectiveness. Firstly, effort norms have been predominantly shown to be positively associated with board task performance (Zona and Zattoni, 2007; Minichilli, Zattoni and Zona, 2009; Zattoni, Gnan and Huse, 2015; Aberg, Bankewitz and Knockaert, 2019). For example, the Minichilli et al (2009) survey of the CEOs of Italian companies found a reported positive impact of commitment to strategic participation. This variable was measured by preparation time and by involvement in board discussions and argued to be strongly similar to the definition for effort norms used by Forbes and Milliken (1999).

Secondly, the application of knowledge and skills has empirical support; for example, this was found to be the critical process in one study on board task performance (van Ees, van der Laan and Postma, 2008). In some cases, the valuable knowledge was found to be industry-specific knowledge (Kor and Sundaramurthy, 2009). In other cases, it has been found to be task-specific such as for acquisitions (McDonald, Westphal and Graebner, 2008) or in support of innovation (Klarner, Probst and Useem, 2020). It has been argued that different types of director knowledge may apply, depending on the advice being sought by the executives (Bankewitz, 2018). Director knowledge needs to be processed by the board in order for it to be of value to their task performance (Schonning *et al.*, 2019). This processing may be reflective of boards' ability to learn together (Zattoni, Gnan and Huse, 2015).

Thirdly, in support of the process of cognitive conflict, the presence of critical debate had a positive impact on the board advisory task (Minichilli, Zattoni and Zona, 2009). Cognitive conflict as conceived by Forbes and Milliken (1999) is distinct to the other two processes as, unlike them, it also impacts board cohesiveness as well as task performance. It therefore has an additional relationship impact as well as a task performance impact. Brown et al (2019) demonstrate how board cohesiveness can moderate board power relations and potential adverse impacts on task performance. The potential interactions of the process of cognitive conflict and its association with board cohesiveness may then complicate consideration of this process in relation to the board culture task. Whilst recognising the potential of internal board relationships to impact the performance of the culture task, the exploration of the process of cognitive conflict is potentially quite different to a consideration of the two processes that only impact task performance. This thesis therefore proposes to highlight the two board processes of effort norms and the use of director knowledge and skills to support the characterisation of how boards perform their culture task as these two board processes may be perceived by boards to be applicable. Forbes and Milliken (1999) note there may be limitations to the importance of their proposed processes in relation to board tasks which are externally focussed. Whether these limitations would apply to the culture task is not known.

The frameworks from McNulty and Pettigrew (1999) and from Forbes and Milliken (1999) are considered here to be the most applicable for the conceptual framework on the board culture task. Board processes that have been developed for one sphere of activity may well be adopted by boards for new tasks, such as for culture. A culture task may not have been identified in the board task literature but the processes applied to other tasks may have some applicability.

2.2.3. Conclusions from the literature on board roles and tasks

The board role has been researched from several theoretical perspectives. With the purpose of the company, and so the board role, becoming viewed as creating and protecting value for shareholders, agency theory has been seen as a dominant influence, including on the UK Code (Roberts, McNulty and Stiles, 2005; Nordberg and McNulty, 2013). Agency theory points to a board role of controlling management and therefore to applying a monitoring activity (Jensen and Meckling, 1976; Fama and Jensen, 1983b). Agency theory, however, does not offer an explanation for an observed service role involving an advice-giving activity. The service role has been theorised from a resource dependence perspective where boards seek to minimise dependence on external resources (Pfeffer and Salancik, 1978; Hillman and Dalziel, 2003). Both monitoring and advice-giving are important board activities; potentially the board culture task contributes to these activities.

Shareholder primacy, in preference to other stakeholder claims on the corporation, does not necessarily provide shareholders with the greatest financial return; multiple purposes for the corporation should be acknowledged (Blair, 1995; Clarke, 1998). Applying team production theory to the board, boards would determine their company's multiple purposes, requiring a board role of mediator (Blair and Stout, 1995; Clarke, 2013; Blair, 2015). Mediating can therefore be added as another board activity to which the culture task may contribute.

Application of a plurality of theories for board roles shows the way forward for board research, particularly as boards adopt and switch between multiple roles (Pugliese, Minichilli and Zattoni, 2014; Nicholson, Pugliese and Bezemer, 2017; Zattoni and Pugliese, 2019). The culture task may be perceived as supporting and contributing to any or all of these theoretical board roles involving monitoring, advice-giving or mediating activity.

A culture task has not explicitly been identified in the board role literature, so lessons from other board tasks need to be considered. There is no definitive agreement on a list of board tasks (Machold and Farquhar, 2013). However, a literature on board involvement in strategy attempts to characterise their strategy task (Zahra and Pearce, 1989; Judge Jr. and Zeithaml, 1992; Judge Jr. and Talaulicar, 2017). Boards that are actively involved in strategy, although originally not that commonplace, can overcome the risks of managerial hegemony (McNulty and Pettigrew, 1999; Golden and Zajac, 2001; Hendry and Kiel, 2004; Ravasi and Zattoni, 2006). Greater board involvement in strategic decision-making may have become more common practice (Lorsch and Clark, 2008; Judge Jr. and Talaulicar, 2017). Greater involvement may now be more typical of UK corporate boards following the focus on the non-executive director from the 2003 Code onwards (Aberg, Kazemargi and Bankewitz, 2017; Concannon and Nordberg, 2018). Board involvement in the putative culture task may also be perceived as important.

There were early calls for process studies on how boards perform their tasks (Pettigrew, 1992). However, Judge and Talaulicar (2017) found very few processual studies on the board strategy task and there is still much to learn about it (Westphal and Garg, 2021). Selected board processes have been proposed as critical to effective board task performance in relation to strategic decision-making (Forbes and Milliken, 1999). There is empirical evidence to demonstrate the importance of these processes to board task performance (van Ees, van der Laan and Postma, 2008; Minichilli, Zattoni and Zona, 2009). Two of these processes concerning effort norms and the application of director knowledge and skills are proposed for this study to support the characterisation of the putative board culture task.

The lack of mention of corporate culture in the literature on board roles and tasks reveals a gap that needs addressing, particularly in the light of the 2018 UK Code. A conceptual framework for the board culture task, based on this literature review, is detailed next.

2.3. Conceptual framework and research questions

This section presents the conceptual framework for the thesis in figure 2.1 in section 2.3.1. Section 2.3.2 goes on to pose the research questions that are derived from the framework.

2.3.1. Conceptual framework

Boards have been found comply, for the most part, with the UK corporate governance code, prompting the development of strong norms for boards (Arcot, Bruno and Faure-Grimaud, 2010; Sanderson *et al.*, 2010; Roberts *et al.*, 2020). Hence, it is proposed that boards will respond to the 2018 Code and perform a culture task in some manner. A conceptual framework depicting the boards' performance of a culture task based upon the literature on board roles and processes for task performance, and on leadership of organisational culture (figure 2.1). According to the Code, culture should be aligned with purpose, strategy and values. The board culture task may link to boards' conceptualisation of their company purpose, and result in outcomes expected for the Code of long-term business success and public trust in business. The conceptual framework in figure 2.1 is discussed in more detail below.

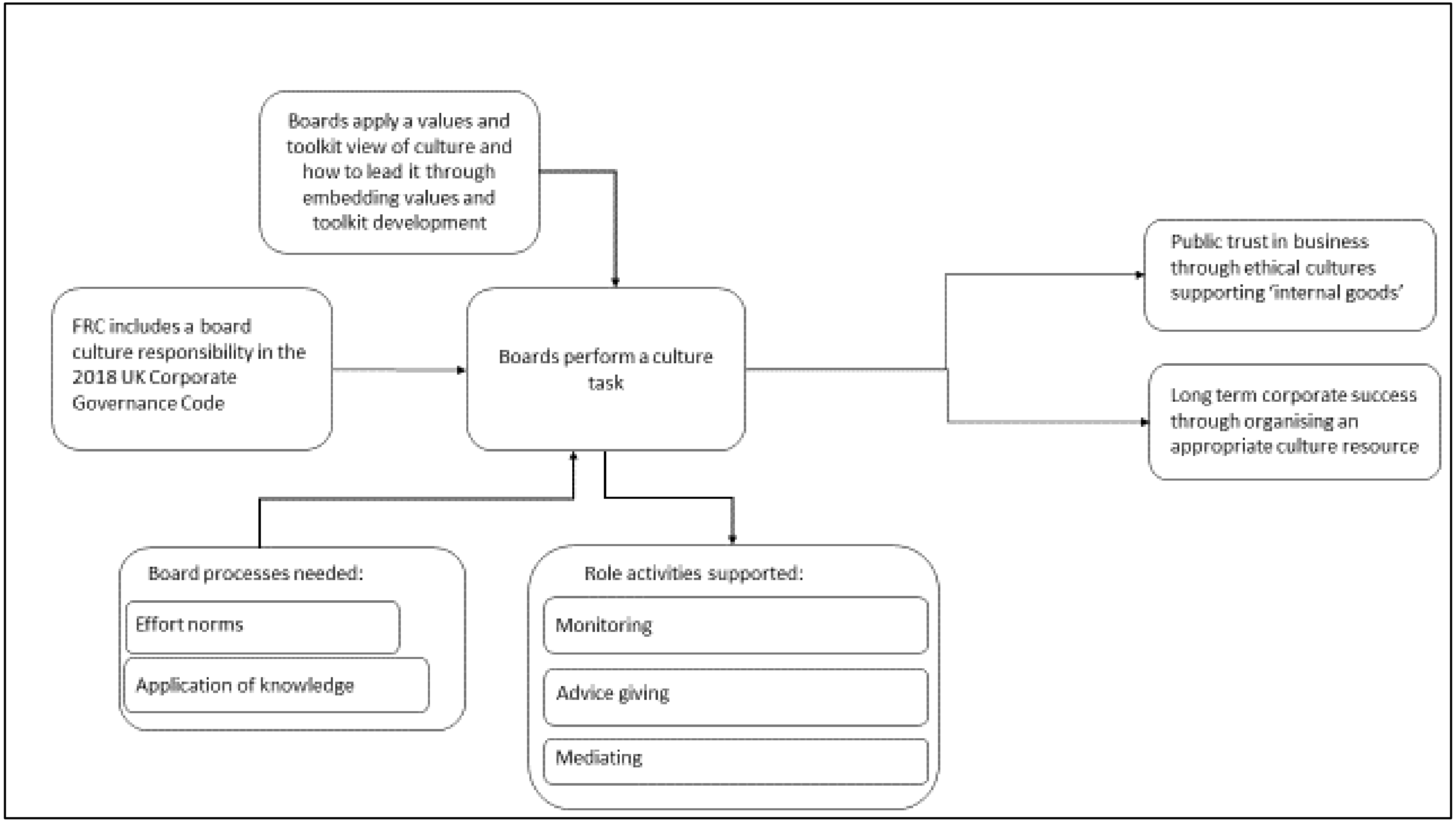

Figure 2.1 Conceptual framework from the literature

In order to perform their culture task, boards will draw upon their notions of what corporate culture is, how it can be shaped by leaders and what can be achieved. The framework adopts two views of corporate culture: the values view and the toolkit view, following the conclusions of Giorgi et al (2015). Both views have been argued to be relevant for this study as to how boards may conceptualise their culture task.

A values view of culture offers a functionalist conceptualisation (Hofstede, 1980; Denison, 1990; Schein, 2017). Schein's (2017) conceptualisation of culture is selected with its three constituent levels of observable artefacts informed by norms and values, in turn informed by underlying assumptions. Leaders embed culture through their own personal behaviour and through policies and communications (Schein, 2017). The notion of culture as being based on values and composed of layers has had some application in UK businesses and has some similarities with the FRC definition (FRC, 2016). Schein's (2017) approach to the leadership of culture has echoes in the notion that culture is set by the tone at the top, now widely disseminated through audit practitioners (Medcraft, 2016). However, employees can resist top-down values from their managers, finding ways to ostensibly comply whilst taking their lead from other influences (Ogbonna and Harris, 1998; Kunda, 2006; Fleming, 2013). A Priori analytical themes for this study are derived from this values view of culture, including the leadership activities of setting values and role-modelling these through their behaviour.

An alternative toolkit view of culture is also adopted for the study as business people often consider culture as 'the way we do things around here' (Bower, 1966). This is argued to be a practice-based view of culture. A toolkit view, broadly in the practice tradition, proposes that culture resources are imported and developed into useful strategies for action which enable employees to adapt to new challenges rather than be constrained through top-down, preconceived, imposed values (Rindova, Dalpiaz and Ravasi, 2011; Weber and Dacin, 2011; Bertels, Howard-Grenville and Pek, 2016). Managers play an active role in importing culture resources and encouraging selected strategies (Bertels, Howard-Grenville and Pek, 2016; Wang and Lounsbury, 2021). A Priori analytical themes concerning the establishment of practices to shape culture are adopted for the study to support this alternative toolkit conceptualisation of culture and what it may reveal about the board culture task.

To explore the performance of the culture task, the conceptual framework considers how boards may perceive it supporting their governance role. The framework therefore reflects notions from the literature on the board role. Board roles from agency theory (a control role with monitoring activity), and from resource dependence theory (a service role with advice-giving activity) are characterised in the literature (Hillman, Cannella and Paetzold, 2000; Hendry, 2005; Roberts, McNulty and Stiles, 2005; Deakin, 2010; Zattoni and Pugliese, 2019). Experimental studies show that both control and service roles are performed by boards; switching as needed (Pugliese, Nicholson and Bezemer, 2015; Nicholson, Pugliese and Bezemer, 2017). With the critiques of shareholder primacy and the debates on the purpose of the company, perspectives addressing alternative board roles and activities are needed (ThePurposefulCompanyTaskForce, 2017; Mayer, 2018). One consequence may be a role for the board in mediating between stakeholders, such as proposed in the mediating hierarch role from team production theory (Blair, 2015). A diversity of approaches to studying boards may be most useful in opening up the field of board research (Westphal and Zajac, 2013; Judge Jr. and Talaulicar, 2017; Aberg, Bankewitz and Knockaert, 2019). The framework therefore incorporates the notion that the culture task may be perceived to support any of the three board activities of monitoring, advising and mediating (figure 2.1). A Priori analytical themes on the board culture task contribution to these three board activities are adopted for the study.

The literature on board roles and tasks does not explicitly reference corporate culture either as a separate role or task or part of some other task (Machold and Farquhar, 2013). Therefore, the studies on other board tasks, such as the strategy task, are drawn on to analyse perceptions of the culture task. Board process studies observe that boards have more commonly taken relatively passive approaches, for example, approving strategies created by the executives, with more active involvement rarer (McNulty and Pettigrew, 1999). Active involvement may, however, now be more commonplace (Lorsch and Clark, 2008; Aberg, Kazemargi and Bankewitz, 2017; Concannon and Nordberg, 2018). Processes have been proposed, with empirical support, for effective board task performance (Forbes and Milliken, 1999; Rindova, 1999; McNulty and Pettigrew, 1999; Ravasi and Zattoni, 2006; Pugliese *et al.*, 2009; Aberg, Bankewitz and Knockaert, 2019). Two of the processes identified by Forbes and Milliken (1999) are included in the framework for this study: effort norms and the application of director knowledge (figure 2.1). These processes are expected to support the performance of the putative culture task. A Priori analytical themes concerning these board processes are therefore adopted for this study.

The FRC has set two aspirational outcomes for its 2018 revision of the Code: long-term corporate success and greater public trust in business. The FRC aspirational outcomes are included in the conceptual framework, as boards may share these aspirations for their culture task (figure 2.1). The culture literature demonstrates the expectations on leaders to shape their organisation culture in search of performance benefits (Bass and Avolio, 1993; House *et al.*, 2013; Schein, 2017). Senior executives have been shown to consider corporate culture important to business performance (KornFerry, 2015; Graham *et al.*, 2017). However, the literature also shows that culture impacts on corporate performance have not always been possible to demonstrate in empirical studies (O'Reilly *et al.*, 2014). Culture associations with corporate performance, according to Sackmann (2011), are 'rather diverse and eclectic' (p.216). Measuring culture and culture impacts may be problematic for boards. A Priori analytical themes on the metrics used to track culture are adopted for the study.

Some culture traits have been found to have a positive association with performance, allowing for a time lag; degree of mission, involvement, adaptability and consistency have all been found from one research group (Kotrba *et al.*, 2012; Boyce *et al.*, 2015). Situational differences may, however, confound associations previously found between specific traits and performance (Tian *et al.*, 2018). Theoretical views such as the resource-based view advocate that culture can positively impact competitive advantage, if certain conditions apply; the culture must have a good strategic fit, be rare and hard to imitate, and must be appropriately organised internally (Barney, 1986; Barney, 1995; Barney and Hesterly, 2018). The framework therefore proposes that boards may have expectations that appropriate cultures may be an effective resource that will positively impact corporate performance, leading to performance outcomes such as long-term business success. A Priori analytical themes on impacts on long-term performance through management of an appropriate culture resource are identified for this study.

Public trust in the company may also be anticipated by boards for their culture task (figure 2.1). An ethical culture is argued to contribute to greater trust in an individual business, implying that certain cultures lead to trust (Kaptein, 2008; Bachmann, Gillespie and Triem, 2015). Leaders have a role in creating an ethical culture, in line with the tone at the top discourse (Brown and Trevino, 2006; Tsoukas, 2018). Ethical cultures may be considered to be those where the organisation supports the employees in the supply of 'internal goods' of value to customers (MacIntyre, 2007; Moore, 2017a). The framework therefore proposes that boards may have expectations that an ethical culture may increase trust through board attention to supporting employees' work in creating 'internal goods' which may then be associated with levels of public trust (figure 2.1). Analytical themes are adopted concerning public trust as a possible outcome, through ethical cultures particularly in relation to employees.

Although the conceptual framework in figure 2.1 shows the achievement of the FRC aspirational outcomes, there are likely to be many challenges. Boards may find their role in governing culture challenging for information asymmetry reasons as they may have less information on culture than the executives and spend so little time in the company (Lorsch and MacIver, 1989; Baysinger and Hoskisson, 1990; Zhang, 2010; Li *et al.*, 2018). The study will need to address A Priori analytical themes on how these challenges for boards materialise with regard to the culture task.

2.3.2. Research questions

From the development of this conceptual framework, research questions are derived. The research questions are posed below.

Firstly, the framework proposes that boards will respond to the Code by accepting a culture responsibility. They will demonstrate this acceptance by performing a set of activities that they perceive will enable them to deliver on this responsibility, potentially creating a culture task. The first research question aims to capture how boards have conceptualised the activities that together may form a culture task which can be differentiated from the equivalent executive task.

Research question one: how do boards conceptualise their culture task in comparison to the executive culture task?

Some sub-questions will help to build this conceptualisation of a culture task. These are:

Sub-question 1A: How do values and toolkit views of culture inform the understanding of how boards perform the culture task? The two views of corporate culture will be applied to inform the conceptualisation of the board culture task.

Sub-question 1B: What do boards believe they will achieve through the culture task? The outcomes that boards expect from their culture task are addressed as these are likely to be important to the task conceptualisation. The ways in which these outcomes support notions of impacts of culture on corporate performance and of ethical cultures that create trust will support this aspect of the conceptualisation of the board culture task.

Research question one, with its sub-questions, therefore aims to determine what boards consider their task for the culture responsibility to involve, how it should be performed, and what outcomes can be achieved. From this, it can be compared to the literature on the leadership of corporate culture to assess the degree of difference to the executive culture task.

Secondly, the framework proposes that boards will see their culture task as in some way contributing to their governance role. As corporate culture has not been addressed in the board role and task literature, the second research question aims to capture how boards perceive the way their culture task fits with their understanding of their governance role.

Research question two: how does the culture task fit with boards' conceptualisation of their governance role?

Some sub-questions help to inform the understanding of the fit of the culture task with the board role. These are:

Sub-question 2A: In what ways do board processes support the culture task? The ways in which the board processes support the performance of the culture task will assist the understanding of the degree to which the culture task is perceived to be similar to other board tasks. They will also reveal how boards are perceived to be able to optimise their performance of the culture task.

Sub-question 2B: To what extent does the board culture task contribute to the board activities of monitoring, advising and mediating? These activities have been proposed to reflect the theoretical view of the board role. The degree to which the performance of the putative board culture task is perceived to contribute to these activities will help the understanding of how the culture task fits with the board role.

3. Methodology

This chapter sets out the research paradigm and methodology adopted for this study. The study is designed as a single case study with three embedded units of analysis, following Yin's typology of case study designs (Yin, 2018). An interpretivist paradigm is adopted to enable an understanding to be developed of how boards have conceptualised their putative culture task, in response to corporate code changes in the single case of the UK 2018 Code. Firstly, section 3.1 argues the case for the interpretivist research paradigm adopted. This section shows how, with this paradigm, this study sits within a tradition of qualitative methods in corporate governance research. Secondly, section 3.2 presents the study design in detail including the single case study method with embedded analytical units. This section details the data sources and data collection methods. Thirdly, in section 3.3, the data analysis methods are presented including the coding and triangulation methods. Fourthly, in section 3.4, the ethical considerations posed by the study are identified along with discussion on how these considerations have been managed. Finally, in section 3.5, the limitations of the methodology for this study are discussed.

3.1. Research paradigm

The research paradigm selected will have practical consequences for how the research is carried out, for example, in terms of what is considered to be data and how we collect, analyse and theorise from it (Symon and Cassell, 2012). These research paradigms adopt a position on ontology and epistemology. The ontology for the paradigm reflects the notion of the nature of reality (what is reality) and the epistemology reflects how we learn about that reality (how do we learn about reality). The ontology and epistemology of the paradigm then points to the most appropriate methodology (Hassard and Cox, 2013).

As the aim of this study is to develop an understanding of how the boards of UK listed companies have responded to the new responsibility for culture brought about by the 2018 version of the corporate governance code, an interpretivist research paradigm has been adopted. The members of the social group involved in the board culture responsibility have developed their own conceptualisation of its purpose and its operation; it is this conceptualisation that this study seeks to understand. In the next section, the reasons for the interpretivist paradigm are explained further along with the implications for study design.

3.1.1. Justification for the interpretivist research paradigm

The interpretivist research paradigm reflects one axis of the typology developed by Burrell and Morgan (1979) as they applied sociological research paradigms to organisational studies (Burrell and Morgan, 1979). The Burrell and Morgan (1976) framework has been highly influential in organisational studies and is one of the most referenced works in the field (Hassard and Cox, 2013). Interpretivism focuses on the subjective meanings the members of a social group attach to the phenomena they live with and perform. The paradigm seeks to understand these phenomena through members' meanings.

In the interpretivist paradigm, the ontology, or the nature of reality, is a product of individual consciousness and so a creation of the mind (Burrell and Morgan, 1979). Reality is made up of the understandings, interpretations and conceptualisations of the members of the social group. As such, reality is a social product that is incapable of being separated from the members of the social group who construct and make sense of that reality. Burrell and Morgan (1979) characterise the interpretivist ontology as an 'emergent social process – as an extension of human consciousness and subjective experience' (p.253). The reality that is surfaced by the researcher will be subjective and relative to the context in which the individuals find themselves. The interpretivist ontology can be contrasted to a positivist ontology where reality is taken to be external to the members of the social group. Positivist studies conceptualise a reality that is distinct from the meanings applied to it by individuals (Burrell and Morgan, 1979).

In the interpretivist paradigm, epistemology or knowledge gain is through a co-creation process between the actors and the researchers. Knowledge is based on experience and insights which are personal, unique and time-bound (Burrell and Morgan, 1979). This knowledge is captured by the researcher's elucidation of the actors' social conceptualisations, understanding how these are used, how they have evolved. It is not assumed that conceptualisations are objectively known, unproblematic or fixed. Instead, it is important to understand how and why individuals, through their participation in a social world, give it a certain status and meaning (Orlikowski and Baroudi, 1991). In the contrasting, positivist epistemology, knowledge is gained through coming into contact with the external reality and revealing its features through our senses (Burrell and Morgan, 1979). This thesis, in taking the interpretivist view, aims to understand actors' perceptions of the board's culture task through elucidating their conceptualisation of how boards have responded to the new culture responsibility brought about by the 2018 Code revision, in the first year of its implementation.

In the interpretivist paradigm, methodology is most commonly qualitative (Hassard and Cox, 2013). Qualitative research aims to get researchers as close as possible to the perspective of the members of the social group to be studied (Denzin, 2009). Rich explanations of a social phenomenon are a key goal, addressing questions of narrative, description, interpretation and explanation (Bluhm *et al.*, 2011). There is likely to be attention paid to contextual issues, to how cognitive and emotional factors may be inter-related, the degree to which actors perceive they have agency, and to language used (Burgelman *et al.*, 2018). Members of a social group can be observed in action, as in ethnography. Alternatively, members are taken out of their social world to join the world of the researcher in an interview or a focus group. Another method can be to analyse members' writings in documents, with attention to the purpose and social context of these writings. This study will adopt the methods of interviewing and document analysis to support its interpretivist paradigm. Not all studies adopting qualitative methods adopt an interpretivist paradigm. Some studies that adopt qualitative methodologies such as the work of Eisenhardt are considered positivist in nature (Piekkari and Welch, 2018). Qualitative methods are adopted but analyses are positivistic (Prasad and Prasad, 2002). However, this study on boards' conceptualisation of their culture task will adopt qualitative methods to support its interpretivist paradigm.

Burrell and Morgan (1979) pointed out that both interpretivist and positivist approaches can attempt to reveal social constructs without questioning the power relations that are revealed, instead implying social cohesion and order. However, radical approaches seek to expose power relations, divisions and subjugations, and to question these. According to Burrell and Morgan (1979), the intent is to highlight: 'deep seated structural conflict, modes of domination and ...man's emancipation from the structures which limit and stunt his potential for development' (p.17). The degree to which this study is able to expose power relations, for example between the regulator and the corporate boards, may then impact the degree to which this study can be considered radical in the sense implied by Burrell and Morgan (1979).

This thesis considers corporate board practices to be socially determined phenomena which are created by various involved social groups. The thesis methodology seeks to produce new knowledge through understanding group members' perspectives on the board culture task through an interpretivist paradigm with qualitative methods on the case of the response to the 2018 UK Code.

It is important to consider the criteria for interpretivist, qualitative research before designing the study. The criteria for a credible piece of interpretivist, qualitative research may include notions such as rigour and trustworthiness, instead of positivist, statistics-based notions of validity and reliability (Creswell and Miller, 2000). One set of criteria for post-positivistic research is proposed by O'Leary (2021) and adopted for the methodology for this study. O'Leary proposes five indicators to be addressed regarding the credibility for research outside the positivist paradigm (O'Leary, 2021). The credibility of a piece of research is its capability to elicit belief. Her indicators for credibility are summarised in table 3.1.

Indicator	**Explanation**
Neutrality	Subjectivities are recognised including their impact on conclusions. Multiple data sources and methods are applied. Reflexivity included.
Authenticity	Findings genuine to the experience of research participants, recognising the possibility of multiple truths. May not be valid statistically but reflects the true essence of the phenomenon studied.
Dependability	Data may be the same under repeated trials (reliable) but this may not always be possible or be expected (e.g. perspectives change). Methods are systematic, documented and assessed for subjectivities.
Transferability	Conclusions may be transferable to contexts other than the one directly studied. Sampling methods may not enable generalisability. Theoretical underpinning to conclusions may support transferability.
Auditability	Details of research methods provided to allow others to see how conclusions were drawn whilst recognising ethical issues on participation.

Table 3.1 Indicators for credible post-positivistic research (From O'Leary 2021)

The indicators show that subjectivities are captured in an interpretivist, qualitative study and should be acknowledged and noted. While multiple truths may exist, the study should produce authentic findings true to the experience of the participants at that time. Others have referred to giving a voice to participants (Bluhm *et al.*, 2011). It may not be possible for others to repeat the same study and achieve the same data, as participants' views may change over time. Hence, notions such as reliability and validity that apply to statistically based research may not always apply. Dependability and auditability of the data collection and analysis methods are needed. Solidity of protocols, systematic data collection, and robust documentation are important. Multiple methods and data sources support the search for dependability (Bluhm *et al.*, 2011). Perspectives from members of the social group will be subjective but a careful analysis will enable the truth of the phenomena to emerge. Triangulation between the various data sources and methods will assist this. The researcher is another voice in the mix, where the interchange between researcher and interviewee develops as a dialogue on the subject (Alvesson, Hardy and Harley, 2008). In which case, the researcher's own potential impact on participants should be considered carefully. Finally, for the findings from the interpretivist study to be transferable to other situations, they should be generalisable to theoretical propositions (Eisenhardt and Graebner, 2007; Bluhm *et al.*, 2011; Yin, 2018).

For this study, a conceptualisation of the board culture task is sought. The relevant social group that has created and performs this task is referred to here as the UK corporate governance community. Together, the members of the social group that is the UK corporate governance community have created and developed a conceptualisation for what constitutes effective corporate governance and how boards should perform their roles, including in relation to corporate culture. This community with its sub-groups, which is accessed in the study, is discussed further in section 3.2. However, the next section first considers how an interpretivist, qualitative study fits within the research traditions of the corporate governance literature.

3.1.2. Fit with research traditions in corporate governance

It is important for any new study such as this to seek its place in the paradigms and methodology used by existing researchers in the field. Interpretivist, qualitative methodology is well established in organisation studies (Orlikowski and Baroudi, 1991; Zilber, 2006; Pettigrew, 2013; Langley and Tsoukas, 2017). Interpretivist studies have recently become more accepted in both US and European research journals, offering methodology innovations (Bansal and Corley, 2012; Symon and Cassell, 2012). Even so, some are concerned that research that does not adhere to positivist ontology and epistemology can still be regarded as heterodox (Bryman and Buchanan, 2018).

The field of corporate governance has contributions from many quantitative fields such as economics, finance and accounting, as well as from law and organisation studies. The interpretivist paradigm is therefore unusual compared to positivist approaches with its origins in applying scientific method to the social domain (Burrell and Morgan, 1979). As often noted by reviewers, qualitative methodology is not commonly adopted for corporate governance research (Pettigrew, 2013; Aberg, Bankewitz and Knockaert, 2019). Interpretivist studies are therefore likely to be unusual. The positivist paradigm has guided much corporate governance research, usually resulting in quantitative methods that rely on large data sets and statistical techniques to look for associations between governance practices and company performance. Huse et al (2011), for example, found that 99 out of 122 corporate governance articles relied on quantitative data on metrics such as shareholder and ownership characteristics, governance arrangements and director demographics. Many of the other 23 articles they reviewed involved quantitative surveys of participants' views, so were also positivist and quantitative in nature (Huse *et al.*, 2011). Huse et al (2011) suggest that qualitative comparisons and case studies will be more appropriate for understanding effective corporate governance practices than large scale sample research.

Qualitative processual research has been advocated so that the processes involved in governance could be better understood (Daily, Dalton and Cannella Jr, 2003; Pye and Pettigrew, 2005; Johnson, Schnatterly and Hill, 2013). Forbes and Milliken (1999), for example, argue that qualitative studies of internal board processes: 'will enable researchers to better explain inconsistencies in past research on boards, to disentangle the contributions that multiple theoretical perspectives have to offer in explaining board dynamics, and to clarify the trade-offs inherent in board design' (p.502). Large scale quantitative research has failed to address many of the complexities of effective board working. Research breakthroughs on corporate boards, on the other hand, will come from studies that adopt qualitative methodologies on inner board working (Roberts, McNulty and Stiles, 2005; Finkelstein, Hambrick and Cannella, 2009; Bansal, 2013).

McNulty et al (2013) review how qualitative methods have helped develop corporate governance theory, looking at the period between 1986 and 2011 (McNulty, Zattoni and Douglas, 2013). They found that out of 1210 research papers, they could classify only 78 as qualitative, so they confirm the Huse et al (2011) findings on the paucity of qualitative papers. McNulty et al (2013) point to a number of what they consider high quality ethnographic and interview-based qualitative studies (Samra-Fredericks, 2000; Pye and Camm, 2003; Maitlis, 2004; Parker, 2008; Kaczmarek, Kimino and Pye, 2012). Ethnographies continue to emerge, including ones on board task performance with relevance to this study (Nicholson, Pugliese and Bezemer, 2017; Watson and Ireland, 2021). Interview-based studies also continue to emerge (McNulty and Stewart, 2015; Concannon and Nordberg, 2018; Brown *et al.*, 2019; Merendino and Sarens, 2020; Boivie *et al.*, 2021). Qualitative methods have therefore continued to illuminate the work of corporate boards. They have now become an important methodology for corporate governance research, with strong advocates and exemplars, even if these are not necessarily interpretivist.

In spite of the call for more qualitative research into company boards, there are challenges to carrying out such research. The fact that there have been relatively few exemplar qualitative studies of corporate boards is in part a reflection of the difficulty of access for the researcher. Many are agreed that there should be more research into the 'black box' which is the board of directors (LeBlanc and Schwartz, 2007). Daily et al (2003) challenged scholars to 'dismantle fortresses' as they characterised corporate governance as 'the blind leading the blind' with both practitioners and academics each protecting their own fortresses (p.371). Boards of directors can qualify as members of society's elite, notoriously difficult to access for research purposes (Pettigrew, 1992; Westphal and Khanna, 2003; Westphal and Stern, 2006). With the potential exposure of their business judgment, exercised in the performance of their legal duties, board directors may have little desire to open up to researchers (McNulty and Stewart, 2019). Radical, interpretivist approaches may not always be welcomed by boards, although critical approaches exist on corporate reporting practices and corporate governance code analyses (Veldman and Willmott, 2015; Shrives and Brennan, 2017; Veldman, 2019).

With these access issues, ethnographic studies of boards have tended to focus on boards outside the listed sector. The exemplar ethnographies identified by McNulty et al (2013) involved case studies of two orchestras (Maitlis, 2004), a not-for-profit organisation (Parker, 2008) and a subsidiary company (Samra-Fredericks, 2000). Boards in the not-for-profit and government sectors often publish minutes publicly and are more used to observers than those in the listed company sector (Watson and Ireland, 2021). Ethnographies are likely to be a challenge in the listed public company sector, the relevant group for this study.

The option of interviewing individual directors and other members of the governance community has a sound tradition in corporate governance research, including in the UK (McNulty and Pettigrew, 1999; Kakabadse *et al.*, 2001; Pye, 2002; McNulty *et al.*, 2011; Kaczmarek, Kimino and Pye, 2012; McNulty and Stewart, 2015). Interviewing board representatives from many companies enables a picture to emerge of how boards respond to Code changes and how they perform the culture task. Document analysis of company annual reports is another accepted means to gain an understanding of how boards view their responsibilities (Neu, Warsame and Pedwell, 1998; Brennan and McDermott, 2004; Shrives and Brennan, 2017). Document analysis of annual reports, and other relevant documents, offers an additional method and so methods triangulation with the interviews, enabling a richer and more authentic conceptualisation to emerge. As this study seeks to understand how boards have responded to the 2018 Code in regard to culture, a larger sample is needed for data collection than observation and ethnography would allow. Interviews and document analysis were therefore considered the most appropriate data collection methods for this study.

Qualitative methods, as are applied in this study, have important support from other researchers in corporate governance. An interpretivist paradigm will enable the perceptions of members of the social group of the UK corporate governance community to be revealed and interpreted for their motivations and evaluations. The study design adopts an interpretivist paradigm with a single case study design applying qualitative methods for data collection to address its research questions. This study design is discussed next, in section 3.2.

3.2. Study design

The study adopts a single, embedded case study design following Yin's basic types of design for case studies (Yin, 2018). The single case is of the UK listed company sector response to the 2018 Code change on culture. This case offers one example of how governance bodies, corporate boards, have conceptualised a culture task in response to a regulatory requirement. The listed company response is accessed and analysed through three embedded units of analysis: three sub-groups of the UK corporate governance community that have jointly created this conceptualisation. Data collection methods include semi-structured interviews and document analysis. This study design is presented and justified in this section.

The study design is presented next. Section 3.2.1 presents the embedded case study design with the details of the UK corporate governance community and its embedded sub-groups with the data collection methods applied to each sub-group. As an interview programme is a major data collection method for all sub-groups, section 3.2.2 presents the design of the semi-structured interview programme, with details on the sampling for each of the sub-groups (section 3.2.2.1) and on the semi-structured interview method used (section 3.2.2.2). The other method for data collection concerns document analysis, so section 3.2.3 presents the design of the document stream, with details on sampling and collection methods for documents from different sub-groups.

3.2.1. The single, embedded case study design

For this study of the conceptualisation of the board culture task, a single, embedded case study design, according to Yin will be adopted (Yin, 2018). Creswell and Poth (2018) include case studies as one of five dominant approaches to qualitative research design, demonstrating its wide applicability in the social sciences. Case studies investigate specific examples of a broader social phenomenon (Creswell and Poth, 2018). In one approach, aspects of a historical episode are examined to develop explanations that may be generalisable to other episodes (George and Bennett, 2005). Generalisations are achieved through theory (Yin, 2018). In the context of qualitative methods, transferability to contexts other than the one directly studied is achieved through theory (O'Leary, 2021). Theories are ineffective without exemplars and case studies develop these (Flyvbjerg, 2006).

The choice of case, or cases, in any case study is important (Yin, 2018). Byrne (2009) notes the dictionary definition of a case as 'instances of a particular situation' (p.2). This study selects the instance of the UK of the incorporation of the board culture responsibility into the UK corporate governance code and how boards respond. This is an historical episode in the way that George and Bennett (2005) saw cases. Case creation and selection can be subject to boundary problems where membership is not sufficiently exclusive, spatially or temporarily (Byrne, 2009). This study is bound by a subset of company boards subject to the UK Code, and for the first year of Code implementation. The study is bounded further by a sub-set of companies from industry sectors with some commonalities to their culture management challenges. Industry sectors have been shown to possess their own macro-cultures that can make them quite distinct (Abrahamson and Fombrun, 1994; Chatman and Jehn, 1994). Industry sector has been shown to determine the nature of board involvement in strategy; it could be the same for the board culture task (Pugliese *et al.*, 2009). Hence, some target industry sectors were selected using the sector categorisation from the listing body, the FCA, as these categorisations are used for benchmarking company financial performance. It was preferred that the sectors selected were not subject to governance regulation from regulators other than the FRC; this meant that banks, insurance companies and other financial firms would automatically be excluded as they are subject to considerable requirements, including on culture, from the financial sector regulators, the PRA and the FCA. A group of industry sectors were then selected that had some similarity of business model. The sectors that were preferred for the study were those that relied upon high levels of engineering, science or technology skill sets for their workforce. Companies in these sectors employ highly educated specialists with professional allegiances beyond the company. Schein (2015) acknowledges the importance of such professional affiliations in understanding company culture, and so are considered important to the selection of companies with some commonality of culture issues. A student of Schein, Kunda (2006) found that members of engineering cultures could be particularly sceptical of top-down, management directives on culture. Hence, these sectors could be considered to have some commonality of culture issues for their boards. These sectors were also selected for those that sell products and services to businesses, not directly to consumers. Hence, they could have less immediate feedback from public opinion. In all, the sample of sectors would have had: limited direct impact from culture developments due to the 2007-9 financial crisis, strong associations with professional and educational affiliations, limited direct feedback from the public. The sectors that met the criteria are shown in table 3.2.

Industry sectors for the study (FCA listing categories)
Aerospace and Defence
Chemicals
Construction and materials
Electronic and Electrical Equipment
General industrials
Healthcare equipment and services
Industrial engineering
Industrial transportation
Oil equipment
Pharmaceuticals and Biotech
Support Services
Technology hardware and equipment

Table 3.2 Industry sectors for the study

The case study will aim to understand how the boards from these sectors have responded to the 2018 Code change with regard to the new culture responsibility. This set of industry sectors was considered wide enough that individual contributor identities could be anonymised and yet sufficiently coherent to capture how they had conceptualised the board culture task.

Yin (2018) proposes that groups or communities can form the case group. In this study the group to be studied is the social group that sets expectations and standards for effective board governance, implements these notions and advises on them. This social group is responsible for the Code and its effective implementation. This social group is referred to for this study as the UK corporate governance community. The social group is formed of three sub-groups of professionals that constitute three embedded analytical sub-groups. The three community sub-groups are: the Directors, the Advisers and the Institutional Specialists. The specific characteristics of these three sub-groups are summarised in table 3.3 and discussed below.

	Directors	Advisers	Institutional Specialists
Main role	Members of company boards that are directly subject to the Code	Advise board directors directly on governance matters and evaluate board effectiveness	Advocate good governance practice to boards and have powers to demonstrate displeasure with poor performance
Relationship to company	Internal	External	External
Personal backgrounds	Business or professional	Professional	Investment or professional
Main allegiance	Listed company	Profession/employer	Employer
Company knowledge	Considerable for few companies	Deep for several companies	Limited but for very many companies
Personal reputation risk	Director personal liability	Professional standards and employment risk	Investment or employment risk
Relationship to the Code	Direct targets of the Code	Apply knowledge of the Code to client companies	Assess Code implementation and evaluate discrepancies

Table 3.3 Analytical sub-groups of the UK corporate governance community

The Director sub-group consists of non-executive directors who form the majority of board directors. Board directors have legal duties for the success of the company on behalf of the members, with due consideration to the interests of other stakeholders (Keay, 2014b). Directors are expected to act in good faith and make sound business judgments (McNulty and Stewart, 2019). They come from business or relevant professional backgrounds (accounting, law, investment, human resources) often with experience of running similar companies as managers or executives. The Directors have a few non-executive board roles and so they can speak of their experience from a small number of other companies. They usually accept a fixed fee for this work from the company. They are subject to Code-required triennial board effectiveness reviews, which are carried out by the Advisers, to help them improve their performance. Their personal reputations are bound with the company's. The decisions of the Directors are subject to external scrutiny by the Institutional Specialists through their disclosures in the company annual report for which they are responsible.

The Advisers sub-group consists of advisers to boards on corporate governance and board effectiveness. The Advisers carry out Code-required triennial board effectiveness reviews during which they often observe boards in action and interview directors individually about a wide range of aspects of board effectiveness, including on company culture. Advisers are therefore in a particularly strong position to comment on how several boards deal with company culture. Some of the Advisers are employed by large professional service firms offering other advisory services. However, they can also be sole traders. They have deep expertise in their field of board effectiveness and have many company boards as clients whom they charge fees. They therefore know details of board practices in several companies. Advisers publish or give presentations on aspects on board effectiveness to develop their professional reputation and to advertise their advisory services. Advisers often have membership of various professional associations such as for accountancy, chartered secretarial, human resource management, internal audit, risk management, compliance or law. There is no specific professional requirement for Code-required triennial board effectiveness reviewers and hence there is no single professional body or trade association for these people.

The Institutional Specialists sub-group consists of those professionals who work in policy-making institutes related to governance and in governance departments of investment firms. This group represents those parties who have an interest in the effective governance of UK corporations and use their various influence mechanisms to shape board practice. They represent those who stand to benefit from corporate governance policy and practice. These professionals are employed by one of two types of organisation: by the regulators and professional associations or by governance departments of investment firms. These Institutional Specialists influence board practice through the Code, professional standards and licensing, through AGM voting and engagement meetings with members of company boards. These Institutional Specialists have an extremely broad view of a very large number of company boards, albeit from much less direct contact than the Directors and the Advisers. They deal with large amounts of data on many companies on which they base their judgments on the standards of governance practice; they tend to intervene directly with companies only in cases of particularly poor governance. Institutional Specialists also publish their general views and expectations to guide best governance practice.

All three analytical sub-groups identified for this study are highly influential regarding corporate governance practice in the UK. These three sub-groups influence each other to shape the prevailing notion of how UK listed boards should operate and what an effective board looks like. Although the sub-groups are distinct with regard to their roles in corporate governance, they are all influential in the notions of effective corporate governance in the UK, so they can be viewed as a single community for corporate governance in the UK. For the single, embedded case study, Yin (2018) argues that the individuals must be analysable as a single unit as well as by the embedded sub-groups. This condition is met here as the three sub-groups have different voices due to their different roles but they jointly develop the notions of good board practice. The triangulation of data derived from these different sources will help the analysis to identify truths within the subjective, interpretive paradigm adopted.

Data collection methods are also an important aspect of case study design with multiple methods supporting the authenticity of a study (Yin, 2018; O'Leary, 2021). Two data collection methods are selected for this study: a semi-structured interview programme and a document analysis stream. An overview of the data collection methods for each of the three analytical sub-groups is summarised in table 3.4.

	Directors	**Advisers**	**Institutional Specialists**
Interview Programme	Interviews	Interviews	Interviews
Document Analysis Stream	Company Annual Reports Best Practice Guides	Best Practice Guides	Best Practice Guides

Table 3.4 Methods for the case study analytical sub-groups

The detail on the sampling and method for the interview programme and for the document analysis stream are provided in sections 3.2.2 and 3.2.3 respectively. This study offers both data source (three community sub-groups) and methods (interviews and documents) triangulation (Mathison, 1988).

Having outlined the study design, with its three analytical sub-groups to which the two data collection methods of an interview programme and a document analysis stream are applied, the details of interview programme for all analytical sub-groups and the document analysis stream for the community and the Director sub-group are presented in the next two sections.

3.2.2. Interview programme

This section presents the detailed approach for the interview programme with the three analytical sub-groups. Firstly, sampling for interviewee selection and the interviewee invitation process are addressed (section 3.2.2.1). The selection of interviewees is critical to the research credibility indicators of authenticity and neutrality (O'Leary, 2021). Secondly, the semi-structured interview method adopted for data collection is presented (section 3.2.2.2). The interview method is critical to the authenticity, dependability and neutrality of the study (O'Leary, 2021). This section includes the table giving the details of all interviewees and their interviews (table 3.7).

3.2.2.1. Sampling for the interview programme

Sampling for a qualitative, interpretive study may not involve a random sampling approach as for statistically-based quantitative studies; instead sampling can be based on a judgment as to who will be informative regarding the research questions (Miles and Huberman, 1994). For this study, purposive sampling is selected to ensure knowledge of listed company boards from the chosen industry sectors. This involves inviting, in a strategic way, those who are relevant to the research questions (Bell, Bryman and Harley, 2018). A purposive approach enables the researcher to target a segment of a population who are expected to have salient levels of the experience in question. It relies on the judgment of the researcher to create appropriate criteria for selection. A purposive sampling approach was adopted for each of the analytical sub-groups.

For the Directors analytical sub-group, the intention was to create a sample of serving non-executive directors with experience of at least one company in the selected industry sectors. The Directors group is difficult to access for research purposes even though they are identified on company websites. Approaches via the company were not successful as they were all filtered out by company secretaries. Two alternative strategies were adopted to approach directors directly. The first approach was to attempt a contact of non-executive directors through LinkedIn. However, only a relatively small proportion of the targeted company directors were found to have accessible LinkedIn accounts; just two Directors were recruited through this method out of 59 contacted. The second approach was to access Directors through a number of networks for company directors managed by Adviser firms (FTBoardDirectorProgramme; NextGenerationNEDNetwork; NonExecutiveDirectorsAssociation). These were all London based in-person networks offering seminars for non-executive board directors from all industry sectors. The networks are all invitation only. Participants join the networks to make useful contacts and for professional development purposes. None of these networks wanted to specifically promote this study but were open to the researcher contacting individuals if they agreed in person at the meetings. A number of directors offered the researcher business cards and expressed an interest in the research. Follow up through email or LinkedIn generated a further 10 Directors for interview. The sample of 12 Directors were UK based individuals with extensive experience of working with premium listed company boards including from the selected sectors. Many also had extensive experience of boards in other sectors.

For the Advisers analytical sub-group, the intention was to create a sample who are known to have advised boards on corporate governance and board effectiveness. The Code requires companies to provide the name of the external party that has carried out the triennial board effectiveness review in the annual report. It is therefore fairly straightforward to identify advisers who perform board effectiveness reviews in the target sectors. Many advisers also attend the same network meetings as the directors. Some were also known to have participated in the Culture Coalition. Advisers were approached through their company website contact forms, by email or through LinkedIn where individuals often had an open presence. In all 62 Advisers were approached, 23 of which were interviewed.

For the Institutional Specialists analytical sub-group, the intention was to create a sample of institutional specialists who are known to have an interest in how the Code is implemented particularly where they might have had a specific interest in how boards have constructed a culture task. These individuals operate across all industry sectors and so sector experience was not so critical for this sub-group. Firstly, professional associations were identified that had produced public guidance for boards on culture whether for the Culture Coalition or at about the same time. The list of targeted professional associations is included in table 3.5. Appropriate individuals could be identified from websites and approached directly.

Target Professional Associations for the study	Participation in the Culture Coalition
Institute of Chartered Accountants of England and Wales	No
Chartered Institute of Management Accountants	Yes
The Governance Institute	No
Chartered Institute of Personnel and Development	Yes
Institute of Risk Management	No
Institute of Business Ethics	Yes
Institute of Directors	No
Chartered Institute of Internal Auditors	Yes

Table 3.5 Target professional associations for the Institutional Specialists

Secondly, Institutional Specialists from investment firms who specialise in corporate governance were identified. The investment firms with shareholdings of at least 3% of total market capitalisation are published on company websites. However, direct approaches were unsuccessful as FCA rules prevent them offering guidance outside of declared client relationships. Personal contact at network meetings was more successful.

In total, 18 people from the target professional associations were approached and seven agreed to full interviews. 12 individuals were approached from investment firms where individuals were known to have an interest in the Code; of these, five agreed to participate. All five are from investment firms that have sizeable shareholdings in UK public-listed companies, including those from the study sample.

The anonymised listing of all individuals interviewed for the study, along with their interview details, is included in table 3.7 in section 3.2.2.2, after the details of the interview method are discussed next.

3.2.2.2. Data collection through semi-structured interviews

Interviewing enables access to meanings and personal experiences that are not normally available through other methods (Lune and Berg, 2016). Semi-structured interviews, following the original approach of Kvale (1996) were used to collect data from the three analytical sub-groups. Semi-structured interviewing was chosen as a means to enable some structure for the sake of research consistency, whilst allowing the interviewees to interpret questions in a direction of their choice. This approach to interviewing is based on conversation as a means to elicit interviewees' experience as research. The interviewee's account of an experience is explored to understand views, motivations and evaluations. The interview is literally an 'inter-view', or an inter-change of views between two persons conversing about a theme of mutual interest (Kvale, 1996; Brinkmann and Kvale, 2014). Questions can be presented as part of a discussion rather than as a rigid questionnaire, allowing flexibility, the freedom to probe and express interest in all opinions of the interviewee, even if not required by an interview schedule (Sarantakos, 2013). Unexpected insights might emerge in this flexible format. For the experienced directors and professionals interviewed for this study, this approach was considered the most appropriate as it is not too heavily constrained by the researcher.

The advantages of semi-structured interviewing are the capacity for challenging interviewees' views, and the opportunity to follow up an unexpected theme. For this reason, the onus is on the researcher to conduct the interview in such a way that these unexpected insights can be gained. Semi-structured interviews, therefore, have the disadvantage that they are challenging to conduct and there is a risk that the topic may not be sufficiently covered. It is possible that semi-structured interviews only elicit what individuals are prepared to say about a topic (Guba and Lincoln, 2005). This may be the case, in this study, for the Directors, with their legal duties, who may not want to reveal details of their board decisions. Advisers may be motivated to exaggerate their expertise. Institutional Specialists must be careful not to be seen to offer investment advice. The interviewer needs to respect interviewees' position, whilst also eliciting evidence to answer their research questions.

Brinkmann and Kvale (2014) offer criteria to ensure the quality of semi structured interviews. These are presented in table 3.6. The criteria show that the interviewer needs to find ways to prompt specific, rich answers, to follow-up points, to clarify and to interpret during the course of the interview.

Quality Criteria
1. The extent of spontaneous, rich, specific, and relevant answers from the interviewee
2. The shorter the interviewer's questions and the longer the subjects' answers, the better
3. The degree to which the interviewer follows up and clarifies the meanings of the relevant aspects of the answers
4. The ideal interview is interpreted during the interview
5. The interview is 'self-communicating' – a story that hardly requires much extra explanations
Table 3.6 Criteria for a semi-structured interview (From Brinkmann and Kvale 2014)

For this study, a small number of interviews were carried out as a pilot (Yin, 2018). An initial set of interview questions was developed and tested on three members of the UK corporate governance community, one from each sub-group. All three were experienced in their field and had been in close contact with the FRC during the Culture Coalition project. They also had some knowledge of the industry sectors selected. The questions were found to be sufficiently useful in revealing specific relevant examples of boards' work on culture and in enabling in depth interpretation in conversation with the interviewer. The responses provided were considered suitable for inclusion in the main study. The testing was, however, useful in that it warned the researcher that interviewees could digress easily onto other matters. It also enabled the researcher to check that the questions would enable the gathering of data for the A Priori themes. The final interview question guide for each of the three analytical sub-groups is given in Appendix A.

Interviews were conducted in a similar manner for all three analytical sub-groups. Interviews were conducted face to face by preference, although remote methods for a small number used Skype, telephone and Zoom, either due to participant preference or Covid pandemic restrictions. The interviews took place between 26th June 2019 and 30th June 2020. The interviews with the Institutional Specialists were carried out slightly later than the interviews for the Directors and the Advisers in order to allow more time for them to develop a view concerning the implementation of the 2018 Code. Locations included personal offices, company meeting rooms, cafes and an interview room at the university. For the online calls, the researcher and the participant were at their respective homes. All interviews were recorded with the individual's signed permission and transcribed by the researcher in full for entry into the NVivo analytics software. Detailed ethics procedures are given in section 3.4.

The details of the full interview programme for all three analytical sub-groups is given in table 3.7. This table summarises anonymised details on the participants and on the dates and durations of their interviews.

Ref No.	Analytical sub-group	Number of companies	Role	Culture Coalition	Interview Date	Duration (mins)	Method
D1	Director	Two	SID	N/A	20-Aug-19	64	In Person
D2	Director	One	Audit Chair	N/A	03-Sep-19	76	In Person
D3	Director	One	Audit Chair	N/A	10-Sep-19	61	In Person
D4	Director	One	Chairman	N/A	12-Oct-19	75	In Person
D5	Director	One	SID	N/A	15-Oct-19	36	In Person
D6	Director	Two	NED	N/A	01-Nov-19	41	In Person
D7	Director	One	Chairman	N/A	27-Nov-19	37	In Person
D8	Director	One	SID, Audit Chair	N/A	04-Dec-19	42	In Person
D9	Director	Two	Audit Chair	N/A	04-Dec-19	34	In Person
D10	Director	Two	Rem Chair	N/A	12-Mar-20	71	In Person
D11	Director	One	NED	N/A	23-Mar-20	61	Telephone
D12	Director	Two	SID, Rem Chair	N/A	27-Mar-20	54	Telephone
A1	Adviser	One	Board Review	No	18-Jul-19	64	In Person
A2	Adviser	One	Board Review	No	31-Jul-19	47	In Person
A3	Adviser	Three	Board Review	Yes	16-Sep-19	68	In Person
A4	Adviser	One	Board Review	No	03-Oct-19	17	In Person
A5	Adviser	One	Board Review	No	10-Oct-19	42	In Person
A6	Adviser	Four	Board Review	Yes	14-Oct-19	67	In Person
A7	Adviser	One	Board Review	No	16-Oct-19	68	In Person
A8	Adviser	Four	Board Review	Yes	28-Oct-19	60	In Person
A9	Adviser	Two	Board Review	Yes	29-Oct-19	36	In Person
A10	Adviser	Two	Board Review	No	30-Oct-19	71	In Person
A11	Adviser	Three	Board Review	No	04-Nov-19	61	In Person
A12	Adviser	Three	Board Review	No	13-Nov-19	53	In Person
A13	Adviser	One	Board Review	Yes	14-Nov-19	42	In Person
A14	Adviser	Three	Governance	Yes	04-Dec-19	17	In Person
A15	Adviser	One	Governance	No	16-Dec-19	62	Skype
A16	Adviser	Three	Board Review	No	07-Jan-20	82	In Person
A17	Adviser	One	Board Review	No	07-Jan-20	78	In Person
A18	Adviser	Two	Board Review	Yes	06-Feb-20	74	In Person
A19	Adviser	One	Governance	No	29-Jan-20	69	Telephone
A20	Adviser	Four	Board Review	No	24-Feb-20	77	In Person
A21	Adviser	Three	Board Review	No	26-Feb-20	36	In Person
A22	Adviser	Three	Governance	No	26-Feb-20	41	In Person
A23	Adviser	One	Board Review	No	30-Apr-20	46	Zoom
I1	Instit. Specialist	N/A	Shareholder	No	25-Sep-19	12	Telephone
I2	Instit. Specialist	N/A	Institute	No	26-Jun-19	37	In Person
I3	Instit. Specialist	N/A	Institute	Yes	24-Oct-19	14	In Person
I4	Instit. Specialist	N/A	Institute	Yes	11-Nov-19	56	In Person
I5	Instit. Specialist	N/A	Institute	Yes	04-Dec-19	11	In Person
I6	Instit. Specialist	N/A	Institute	No	15-Jan-20	48	In Person
I7	Instit. Specialist	N/A	Shareholder	No	01-Apr-20	59	Telephone
I8	Instit. Specialist	N/A	Institute	Yes	01-Apr-20	11	Zoom
I9	Instit. Specialist	N/A	Institute	Yes	01-Apr-20	43	Zoom
I10	Instit. Specialist	N/A	Shareholder	No	30-Jun-20	39	Zoom
I11	Instit. Specialist	N/A	Shareholder	No	30-Jun-20	32	Zoom
I12	Instit. Specialist	N/A	Shareholder	No	30-Jun-20	19	Zoom

Table 3.7 Interview programme for the study

3.2.3. Document stream

To provide an additional data collection method to the interview programme, a document analysis stream was created of two document types that would provide evidence on how boards perform their culture task. These were the company annual reports and the Best Practice Guides for boards on company culture. The document analysis stream contributes to the authenticity and neutrality of the study (O'Leary, 2021). The two document types are discussed in the next two sections.

3.2.3.1. Disclosures in company annual reports

The choice of texts for any study is important (Schwartz-Shea and Yanow, 2009). In the field of corporate governance, the most significant text emanating from the board of directors is the company annual report. An analysis of annual reports reveals narratives describing historic board actions and their assessment of future issues. The annual report details board compliance with the Code or an explanation of alternative actions, under the ‘comply or explain’ principle. The chairman, the CEO, the audit and remuneration committee chairs personally sign off specific sections of the report. Personal reputations are at stake, then, for the validity of the disclosures in annual reports. As company annual reports are signed off by boards, these documents are considered evidence for the Director sub-group.

For this study, annual reports from companies in the selected industry sectors were the most relevant for analysis and would provide useful triangulation with the interviews with Directors. The creation of the sample of companies was drawn up using the premium company list, from the FCA as at 19th July 2018 when there were a total of 513 premium-listed trading companies (FCA, 2018). The sample was next restricted to the sectors selected. It was also restricted to companies that had UK-based incorporation, on the basis that companies need to consider national cultures carefully in their creation of company culture (Hofstede, 1984). All premium-listed companies meeting these criteria were considered suitable for document analysis of the company annual reports, as the Code applies to them all. Hence the companies varied in size and were members of one of the following size-related benchmarking indices: FTSE-Russell 100, FTSE-Russell 250, and FTSE-Russell All Small. This selection process resulted in 52 companies.

Each of the 52 companies were checked on the FT Equities website for their UK-listed peer companies to check that they represented a peer group for benchmarking purposes (FTMarketsEquities). There were, however, a small number of other companies (three) from other FCA sectors that were also listed as peers. As these three additional companies offered similar services, they were added to the sample. This resulted in 52 companies for the sample. In the context of this interpretive, qualitative study, a total of 52 companies for data collection methods would enable some focus, anonymization for interviewees, whilst also supporting generalisation of the findings. Final company numbers for the sectors in the sample is presented in table 3.8.

Sector (London Stock Exchange categorisation)	Sample size
Aerospace and defence	7
Chemicals	4
Construction and materials	8
Electronic and electrical equipment	7
General industrials	3
Healthcare equipment and services	2
Industrial engineering	6
Industrial transportation	2
Oil equipment	3
Pharmaceuticals and biotech	6
Support services	3
Technology hardware and equipment	1
Total	52

Table 3.8 Industry sectors for the analysis of company annual reports

The sample size for each of the three FTSE-Russell share indices is given in table 3.9. The proportions of companies from each index approximates well to the overall sizes of these indices (FTSERussell, 2019). The full list of companies is presented in Appendix B.

Share Index	Sample size
FTSE-Russell 100	11
FTSE-Russell 250	30
FTSE-Russell All-Small	11
Total	52

Table 3.9 Share index membership for the analysis of company annual reports

The selection of companies for annual report analysis had good overlap with the individuals selected for the interview programme. The Directors had board positions in 17 of the companies in the annual report selection. The Advisers had carried out triennial board effectiveness reviews for 14 of the 38 companies that had commissioned one in the reporting period studied.

The annual reports were downloaded from all 52 companies' websites into NVivo for coding. This was done in two waves; firstly for the companies whose reporting year ended on 31 December 2019, and secondly for the companies whose reporting year ended by 30 June 2020. All 52 reports were checked that they were prepared under the 2018 version of the Code.

Some report sections were most relevant for the purposes of determining how the board views culture. These are summarised in table 3.10. Primarily from the governance report, these sections discuss the way the board governs the company, with how the board had dealt with culture included. The strategic report also had some relevance, as chairmen sometimes add an additional personal statement in this section which may address culture.

Annual Report Section	**Subsections**	**Purpose of Data Collection for this Study**
Strategic Report	Business Model, Strategy	May reveal how the board sees culture fitting with company purpose and strategy. May include a personal Chairman statement.
Governance Report	Chairman's statement	May reveal personal views on the importance of culture from the Chairman. May give details on culture issues and management.
Governance Report	Governance Arrangements, Board Leadership	May reveal backgrounds of Directors on culture, whether discussions were held on culture and how board evaluations reflected culture matters.

Table 3.10 Annual report sections for document analysis

All the annual reports contained some reference to what the board had done with regard to culture. If there was an association with an interviewee, this was noted, although not to enable specific quoting about any one company in order to protect interviewee anonymity. Hence, the annual report disclosures were captured as an important source of information for document analysis.

3.2.3.2. Best Practice Guides on the board culture task

There were a number of Best Practice Guides emanating from professional associations and advisory firms providing boards on guidance on how to execute their culture task. These Guides either came out as part of the work of the Culture Coalition itself or came from other similar organisations at about the same time. They reflect the views of the UK corporate governance community as to how boards should view and perform the culture task. These Guides are artefacts of institutions wishing to promote themselves in the debate on boards and corporate culture. Although the Best Practice Guides were primarily produced by the Institutional Specialist sub-group, they also contain contributions (mostly anonymous) from Advisers and Directors. These Guides cannot therefore be said to represent the views of one sub-group only: they provide a useful whole community perspective.

The sample of Guides for this study was drawn up by selecting from the following: the Guides that were published alongside the Culture Coalition report (2016), or any guide which was published by one of the target professional associations for interviews with the Institutional Specialist group. Each Guide may or may not have an associated Institutional Specialist, Adviser or Director interview. In all, eight people from the interview programme were involved in preparing this sample of Best Practice Guides, in some way or another. Table 3.11 lists the Guides selected.

Guide Number	Organisations	Name of Document	Publication Date
G1	Institute of Business Ethics, International Corporate Governance Network, Institute of Chartered Secretaries and Administrators. Views from all three analytical sub-groups.	Report of a senior practitioners' workshop on identifying indicators of culture (IBE, ICGN and ICSA, 2016).	March 2016
G2	Institute of Business Ethics, Institute of Chartered Secretaries and Administrators, Mazars LLP. Views from all three analytical sub-groups.	Culture by Committee: the pros and cons (IBE and ICSA, 2016).	March 2016
G3	Chartered Institute of Personnel and Development. Views from an Institutional Specialist.	A Duty to Care? Evidence of the importance of organisational culture in effective governance and leadership (CIPD, 2016).	July 2016
G4	Association of Chartered Certified Accountants. Views from an Institutional Specialist.	Culture Governance Tool (ACCA, 2017).	January 2017
G5	Association of Chartered Certified Accountants, ecoDa – the European Voice of Directors. Views from all three analytical sub-groups.	Aligning corporate governance and culture: what's in it for the board? (ACCA and ecoDa, 2017).	January 2017
G6	Embankment Project for Inclusive Capitalism (EPIC), Coalition for Inclusive Capitalism. Views from all three analytical sub-groups.	Report on EPIC Long Term Value Framework Project (EPIC, 2019).	January 2019

Table 3.11 Best Practice Guides for document analysis

The Guides were reviewed for content relevant to the work of the board with regard to corporate culture. Selected pieces of text were copied into NVivo. Text was linked to their interviewee in the sub-groups, if there was one, although not for the purposes of providing quotes to protect anonymity. Hence, these six Best Practice Guides were prepared for document analysis.

3.3. Data analysis

With 47 interviews, excerpts from 52 company annual reports and from six Best Practice Guides, there was a lot of data to analyse. A balance is needed between reducing the data so that conclusions can be clearly drawn and preserving the idiosyncratic, rich conceptualisations captured (Miles and Huberman, 1994). This section presents the method adopted for analysing the data, starting with the coding of the data (section 3.3.1). Section 3.3.1 also discusses the analytical themes that had been identified A Priori and those that emerged from the data. Finally, this section presents the triangulation of the data sources and collection methods to demonstrate the robustness of the evidence for each analytical theme (section 3.3.2).

3.3.1. Coding and analytical themes

This section explains the approach taken to coding against the A Priori and the emergent themes. As with many qualitative studies, the approach involves an iterative process of reviewing the raw data, producing progressively better-defined concepts through constant reiteration against the A Priori and emergent themes, and establishing connections to underlying theoretical constructs (Eisenhardt, Graebner and Soneshein, 2016).

Firstly, the data from the interview programme was coded. The researcher had transcribed all interviews in full, creating Microsoft Word documents. Brinkmann and Kvale (2014) consider the transcription process to be the initial analysis stage for interviews as the researcher hears again the full extent of the conversation. Manual notes concerning interesting points made in the interviews were kept during the transcription process as prompts for subsequent coding. The transcripts were printed out into hard copy in preparation for re-reading and familiarisation and also loaded into the NVivo software which had been selected for coding. Coding began once all interviews were transcribed and re-read for familiarisation.

The constant comparison method was selected for the coding and development of the themes (Thomas, 2016). Using this method, data from a first set of transcripts are reviewed to establish evidence in relation to A Priori themes and to identify potential emergent themes. Coding of later sets of transcripts may support first round coding or reveal potential new themes.

The first round of coding started with the interview transcripts from the Directors as they were considered closest to actual board performance of the culture task. The coding began by seeking confirmatory or conflicting evidence against the A Priori themes that had been derived from the literature review (Brooks *et al.*, 2015). Evidence in relation to these A Priori themes was tagged in the NVivo software. The interview transcripts with the Directors were then reviewed a second time to identify potential emergent themes. New codes were created in NVivo and relevant evidence tagged. The Director interviews were reviewed again to ensure all evidence was tagged.

The coding then moved to the Adviser interview transcripts. As with the Directors, these were first coded for the A Priori themes. The Advisers were a large sub-group and contained a lot of data in relation to the A Priori themes. The Adviser transcripts were coded a second time for the themes that had emerged from the Director interview transcripts. These Adviser transcripts provided additional data against the emergent themes, so that the themes could be clarified and sharpened more clearly. The interview transcripts with the Directors were then reviewed another time in the light of the evidence of the Adviser sub-group for the A-Priori and emergent themes.

Finally, the interview transcripts from the third analytical group, the Institutional Specialists, were coded against both A Priori and emergent themes. Institutional Specialists were able to provide evidence against some of the themes, particularly in relation to expectations of the benefits of the culture task, expectation of boards and their demands for culture metrics and assessment challenges. They provided less evidence than Directors and Advisers on some of the themes related to how boards had performed the culture task. The interviews with the Institutional Specialists did not reveal any further emergent themes but enabled the refinement of some themes.

Once the analytical themes had been consolidated by the interview programme, the documents were coded; firstly, the company annual reports and secondly, the Best Practice Guides. Analysis of documents should take into account original purpose and authorship (Sarantakos, 2013); documents should not merely be regarded as inert containers of information but as participants in a social system that influence social interaction (Prior, 2008). Hence, the analysis should consider the social context of the documents but also how the documents may shape action (Phillips and Hardy, 2002). In this study, the annual reports may prompt action from stakeholders, depending how far they are in agreement with board actions on culture. The Best Practice Guides may have shaped action by boards in their performance of the culture task. The documents, as much as the interviews, may shed light on the power relations between the board and its stakeholders.

For the first round of document analysis, the company annual reports were coded against the A Priori and emergent themes from the interviews using NVivo. In addition, separate notes were kept on each of the annual reports in relation to any general governance challenges, such as shareholder votes against directors, non-compliance with the Code, recommendations from board effectiveness reviews. For the most part these notes were not related to specific analytical themes but were useful background information that occasionally related to a theme. It was not expected that all themes present in the Director interview data would be relevant to the coding of the annual reports as corporate reporting does not, for example, reveal the nature and detail of board discussions. The annual reports were found to provide additional evidence on some themes that could be compared to the interviews with the Directors, such as evidence on acceptance of the responsibility, on culture metrics, and on values-setting.

The second round of document analysis focused on the Best Practice Guides. These documents were found to offer additional evidence on a small number of themes, particularly supporting the Institutional Specialist interviews on the expected outcomes for the responsibility and on the demands for culture metrics. The analytical themes for the study are presented in table 3.12.

Theme	Origin	Descriptor
Acceptance of culture responsibility	A Priori	Boards' increased attention to culture is expected due to high historic levels of Code compliance
Challenges faced by boards	A Priori	Challenges boards face on culture due to remoteness and information challenges previously identified
Long-termism	A Priori	Culture contribution made to long-term business success based on models for competitive advantage and/or traits that result in performance outcomes
Trust	A Priori	Culture contribution made to trust levels due to ethical cultures established for stakeholders and purposeful corporation views
Shareholders	A Priori	Shareholders' interests in culture accommodated based on shareholder primacy built into the Code
Metrics	A Priori	Perceptions on metrics for assessing culture
'Touchpoints' data	Emergent	Data from indicators that might reveal underlying culture
Immersion	Emergent	Perceptions on the importance of direct board contacts with employees, importance of the employee stakeholder viewpoint for culture assessment
'Integrated' data	Emergent	How boards derive culture data from other business matters, in various informal ways
Setting values	A Priori	Boards set and monitor values expected from the tone at the top rhetoric, values view of culture
Role modelling	A Priori	Individual role-modelling demonstrating values expected from culture leadership literature
'Outside In'	Emergent	How boards introduce external changes in culture pertinent to internal corporate culture
'Spotlighting'	Emergent	How boards continuously prompt executive action on culture in various informal ways
Practices	A Priori	Board understanding of the role of practices in culture building from the toolkit view of culture, links to 'the way we do things around here'
Effort Norms	A Priori	Conceptions of the nature of board efforts needed for the culture task based on board task performance literature
Application of knowledge	A Priori	Conceptions of the nature of the application of prior experience needed for the culture task based on board task performance literature
Blurring	Emergent	Blurring of non-executive and executive roles
Partnering	Emergent	Developments in the interactions between non-executives and executives
Board role activities	A Priori	Culture task would contribute to monitoring, advising and mediating

Table 3.12 Analytical themes

The analytical themes were grouped into second-order categories, or groups of themes, in order to aid the analysis and advance the conceptualisation of the board culture task. The second-order categories are shown in table 3.13.

Theme	Origin	Second-Order Category
Acceptance of culture responsibility	A Priori	Culture task formation. Degree of acceptance, change and challenge in performing the task
Challenges faced by boards	A Priori	
Long-termism	A Priori	Expectations for the culture task. Expectations for the outcomes and performance of the board culture task
Trust	A Priori	
Shareholders	A Priori	
Metrics	A Priori	Assessing culture. How boards assess the company culture through multiple approaches
Immersion	Emergent	
'Integrated' data	Emergent	
Setting values	A Priori	Shaping culture. How boards go about shaping culture
Role modelling	A Priori	
'Outside In'	Emergent	
'Spotlighting'	Emergent	
Practices	A Priori	
Effort Norms	A Priori	Board processes. How boards adapt their processes to perform the culture task
Application of knowledge	A Priori	
Blurring	Emergent	Relationships. How the boundary between governance and management is evolving to perform the culture task
Partnering	Emergent	
Board role activities	A Priori	

Table 3.13 Second-order categories for the analytical themes

The second-order categories in table 3.13 are used to structure the analysis of the study findings in chapters four and five. The categories on culture task formation, expectations, assessing and shaping culture are primarily used to analyse the evidence for research question one: how do boards conceptualise their culture task in comparison to the executive culture task? The categories on board processes and relationships are primarily used to analyse the evidence for research question two: how does the culture task fit with boards' conceptualisation of their governance role?

3.3.2. Triangulation

The rigour of a study can be enhanced through triangulation, which is the use of multiple approaches to researching a question. Triangulation for both quantitative and qualitative research serves to increase confidence in the findings (Mathison, 1988). In this interpretivist, qualitative study, the aim of triangulation is to achieve authenticity and dependability of the conceptualisations of the board culture task (O'Leary, 2021).

Denzin (1978) proposed four means for triangulation: methods, investigators, theories and data sources. This study offers data source and method triangulation. Method triangulation involves the use of different methods to collect data. This can allow the limitations from each method to be transcended by comparing findings from different perspectives. For this study, the two methods of semi-structure interviews and document analysis are used. Data source triangulation involves gathering data from different types of people. This enables perspectives from different actors in a social system to be drawn on to develop a, potentially, more complete conceptualisation of the phenomenon studied. For this study, the different sources of data are the three different community sub-groups. Utilising different data sources and different methods enables cross comparisons for analysis to build an authentic conceptualisation of the board culture responsibility. Table 3.14 shows the methods triangulation and table 3.15 shows data source triangulation for the study.

Method	
Interviews	With three analytical sub-groups: Directors, Advisers, Institutional Specialists
Document analysis	From disclosures in company annual reports on board activity on corporate culture From guidance in Best Practice Guides on board culture task

Table 3.14 Method triangulation for the study

When analysing data derived from different methods, it is possible that convergence, inconsistencies or contradictions are found (Mathison, 1988). The disclosures in company annual reports offered methods triangulation for the Directors interviews as company directors are responsible for the content of annual reports. The disclosures revealed convergent evidence with the interviews on many aspects of the board culture task, although they did not reveal the difficulties that boards had to start with, the challenges to the task and the potential for blurring of the roles of executives and non-executives that emerged and are discussed in chapters 4 and 5. The Best Practice

Guides offered methods triangulation for with the interviews with all three sub-groups. The Guides showed convergence most usefully with the interviews with the Institutional Specialists, where the demands for standardisation of metrics for culture reporting were made.

Data source	
Directors	Through interviews, disclosures in company annual reports. (Best Practice Guides – limited)
Advisers	Through interviews and Best Practice Guides
Institutional Specialists	Through interviews and Best Practice Guides

Table 3.15 Data source triangulation for the study

The interviews with the three community sub-groups offered differing perspectives and forced comparisons were possible for data source triangulation (Eisenhardt, 1989). In this study, there was convergence on many themes but with a differentiation of emphasis between the Advisers and the Directors. For example, Advisers tended to be more sceptical of boards' ability to deal with culture than the Directors, so there were some inconsistencies there.

With regard to the analytical themes, some derived data from more than one method. Table 3.16 shows the methods for each theme. However, each theme has support from at least two community sub-groups' interviewees and so are supported by data source triangulation, if not methods triangulation.

Theme	Primary method	Triangulation - method or source
Acceptance of culture responsibility	Interviews	Disclosures in company annual reports All sub-groups
Challenges	Interviews	Directors and Advisers
Regulator's intent	Interviews	Disclosures in company annual reports All sub-groups
Long-termism	Interviews	Disclosures in company annual reports and Best Practice Guides All sub-groups
Trust in business	Interviews	Disclosures in company annual reports and Best Practice Guides All sub-groups
Investors	Best Practice Guides and interviews	Disclosures in company annual reports All sub-groups
Metrics	Interviews	Disclosures in company annual reports and Best Practice Guides All sub-groups
Immersion	Interviews	Disclosures in company annual reports All sub-groups
Integrated data	Interviews	Directors and Advisers
Set values	Interviews	Disclosures in company annual reports and Best Practice Guides All sub-groups
Role modelling	Interviews	Directors and Advisers
Outside In	Interviews	Directors and Advisers
Spotlighting	Interviews	Directors and Advisers
Practices	Interviews	Disclosures in company annual reports Directors and Advisers
Effort Norms	Interviews	Directors and Advisers
Application of knowledge/attitudes	Interviews	Disclosures in company annual reports Directors and Advisers
Blurring	Interviews	Directors and Advisers
Partnering	Interviews	Directors and Advisers

Table 3.16 Triangulation for the analytical themes

The multiple data sources and methods support the authenticity of the findings from this study which are next discussed in chapters 4 and 5. The final two sections of this chapter present the important ethical considerations for the study (section 3.4) and the researcher’s reflections on the limitations of the methodology (section 3.5).

3.4. Ethical considerations for the study

Interpretivist, qualitative research brings a number of ethical considerations;

perspectives provided to the researcher may be considered sensitive to the individual or to their company's reputation. Creswell and Poth (2018) offer several ethical principles that are particularly appropriate for this study (Creswell and Poth, 2018). These principles are: do no harm; respect the privacy and anonymity of participants; practice confidentiality; ensure informed consent; provide a trustworthy environment; do not be excessively intrusive; do not misrepresent views. Such principles were reflected in the university's ethics policies and so were adopted here.

This study was approved by the Department of Management ethics officer in consultation with the ethics officer for the Department of Organisation Psychology. The project details and consent forms were sent to each participant as they were invited to interview so they could see their commitment and rights. Permission to record was gained again orally at the beginning of the interview. Informed consent was received from each interviewee through signing the consent form at the end of the interview. Confidentiality of the participants was maintained as it was not revealed who else had participated in the study. The participants were assured that they would not be named in the research reports at any point, nor would their organisations, unless their publicly available Best Practice Guides were analysed.

In-person interviews were held in locations chosen by the interviewee; in all cases the conversation was private. The interviews and the questions asked were designed to be respectful of the participants. If interviewees did not wish to name specific organisations they were not pressed to do so, thereby respecting the Creswell and Poth (2018) principle of not being excessively intrusive. All interviewees were acknowledged experts in their field with considerable track records and positions of responsibility. They were not in a vulnerable position during interview and tended to be very comfortable in sharing their experience and in giving their opinions. In order to protect the privacy and anonymity of the participants, the University's data security policies were applied. Sound recordings and the transcribed data were kept using anonymised file names on secure drives of the university and personal computer of the researcher.

The documents analysed are all in the public domain. They are covered as fair use or fair dealing under UK copyright law. The following criteria for fair dealing are considered to apply: the work has been made available to the public, the source of the material is acknowledged, the material quoted must be accompanied by some actual discussion or assessment, the material is not used for commercial purposes. Hence, the documents cannot be anonymised nor the individuals who sign-off sections, such as the chairman, so analysis must be respectful. The Best Practice Guides from the Institutional Specialists are presented as from the institution and the names of authors are not given. In this way, 'fair dealing' is achieved whilst maintaining the anonymity of individual authors who may or may not be interviewees.

3.5. Limitations of the research design and methodology

This study is reflective of its research paradigm in that it offers an understanding of how members of the UK corporate governance community have conceptualised the board culture task, in the first year of the 2018 Code. The interpretivist paradigm offers a means to credibility and truthfulness through the analysis of authentic data and dependable methods, and through transferability with theoretical underpinnings (O'Leary, 2021). The study adopted qualitative methods which aimed to understand the evidence collected to answer the research questions.

The semi-structured interview method offers a flexible format to gaining perspectives from a range of individuals from several organisations which was needed to capture the nature of the response to culture in the 2018 Code. Semi-structured interviews rely on the researcher's skill and quick thinking in the moment. Undoubtedly, points were not revealed which might well have been very interesting. It is possible that these interviews only elicit what individuals are prepared to say about a topic (Guba and Lincoln, 2005). The interviewees for this study were members of a business elite, offering a specific interview challenge due to such factors as time pressures and the ability of interviewees to insert well-known management theories and text-book type answers (Ma, Seidl and McNulty, 2021). The interviews in this study were subject to that phenomenon. However, as Ma et al (2021) argue, this type of interview programme is useful for identifying typical narratives used by business elites; in this study the typical narratives identified concerned the boards' uncertainties regarding culture as well as the accepted paradigms about good practice in corporate governance. The researcher is part of the process in the semi-structured interview and her biases may have influenced interviewees (Kvale, 1996; Brinkmann and Kvale, 2014). In this study participants knew of the researcher's background and experience in the field which may have influenced how they responded to interview questions. However, these were highly experienced individuals who were often happy to disagree with the researcher. For qualitative, interpretive research there is concern about the confirmation bias of the researcher, which needs to be addressed (Alvesson, Hardy and Harley, 2008; McSweeney, 2021). The semi-structured interview method was, in summary, useful for the study but findings would need careful analysis.

This study opted to gather evidence from individuals and reports from companies from a sub-set of industrial sectors in spite of the fact that all sectors of trading companies are subject to the UK Code. A sub-set of sectors was preferred as challenges in managing company cultures are known to be reflective of industry sector and the professional and educational affiliations of company members (Chatman and Jehn, 1994; Kunda, 2006; Schein, 2015). The findings may therefore reflect this choice of sector sample, and be less applicable to the boards of other sectors. For example, interviewees often discussed health and safety incidents that are revealing of company culture and which some felt were reflective of the nature of their industry sector. The sectors were, in part, selected for the profession and skills of people they employ, specifically those with technical or scientific knowledge. This selection may focus board attention onto employee-related matters with regard to culture. As companies and sectors servicing business customers, not consumers, this may also have impacted boards' consideration of customer-related culture issues. Hence, sector selection may have prompted some particular features of the board culture task characterised in this thesis. Some references were made by interviewees to their experience of other sectors which helped to provide comparisons and some assessment of the degree of commonality of the board culture task across all industry sectors.

The biggest challenge for this study was accessing a creditable sample of individuals for interview. Obtaining evidence from elites such as board directors is a known access challenge. Selection of case study participants must be representative (Yin, 2018). The individuals who participated were representative and experienced. However, with the purposive sampling adopted, the study risks gathering evidence only from individuals with a specific interest in corporate culture. The analysis would have to take this into account. The triangulation of the evidence from the other members of the UK corporate governance community would be important to reduce this potential bias.

Whilst the preference would have been for more serving board Directors from the industry sectors of interest, this did not prove possible. Nevertheless, the Advisers who were more accessible, proved a highly fruitful source of evidence as they work very closely with boards, particularly on culture. However, even here further access would have been useful. The numbers finally accessed helped to balance certain disappointments when individuals declined. The Institutional Specialists were often quite accommodating with a useful wide perspective, although some were highly restricted if they were subject to FCA rules which prevent discussing their company research.

Company annual reports were selected to triangulate with the interviews with the Directors. These public documents were published primarily after the interviews and were useful to find out what board activities had taken place on culture after hearing interviewees' comments on challenges and uncertainties. Company annual reports can be construed as instruments of impression management to influence, even manipulate, shareholders into thinking positively about the company (Adelberg, 1979; Courtis, 2004; Brennan and Merkl-Davies, 2013). Companies may use a number of rhetorical ploys in their annual reports to focus on good news stories, thereby giving them an inbuilt bias (Rutherford, 2005). Public relations consultants who are sometimes commissioned to write company reports may have set templates which constrain reporting (Neu, Warsame and Pedwell, 1998). Nevertheless, directors need to sign-off company reports and individual directors such as the chairman need to sign-off specific sections, so individuals' reputations are at stake. For this reason, an overly sceptical critique of annual reports is misplaced. For this study, a set of annual reports were selected by industry sector to complement the Director sub-group. This could be argued to be too broad as there were several sectors; but equally, too narrow, as all industry sectors need to follow the Code. For the sake of some commonality on culture matters whilst disguising Director Identification, a modest degree of sector selectivity was preferred.

The Best Practice Guides offered some additional corroboratory evidence, primarily for interviews with the Institutional Specialists and Advisers. These are the documents that became available at the time of the Culture Coalition that were aimed specifically at boards. Nevertheless, they are an eclectic set of documents, useful in this interpretive study to provide additional insights. They reflect the governance community's thinking at the time. Boards will have sought confidential advice from many other sources, for example from specialist advisers, which could not be accessed here.

The methodology has its limitations. Paradigm choices direct methods choices which have their own intrinsic strengths and weaknesses. However, the researcher must manage these. Sampling, data collection design and execution, and analysis are all dependent on the capability of the researcher. *Iudicent alii.* The findings come next.

4. Findings part one: Boards perform a culture task

This chapter is the first of two chapters giving the findings for the study. The findings are provided in two chapters due to the different focus of the two research questions. Conclusions and theory development are brought together in chapter six. The next section provides an overview of both findings chapters so that this can be found in one place.

4.1. Overview of the two findings chapters

Chapter four presents the evidence to address the first research question: how do boards conceptualise their culture task in comparison to the executive task? It covers the degree to which boards have accepted the responsibility in light of the Code, what they believe should be achieved by it and how they have gone about performing it. A detailed structure for this chapter is given in section 4.1.1. Chapter five, on the other hand, reviews the evidence to address the second research question: how does the culture task fit with boards' conceptualisation of their governance role? Chapter five considers the evidence as to how board processes are perceived to support the performance of the new task and on perceptions on changes in board relationships which emerged during the study. A detailed structure for chapter five is given in section 4.1.2.

4.1.1. Analytical themes for part one: the board culture task

This section introduces the structure for chapter four on how boards have conceptualised the task that has been prompted by the responsibility in the Code. In analysing the data to answer research question one, on the conceptualisation of the board culture task in comparison to the executive task, several categories of themes became clear from the A Priori and emergent themes. These categories have been used to structure this chapter and are introduced below. The categories and themes for this chapter are presented in table 4.1.

Theme	Origin	Theme Category
Acceptance of culture responsibility	A Priori	Culture task formation. Degree of acceptance, change and challenge in performing the task
Challenges faced by boards	A Priori	
Long-termism	A Priori	Expectations for the culture task. Expectations for the outcomes and performance of the board culture task
Trust	A Priori	
Shareholders	A Priori	
Metrics	A Priori	Assessment of culture. How boards assess the company culture through multiple approaches
Immersion	Emergent	
'Integrated' data	Emergent	
Setting values	A Priori	Shaping culture. How boards go about shaping culture
Role modelling	A Priori	
'Outside In'	Emergent	
'Spotlighting'	Emergent	
Practices	A Priori	

Table 4.1 Analytical themes addressed in chapter four

The first category on culture task formation is explored in section 4.2. Evidence for a response by boards in accepting a new responsibility for culture is explored along with the degree of readiness for the responsibility to reveal an indication of the challenges faced (section 4.2.1). Then the boards' conceptualisation of culture is explored in order to understand what they believe they are now responsible for (section 4.2.2). The section then goes on to address the second category on expectations. The purpose for the responsibility, including the perceived reasons for its inclusion in the Code, is reviewed (section 4.2.3). The purpose for the responsibility is considered in three parts: the perceptions on the FRC inclusion of culture in the Code (section 4.2.3.1), the perceptions on the influence of shareholders (section 4.2.3.2), and the views from boards as to what they believe they can achieve through a constructed task on culture (section 4.2.3.3). Addressing these themes related to culture task formation and expectations enables the thesis to make the case for the existence of a board culture task.

Chapter four continues by reviewing the evidence on boards' assessment of culture, which was found to be a major component of the board culture task conceptualisation. The category on the assessment of culture is explored in section 4.3. Firstly, the multiple data sources collected are reviewed (section 4.3.1). Secondly, the immersion of directors into the business is discussed as means to assess culture (section 4.3.2). Thirdly, the derivation of culture information integrated into other business information is reviewed (section 4.3.3).

Finally, chapter four concerns the actions boards take to shape the corporate culture; shaping is found to be the second major component of the culture task and another category of analytical themes (section 4.4). Shaping challenges are first analysed (section 4.3.1). Boards' use of corporate values is then analysed (section 4.4.2) and so is boards' understanding and use of toolkit-related approaches (section 4.4.3). Two emergent themes are then analysed: how boards bring external perspectives into the company, bringing the 'outside in' (section 4.4.4), and how boards go about 'spotlighting' culture priorities, reminding and reinforcing culture issues (section 4.4.5). Section 4.5 provides the summary on the conceptualisation of the culture task.

Throughout chapter four, the challenges to the performance of the board culture task are revealed. These challenges have affected task formation and how it has been perceived to be effectively performed.

4.1.2. Analytical themes for part two: board processes and relationships

In chapter five the findings move on to address board processes and relationships that support the performance of the board culture task. In analysing the data to answer research question two: how does the culture task fit with boards' conceptualisation of their governance role, a number of themes became clear. The categories of themes have been used to structure chapter five and are presented in table 4.2.

Theme	Origin	Theme Category
Effort Norms	A Priori	Board processes. How boards adapt their processes to perform the culture task
Application of knowledge	A Priori	
Blurring	Emergent	Relationships. How the boundary between governance and management is evolving to perform the culture task
Partnering	Emergent	
Board role activities	A Priori	

Table 4.2 Analytical themes addressed in chapter five

The challenges for boards in defining board effectiveness is explored to provide context to the perceptions on board processes and relationships (section 5.1). Next the two board processes identified to be important to board task performance are reviewed (section 5.2). The first process concerns the effort norms of boards (section 5.2.1). The second process concerns the use of knowledge and skills (section 5.2.2). The themes on board relationships with the executives are then explored (section 5.3). These consider a number of changes to the boundary between the role of the board and the role of the managers in order to support the performance of the board culture task. This role boundary is referred to as the governance-management role boundary. The potential blurring of the roles is reviewed in section 5.3.1. To counteract role-blurring consequences, the emergent theme of partnering between directors and managers was revealed. The perceptions on partnering are analysed in section 5.3.2. Section 5.4 presents the summary on board processes and relationships that together enable the assessment of the fit of the culture task with the conceptualisation of the board governance role for research question two.

4.2. Boards accept a responsibility for corporate culture

This section explores the findings from the study on the extent to which the corporate boards accept the new responsibility for corporate culture. It also seeks to determine the boards' conception of the FRC's reasons for this new responsibility. Firstly, in section 4.2.1, the evidence is analysed concerning the degree of the boards' acceptance of their new responsibility for corporate culture. Secondly, in section 4.2.2, boards' perceptions of what corporate culture is, is analysed. Finally, the reasons for the culture responsibility are reviewed in three parts: perceptions of the FRC's reasons (section 4.2.3.1), shareholders' interest in corporate culture (section

4.2.3.2), and boards' beliefs on what they will achieve (section 4.2.3.3).

4.2.1. Boards respond to the 2018 Corporate Governance Code

This section explores the extent to which boards have responded to the responsibility for corporate culture due to the changes in the Code. In spite of inclusion in the Code and historic levels of Code compliance, boards may still limit their acceptance of the responsibility.

One Best Practice Guide noted the trend that boards are increasingly viewed as having a responsibility for culture. This provides a useful overview of the governance community's perspective on the acceptance of a culture responsibility.

> *"Increasingly, boards are viewed as having responsibility for the oversight of the culture within their companies." (G6, Best Practice Guide)*

The Best Practice Guide indicates one view on the trend towards seeing company boards taking a responsibility for culture oversight. This suggests that boards may be taking on the responsibility.

In interviews, Directors demonstrated their awareness of the need to take responsibility for company culture. They were aware of the increased recognition that boards had a role to play with respect to corporate culture. In response to the question "do boards discuss culture?" Directors confirmed that now they did, as evidenced in the following replies:

> *"It's fairly and squarely in the responsibilities of the board." (D2, Director).*
>
> *"Talking to colleagues of mine in other companies, they would say the same. There is an increasing recognition by boards of their role in this area." (D10, Director).*
>
> *"If I go back, I don't think boards were talking about culture. Now they are much more." (D6, Director).*

Advisers had similar comments to make as to the awareness boards now had of their new responsibility.

> *"Our observations from boardrooms tell us that boards have spent more time on culture in the last 12 months than ever before. This could have been in anticipation of the FRC's interest in the subject." (A9, Adviser).*
>
> *"Looking at culture is on the agenda. It's on an upward trajectory already, and I'm sure if we were having this conversation in 6-12 months' time we would see it having been on the agenda." (A6, Adviser).*

"I'm starting to see. It's interesting, it's actually starting to take place." (A8, Adviser).

From the responses of Directors and Advisors it can be seen that boards have understood that they should now consider their own responsibility for corporate culture; and they increasingly recognise culture as part of their governance role. For some boards this responsibility for corporate culture represents a considerable change from previous years, hence the comment from Adviser A6 that things are on '*an upwards trajectory'*. A Best Practice Guide also notes the increase in discussions on culture.

"Insofar as the culture debate is setting a new agenda for boards, this should be reflected in board evaluation processes. These had improved." (G1, Best Practice Guide).

One Best Practice Guides demonstrated awareness of the link between culture and corporate governance.

"There is increasing evidence and acceptance that a link exists between the corporate governance and culture of organisations, as unfortunately highlighted by recent examples of corporate dysfunction." (G5, Best Practice Guide).

"The global governance discussion increasingly pivots around culture and values, and the board's role and responsibility in making sure that a healthy corporate culture is nurtured, and that the company's set of values permeate every aspect of its operations." (G5, Best Practice Guide).

Although there was acceptance of the responsibility for culture, there was evidence of early slowness of action by boards and of the difficulties they faced. This was expressed by Advisers who had struggled to get boards to consider corporate culture.

"I have done some work in corporates and generally it feels like it's me asking them 'what are they doing about culture?' And 'do they spend much time on it?'" (A3, Adviser).

"So for the last year you've seen boards scratching their heads and saying you know, 'how do we meet these requirements?" (A8, Adviser).

"If you read board papers, it's not something in the board minutes…to say they spent 20 mins, 1 hour, whatever, discussing culture." (A3, Adviser).

Advisers have had to prompt boards to do something about corporate culture. For boards that have never talked about corporate culture, they have not understood what being responsible for culture would actually mean in practice. It illustrates the change that needs to happen as boards start to perform a task for culture that they had not performed before. There was evidence from the Advisers that boards may not know how to perform this task and may not have much help from inside the company. Many boards are unsure as to how to go about it.

> *"They know they need to do something. But I talk to a lot of the executives and management and they're not sure how to go about it either." (A6, Adviser).*
>
> *"As regards to culture, the FRC envisages that culture is 'owned' by the board. I don't know what 'owned' by the board means. And I think a lot of boards don't quite know what 'owned' by the board means." (A16, Adviser).*
>
> *"One frustration aired by one of our chairmen was the lack of published best practice on culture....When it comes to culture many boards feel out of their comfort zone." (A9, Adviser).*

Boards have not been recently addressing culture although it is reported that this *"is on an upwards trajectory"*. The task is now addressed but boards are now struggling as to how to perform it.

For many corporate boards this will be a responsibility for which they have had little experience. There may not be expertise inside the company to help them. The new responsibility for culture represents a change in practice from something they had not discussed to something which they will now have to disclose in annual reports.

Looking at the evidence from disclosures in company annual reports, there was broad awareness and acceptance of the board responsibility for culture. All the companies in the sample for this study demonstrated their awareness of the need to disclose how their boards had addressed company culture. Only 4 companies, out of the 52 reviewed, disclosed that they had not yet addressed this responsibility[1]. These companies reported that they nevertheless intended to do so in their next reporting year. From these disclosures in annual reports, it is clear that boards have for the most accepted the responsibility and had been addressing corporate culture in some way even though for many it is likely to have been a new topic for board discussion.

The boards of companies in industrial companies were considered to be relatively unexposed to the debates on corporate culture. This was particularly noted by Directors with experience in other sectors such as banking where there had been more

[1] The four companies were: Bodycote, Forterra, Oxford Biomedica and Synthomer.

pressure from regulators on corporate culture.

> *"Changes that FRC are introducing will bring that regime into play for FTSE100s which they haven't had before. Certainly on my bank board, we consider culture very actively and we talk about the implications of developments for corporate culture." (D2, Director).*

There was even some feeling that it had been the failure of the banks in 2007-9 that had prompted the FRC to add culture into the Code for all companies. In this view, poor behaviour in banks, specifically greed, was perceived to have resulted in culture becoming an important matter for all regulators, even in respect to companies that had had no part in the 2007-9 financial crisis. As one Director noted:

> *"Everyone is being made to suffer for the greed of the bankers." (D12, Director).*

The scrutiny of culture by the banking regulators has spilt over to the FRC for consideration of other industry sectors. This one Director (D12) sees the extra regulation on culture for industrial companies as a form of suffering.

Another Director was aware that others were concerned about the heavy hand of regulation concerning culture but felt it important for this pressure to continue.

> *"I understand the concerns that many have, being weighed down by regulators.... That keeps the pressure on organisations to think about those sorts of matters which feed into culture." (D10, Director).*

There is a sense of suffering and being weighed down by regulation. There was, however, also a sense that boards do have a choice when dealing with much of this new regulation on culture which could make the regulation a positive change.

> *"I have some sympathy, but at the end of the day you've got a choice, haven't you, as a board of directors. You either say: 'we'll take this on the nose and deal with it' or 'we'll ignore this and just brush it away'. It seems to me that when you've got these challenges, you can embrace it and turn them into a positive." (D10, Director).*

Board discussions on culture had not been commonplace in the companies in this study that were mostly technology, science or engineering based. This newness was reinforced by the Directors sub-group.

> *"I've been on that board coming up to two years. There aren't any discussions really about culture directly." (D10, Director).*

> *"None of the companies have had an agenda item that just says company culture." (D12, Director).*

> *"There's very little discussion about 'what's our role in culture and how do we make sure the tone from the top is right and is permeating down?' We do that in the public sector…. But in the commercial companies, no." (D5, Director).*

> *"Of the boards that I'm on including…the two industrials…much less conversation about it, much less it being a business imperative board issue….it's not spoken about in the industrials." (D1, Director).*

> *"The boards I sit on currently would view a discussion on culture a bit of a luxury as survival is the priority." (D7, Director).*

There had obviously been very little overt discussion about corporate culture in many boards in industrial sectors in contrast to Directors' experience in other sectors. The Directors' views demonstrate that addressing culture is a change for boards in the industrial sector.

Sometimes discussions on other topics introduced an element of corporate culture, although culture itself was not explicitly mentioned.

> *"I wouldn't say we've ever had a culture conversation. Innovation we talk about. Talent management. You know all of these things to me are to do with culture but that isn't how they're talked about and I wonder if that isn't an engineering way." (D1, Director).*

Board discussions have been held on related topics such as innovation or talent management where culture issues were seen by some board directors to be relevant. However, questions or issues about the culture had not been directly brought up. As one Director put it: *"It wasn't part of the lexicon". (D1, Director).*

There were some perceptions that companies that provided at least some services to customers as opposed to manufacturing might have discussed culture a bit more.

> *"Slightly different at (company name B)….And so we did have some more what I would call culture type conversations….A slightly service type mentality and so that's the thread that I would say influences how you have the conversation." (D1, Director).*

The boards of some production-based industrial companies are particularly unused to dealing with corporate culture explicitly in their board discussions. Boards in industrial companies with mostly manufacturing or product-oriented businesses had considerable experience of culture discussions, however, in relation to one particular topic; and that was with respect to health and safety of their workforces. These boards sometimes had considerable experience of dealing with culture aspects of the incidents they had had to deal with.

"What else, health and safety? Which is a culture issue, particularly in a manufacturing company...When a major incident, it's actually a cultural conversation…Culture, particularly in a manufacturing company, is talked about as health and safety." (D1, Director).

Directors had examples of health and safety incidents where they, as a board, had had extensive discussions which included explicit reference to culture factors involved.

"We had an awful thing…where an (item) was being welded. The (item) rolled off its stand and killed two people...When things like that happened the board were very involved…It was about the culture and...'What was the prevailing culture?'" (D11, Director).

"One was a very serious health and safety incident, a fatality...Which was obviously catastrophic. So it was really clear that it was a cultural, it wasn't just 'here are the things he was doing.'" (D1, Director).

In manufacturing and technology companies, health and safety incidents were a matter that attracted a lot of board attention to the culture behind incidents. Advisers also observed this phenomenon.

"I've seen boards crawling all over the safety issues...For the culture piece you might find that...some are all over health and safety." (A6, Adviser).

There are particular issues for board directors concerning health and safety legislation that will have heightened their awareness of its importance. Their own personal liability could be considerable.

"I said …. 'Because as directors you have, under the Health and Safety at Work Act, no limit in terms of the fine….and you can be imprisoned for life'...That's what's pushing them...It's the health and safety obligations and …its things like that that are pushing behaviour and culture." (A15, Adviser).

So the health and safety agenda has given industrial boards an opportunity to deal with underlying culture issues. It shows that boards in these sectors have got experience of looking at corporate culture and its implications on how people operate in the workplace. Aside from health and safety matters, however, it is a change for many industrial company boards to take on the responsibility for corporate culture. Their experience of culture matters in relation to health and safety may be of value to them as they move to broaden their responsibility for culture.

In relation to research question one, on boards' conceptualisation of their culture task in comparison to the executive task, the evidence shows that there has been a near universal acceptance of the new responsibility. This was revealed by the interviews with both Directors and Advisers sub-groups and confirmed by the fact that there has been at least some board activity, according to the disclosures in the annual reports, in the clear majority of companies in the study. Boards in the companies in the sectors selected are perceived to be most experienced in considering culture issues in relation to health and safety matters when they can get into considerable detail on specific operational matters. However, aside from health and safety matters, culture had not previously been addressed explicitly very much at all. The formation of a culture task is suggested by these initial findings.

Having accepted a culture responsibility, it is important next to understand what boards believe corporate culture is. As they have accepted a new responsibility, they must have formed some conceptualisation of what it is they are now responsible for. This is explored in the next section.

4.2.2. Boards and their conceptualisation of corporate culture

The analysis of the evidence from the study next turns in this section to consider what boards believe culture to be, how they conceptualise it. The previous section showed that boards have responded to the new regulation on corporate culture in the UK Corporate Governance Code and accepted the new responsibility in spite of limited previous practice. The evidence is that culture is a new topic for many. It is therefore important to understand what boards believe corporate culture to be. This study has adopted both the values and the toolkit views for culture (Giorgi, Lockwood and Glynn, 2015). The evidence on how boards define culture, primarily from the interviews, is discussed next to support this analysis of the boards' conceptualisation of culture.

Culture was a difficult concept for boards to deal with as evidenced from interview comments from all three analytical sub-groups.

> *"What is culture? It's not something you decide 'we want this culture ...with these cultural attributes.'" (A5, Adviser).*
>
> *"The challenge was…the fact that culture is so intangible." (I7, Institutional Specialist).*
>
> *"I found it a bit ironic that a bunch of accountants would start trying to…quantify the unquantifiable." (D12, Director).*

With culture being perceived to be intangible and unquantifiable, there would be difficulties for boards in conceptualising culture. There was evidence that boards were working without using specific definitions of culture. Boards did not typically spend a lot of time trying to pin it down and appeared to make use of a variety of different terms. Directors could find it a difficult concept, as one Director noted.

> *"It's a bit like a bar of soap. In the sense that as, certainly as a non-exec, getting to grips with culture, what culture means...is very difficult." (D5, Director).*

The difficulty around the definition of corporate culture may have resulted in difficulty for boards in getting to grips with it in their own companies. A number of other terms were used by boards to cover the topic of corporate culture, as one Adviser remarked.

> *"There's different words being bandied around: culture, behaviours, values …People use words and mean different things or people mean the same thing, they use different words." (A3, Adviser).*

Terms like values and 'behaviours' were commonly offered in the interviews. Quoting the use of values in companies was readily noted by Directors and Advisers, reflecting their perception of the link between values and culture. The difficulty in terminology and what was meant by culture was seen as being linked to the difficulty boards have in getting to grips with culture. One Institutional Specialist who had worked with several shareholders noted how they had a broad understanding that through culture they were trying to get at behaviours.

> *"We were trying to get into what's loosely termed the behaviours." (I4, Institutional Specialist).*

The FRC had provided a definition for culture in the 2016 report from the Culture Coalition as one Institutional Specialist quoted:

> *"Actually there is a definition...Here it is on page 6...'It's an amalgam of those values, attitudes and behaviours that manifest themselves in people and people working together.'" (I4, Institutional Specialist).*

However, the impression was that the FRC hadn't really defined culture specifically. An Adviser criticised the FRC as not offering enough guidance.

> *"You can have a definition of shareholding or profit after tax. What's the definition of culture? The FRC's definition is to put in the Board Effectiveness document loads of questions". (A16, Adviser).*

The definition had been provided by the FRC in 2016 and its 2018 document on board effectiveness expanded on this. The definition is not repeated in the Governance Code but might be expected to have influenced boards' understanding of what they should be dealing with.

There was a view that the inclusion of corporate culture in the Governance Code was a useful way for boards to bring together a number of aspects under their purview. It could therefore become a kind of umbrella concept. Boards had brought together under the topic of culture many of the policy areas they have previously considered separately. These policies could include employee diversity, community affairs, and codes of conduct. One Institutional Specialist saw it this way.

> *"Culture has always been important to governance…The progress we've made over the years is that where before we were talking about CSR, remuneration…controversies, we never pulled it all together." (I3, Institutional Specialist).*

A number of Directors had seen the bringing together of many initiatives and policies for their consideration of company culture.

> *"The sustainability initiatives, health and safety approach, and then some other HR initiatives, diversity and inclusion…all of these things together define the culture…So it was about articulating the culture by virtue of the things we did." (D11, Director).*

> *"It brought together a lot of stuff. A lot of the changes around risk, integrity and…sustainability. All of those things make up what the culture of your company is." (D12, Director).*

These Directors' view, that a number of different initiatives could be brought together for boards to articulate their culture, was a common one. Exactly which activities would be included might vary from company to company, reflecting on these quotes (D11 and D12). Culture as articulated *"by the things we did"* may reflect a toolkit view but some activities were more likely to reveal culture than others. Culture was hard to put into words, intangible and unquantifiable, but could provide a useful umbrella concept under which quite a few of their policies could be discussed.

Boards may not explicitly define culture but that did not stop interviewees answering questions about culture with a strong degree of confidence in what they were discussing. The disclosures in annual reports confirmed the lack of definitions used. There were many references to culture throughout the reports but no definitions were provided. Culture seemed to mean something to Directors and Advisers that didn't need explicit definition, as for any other commonly used business term. Where culture was linked to other notions, values and behaviours would be the most likely candidates.

The next section goes on to analyse the perceived reasons for the board culture responsibility. What boards felt they were expected to achieve, and believed they would achieve, through the responsibility would likely impact how they perform that task.

4.2.3. Reasons for the board culture responsibility

This section looks at the reasons for the board in taking on a culture responsibility. A sub-question to research question one posed: what do boards believe they will achieve through the culture task? The FRC aspirational outcomes for the Code, which may be shared by boards, are that it will contribute to long-term business success and greater public trust in business. In the organisationl culture literature, companies have been encouraged to manage culture more effectively due to the potential competitive advantage and performance gains that might be achieved (Barney, 1986; Schein, 2011; Kotrba *et al.*, 2012; Mathew, Ogbonna and Harris, 2012). The board task literature notes the significance of contextual factors such as institutional pressures on the ways that boards perform their tasks (Minichilli *et al.*, 2012; Pugliese, Minichilli and Zattoni, 2014; Brown *et al.*, 2019). Hence expectations from the FRC could impact how boards select to perform the culture task. The inclusion of a board responsibility for corporate culture in the Code has clearly prompted activity on corporate culture at board level, as has been shown in the previous section. The next section analyses the UK corporate governance community's perceptions of the reasons for the FRC action on culture (Section 4.2.3.1).

4.2.3.1. The FRC impact and the reasons for the new responsibility

The FRC action was perceived to be the main reason why boards have started to discuss the subject of corporate culture. As one Institutional Specialist put it, the 2018 Code had specified corporate culture, but it had always been pertinent to the work of corporate boards.

> *"Culture has always been important to governance, it's just never been identified as such." (I3, Institutional Specialist).*

Institutional Specialists have a broad perspective on changes in the Code over the years and how these have evolved the work of boards. From such an individual, this comment reveals the importance of the Code in highlighting the importance of culture to effective governance.

The comments from both the Directors and Advisers sub-groups reflected the significance of the FRC's incorporation of board responsibility for corporate culture into the Code. Representatives from these sub-groups indicated the impact of the regulator the FRC and the Corporate Governance Code on company boards' work on culture. Directors also mentioned wider government influence and the role of shareholder as prompting boards to accept a new responsibility for culture.

> *"It has come directly as a result of the government changes and the pressure from shareholders. It wasn't just it was the right thing to do. Its shareholders getting on board with that, asking questions …that sort of thing."(D1, Director).*
>
> *"It comes up as a separate topic...in a FTSE company. It would be because of the focus from regulators, from shareholders. There is definitely a lot of push from regulators." (D2, Director).*
>
> *"They are going to have to because FRC has it as requirement…to report on culture in the report and accounts. We're all going to have to do this. Have to take that seriously." (D3, Director).*

The need to disclose what they were doing would make a difference.

> *"The disclosure, the 'show what you do and tell us' does make a difference." (D1, Director).*

These interview comments on the significant influence of the FRC, amongst other pressures, are supported by the disclosures that company boards have made in their annual reports. Company disclosures in the annual reports confirm the significant influence that the FRC's 2018 Corporate Governance Code has had when it comes to corporate culture. Table 4.3 shows the references made in the sample of 2019 annual reports to the specific influence of the Code on their disclosures on culture. Out of the 52 reports in the sample studied, 19 noted explicitly that this new Code impacted their board's work on culture. Although this is less than half the total sample to explicitly state that the Code has influenced their work on culture, there was no specific requirement for them to acknowledge this. Hence, the fact that 18 out of 52 felt they should explicitly note the FRC's influence can be considered a strong indication of the impact of the Code with regard to culture.

Company Name	Disclosures on Influence of 2018 Corporate Governance Code on Board Activity on Corporate Culture
Astra Zeneca	These included updates on the revised UK Corporate Governance Code… the Committee reviewed the methods used by the Board to monitor the culture of the Group and how this was embedded throughout the organisation.
Babcock	The new Code places an increased emphasis on corporate purpose and culture, as addressed above, and risk.
Boot (Henry)	One of the main areas the Code impacted upon was culture, which we were pleased to have already considered in depth.
DS Smith	The Code provides that a board should establish a company's purpose and values ....and that its directors should lead by example and promote the desired culture.
Elementis	The Board considered the Code requirements...Discussions took place on ...how the Board assesses culture and ensures that the strategy and values are appropriate.
Fisher (James)	The Code places an emphasis on the role the Board plays in creating a positive, responsible and responsive culture.
Hunting	In line with the recommendations of the new Code, the Board has established procedures to monitor culture.
Ibstock	Received updates on ….the changing governance landscape for listed companies; – purpose, values, culture.
Johnson Matthey	We welcomed the UK Corporate Governance Code 2018. The board recognises the increasing emphasis on corporate purpose, culture, risk, stakeholder relations.
Keller	Enhancing our focus...in line with new Code requirements, including in relation to....culture...and alignment of purpose, values and strategy with our culture.
Meggit	Brought the Group's culture into focus just as the expectations of the Board are being raised in these areas under the UK Corporate Governance Code.
Petrofac	We took the opportunity, in accordance with the requirements of the revised UK Corporate Governance Code, to….ensure that our new vision and purpose are aligned with our culture.
Rotork	This year, we are reporting under the UK Corporate Governance Code 2018. It puts increased emphasis on corporate culture.
Severfield	Particular attention was paid this year to the changes to the Code relating to stakeholder engagement, culture.
Smith & Nephew	The publication...in 2018 of the new UK Corporate Governance Code…caused us to reconsider some aspects of how we operate as a Board. We now focus even more on our purpose, culture pillars and stakeholders.
TT	Another feature was the Board's focus on meeting the reform agenda set out in the 2018 UK Corporate Governance Code.....In developing a revised purpose statement….the Board was heavily involved in the process of ensuring that this statement provided an effective link to our values and culture.
Vectura	As we look ahead to 2020, we will ensure we embed the values....to reinforce our culture....This alignment will enable us to continue to demonstrate our support for the Corporate Governance Code.
Vesuvius	With the advent of the new Code, we took the opportunity to refine some of our governance procedures, with a particular focus on how we assess the Group's culture.

Table 4.3 Disclosures on culture referencing the 2018 Code (2019 Annual Reports)

From these annual report disclosures, it can be seen that the 2018 Code has had a direct impact on several company boards in the sample.

Directors revealed that a push from outside the company, such as from the regulator, was often what was needed for boards to act.

> *"There is definitely a lot of push from the regulators…But it does sometimes take that to prompt them to make changes." (D2, Director).*
>
> *"We could only have the debate when the environment outside was also helping". (D1, Director).*

The new Code from the FRC has been needed for boards to accept a responsibility for corporate culture. One Institutional Specialist noted the significant impact the FRC had had on culture at the time of their 2016 Culture Coalition report of observations and hence from even before the 2018 Code came into effect.

> *"Immediately it caused it caused a spike in reporting on culture in companies, which was then followed by almost a slump the year after." (I4, Institutional Specialist).*

The reference from this Institutional Specialist to an earlier apparent spike in corporate reporting on culture shows how companies can respond quickly to new concerns from the regulator even if the effect is not sustained. Incorporation into the Code may have a more enduring impact.

As far as the Advisers sub-group was concerned, they were also very aware of the impact of the Code on boards' attitudes towards the topic of corporate culture. An Adviser noted the impact of the FRC Code.

> *"It's really crystallised attention in the boardroom that they're now having to report on culture." (A8, Adviser).*

Another Adviser noted the significance of the FRC's intervention on culture but also voiced their disappointment that it had taken the Code for boards to do more on corporate culture which, if beneficial, should have been done by boards anyway. It had clearly needed a push from the regulator to get boards to take on a responsibility for corporate culture.

> *"It has needed the Code to make it happen…. And that would be for me a disappointment if we're talking about…culture…You shouldn't really need regulation, Codes whatever, if you think these are good things to be done." (A3, Adviser).*

Although considered by some Directors and Advisers to be a good thing to do, for boards to take responsibility for culture, it took a revised Code for many company boards to perform it.

The reasons for the FRC including corporate culture in the Corporate Governance Code are important as they could influence board members as to what they should achieve through the task. The Code has aspirations of two outcomes: long-term business success and greater public trust in business. The perceived reasons for culture in the Code may therefore be associated with these outcomes. A number of perceptions emerged from the sub-groups.

Firstly, there was a view that the FRC was trying to avoid some of the individual company crises and failures that had occurred over recent years. Advisers voiced this reason.

> *"You then get to culture which feels to be a reaction to something. One of the failures no doubt." (A16, Adviser).*

> *"When we see corporate failure, systemically there would be a failure of culture …And that's what this response is, the culture stuff from the FRC. That's what this is all about, corporate failure." (A12, Adviser).*

> *"When companies fail, any subsequent review tends to attribute the failure to culture." (A19, Adviser).*

The inclusion of a board responsibility for culture would therefore help prevent company failures. As one Institutional Specialist also noted:

> *"When something goes wrong...it's normally about behaviours." (I4, Institutional Specialist).*

Failures are closely associated with behaviour problems. Best Practice Guides echoed this viewpoint.

> *"Numerous highly public corporate scandals, most of which were rooted in poor or poorly aligned organisational cultures, have put culture in the spotlight once and for all." (G3, Best Practice Guide).*

> *"There is a wealth of evidence of corporate failure...all these instances reinforce the importance of boards having an understanding of the culture of their organisations." (G2, Best Practice Guide).*

Codifying the responsibility for culture, and so dealing with behaviours in the company, would help stop company failures. That view was shared by both an Institutional Specialist and an Adviser.

"You try and link failures to the extent you can set down a Code of governance that will stimulate good behaviours." (I4, Institutional Specialist).

The intent of the Code is to stimulate good behaviours that will then prevent company failures. This was seen to be behind the FRC inclusion of culture in the Code.

"Presumably they think that in some way codifying culture is going to change corporate failure or in some way improve businesses so that they don't fail…So surely that's the purpose of the FRC introducing culture into the Code." (A12, Adviser).

The Adviser echoes the view that including culture in the Code is a means to avoiding company failure.

These comments show the perception that the individual company failures of recent years are considered to have prompted the FRC to include culture into the Code. The prevention of serious corporate failures is therefore one reason for the FRC codifying the board responsibility for culture. Corporate cultures may protect companies from scandals, as noted in one Best Practice Guide.

"The answer to corporate scandals is not necessarily to add more regulation, but to learn how to build strong corporate cultures which afford protection against disaster." (G1, Best Practice Guide).

Boards building appropriate cultures is seen to be a way of preventing company disasters, as the culture acts as a protection.

Secondly, another reasons for the FRC including culture in the Code was a view that companies were not meeting society's needs. Politicians were aware of this public unease about the way company boards had been behaving and so had set a requirement for the FRC to tackle culture.

"It came out of the government's desire to respond to this impression that companies are not doing the right things for society. There's this gulf between corporate interests and societal interests...So it increased awareness, in the board room, of their responsibilities for culture." (A8, Adviser).

"It was an attempt to push the stakeholder side of things…beyond just shareholders and it increased awareness in the board room of their responsibilities for culture" (A8, Adviser).

"The increasing focus on stakeholder engagement...your customers, your suppliers, the regulators, shareholders. So there's a push in that area as well." (A6, Adviser).

The political pressure was channeled through the regulator, the FRC, in order to address this gulf between corporate interests and societal interests. Addressing the needs of the wider stakeholder groups prompted board awareness of corporate culture. Directors perceived something similar to the Advisers, as they noted the need to address a wide group of stakeholders in the company.

> *"We are in an environment where the regulator…is under extreme political pressure…Who are the stakeholders? ...we have to take due consideration of their needs and their issues." (D3, Director).*

> *"If you look at the issues around environment, sustainability, governance, which is a growing movement, these will increasingly contribute towards developing the right sort of behaviours in your organisation…I think that can only be a good thing for culture." (D10, Director).*

There was some scepticism on the part of the Directors that what has been espoused in relation to the stakeholder drive might not amount to much change.

> *"It's not so long ago that we read the Business Roundtable's new statement on the purpose of corporations and let's clean up capitalism…However, I sense there is still a bit of cynicism around. 10 years ago that same group released a report called 'Enhancing our Commitment to a Sustainable Future' and I think many people would challenge that nothing much has changed off the back of that." (D4, Director).*

> *"A lot of US corporations are majoring on purpose at the moment and wanting to tell politicians that they are acting in the interests of the world…So now they can justify their existence in this new way." (D2, Director).*

These two Directors were concerned that the public declarations to change the purpose of the corporation, for example by the Business Roundtable group in the US, to one which considered the needs of all stakeholders might not amount to much, in the end. This might just be a means to justify their current mode of existence. The need in the Code to align culture with a corporate purpose that supports stakeholders was also noted with some scepticism. Of the 19 companies noting that the revised Code required their boards to look at culture, nine also noted the need for the board to set a purpose (table 4.3). Interestingly only two of these nine note that purpose and culture should be aligned.

One Adviser who had interviewed many chairmen in 2016 for the Culture Coalition had found board chairmen had little interest in company purpose. Chairmen did not identify a need for company purpose, at this time.

> *"This idea of a purpose. And that was something that didn't come through in our research really. There was no chairman saying 'we have to have a purpose'." (A8, Adviser).*

Other Advisers were also sceptical as to whether there would be much real change in corporate board thinking with regard to stakeholders.

> *"There's going to have to be some disclosure in the report and accounts on how directors discharge their duties to stakeholders…People like me, have to come up with language, and it could be anodyne." (A7, Adviser).*
>
> *"I often ask boards 'so who are your stakeholders?' And that's interesting as to who they think of automatically. FTSEs always think of shareholders!" (A22, Adviser).*

There would appear to be a degree of scepticism as to whether the FRC action on corporate culture will actually make a difference to the public unease about the gulf between societal and corporate interests by paying greater attention to stakeholders other than shareholders. However, the politicians' unease over the gulf was certainly being felt by boards and considered to be a reason for the codification of the board responsibility for culture.

Thirdly, the other reason for the FRC including culture in the Code was a desire by the FRC to place accountability for corporate failure squarely on the boards as opposed to on other organisations, such as on themselves. One Adviser pointed out the FRC's desire to put the focus of accountability onto corporate boards.

> *"What they are trying to do is put the responsibility back...onto the boards…and say 'it's your job to spot when this is happening. So that you stop the failure becoming…so catastrophic.'" (A12, Adviser).*

The FRC was perceived to be wanting to place clear accountability on the company board for any failings in making sure that boards pay attention to culture. One Director voiced the criticism that the regulator themselves had had in failing to respond effectively in their company enforcement rulings, leaving the impression of weakness in the regulator.

> *"The regulator…because they are under extreme pressure, political pressure…and failure of themselves to put a better foot forward in this area." (D3, Director).*

By reinforcing the responsibility of the corporate board through including culture in the Code, the regulator was seen to detract from their own operational weaknesses.

The Code's impact has been considerable. It is likely that without the Code, boards may not have changed their behaviour with regard to culture. The intent of the FRC was perceived by the UK corporate governance community to have been to highlight the board's accountability for behaviour matters, to prevent company failures and to bridge the gulf between societal and company interests. The analysis moves on to consider the findings on the influence of shareholders' views on the reasons for the culture responsibility in the Code.

4.2.3.2. Shareholders' influence on board acceptance

Shareholders are an important stakeholder group for the work of the corporate board. The Code's origins in the Cadbury Report gave shareholders a role in encouraging good governance practice. Shareholders have been shown to impact board task performance (Pugliese, Minichilli and Zattoni, 2014; Nicholson, Pugliese and Bezemer, 2017). In this study, shareholders were therefore expected to have views on the board responsibility for culture which may influence the board response. The evidence from the analytical sub-groups on the significance of shareholder views on the board responsibility for culture are discussed in this section.

In the listed company sector the pressures from the company's shareholders is fiercely felt on general governance matters, according to one Director.

> *"The listed company environment increases pressure versus the privately owned…The fact of listing, and being answerable to third party shareholders is an important feature of the governance." (D3, Director).*

Shareholders put pressure on listed company boards, impacting their governance practices. There is an evident power relationship here as when shareholders take an interest it was seen to be very impactful on boards' thinking, as Directors revealed.

> *"It was very hard for me to get very much traction when there was no imperative, when they thought that…'all shareholders want is a return'. And when the shareholders started, yes. Also, the proxy agencies who are more influential to be honest. Because it isn't specific shareholders, its proxy agencies. When they start to say…'we will give that an amber top'." (D1, Director).*
>
> *"When you're on stock market reporting it is difficult...you can't get away from the treadmill." (D3, Director).*

Director (D1) presents the view that the shareholders can have an impact on boards when they pay attention to issues beyond the return on their investments. The proxy agencies are used by many shareholders to determine their voting patterns and so can be even more influential than individual shareholder firms, particularly for the smaller industrial companies. Director D1's view was that it can be hard for individual directors to start a debate on matters such as corporate culture when the shareholders or proxy agencies are not imposing their own pressure. But when the proxy agencies or the shareholders start to ask questions such as on corporate culture, boards tend to respond.

Institutional Specialists were aware of their own role in encouraging boards to take responsibility for culture.

> *"An exclusive focus on financial performance has encouraged poor behaviour in the past…Asset owners (shareholders)…have a part to play in driving a focus on culture and its impact." (I5, Institutional Specialist).*

Some shareholders have developed detailed approaches to their expectations on companies including on corporate culture. Institutional Specialists reflected how shareholders were getting more interested in corporate culture.

> *"And that's where culture can come in...More and more shareholders are getting interested in this. They see…the relevance." (I1, Institutional Specialist).*

> *"Talking about culture is...more talk about behaviour. Just within the past year or so, I'm seeing...everybody wants to know about feelings and behaviours and things like that." (I6. Institutional Specialist).*

> *"Shareholders have a key role to play. Codes help in the process and encourage change in behaviour but we need to also change shareholder behaviour." (I5, Institutional Specialist).*

Shareholder behaviour needs to change in relation to dealing with matters of culture and behaviour as shareholders have their own influence, as well as the Code. More and more shareholders are taking an interest in culture and want to know what companies are doing to correct it.

One Best Practice Guide echoed the increasing interest that shareholders have in knowing how behaviours and culture are being monitored and corrected.

> *"Increasingly, investors (shareholders) expect companies to be able to explain how boards are monitoring culture, and the course-correcting activity they take when undesirable behaviours and cultural attributes are identified." (G6, Best Practice Guide).*

There are strong expectations from the shareholder groups that boards will take responsibility for culture and take corrective actions as needed.

As company boards must disclose how they have applied the Code Principles in a way in which shareholders can evaluate, it is important for boards to disclose how they have addressed corporate culture.

> *"We are looking for evidence that companies are investing in and creating opportunities for a diverse workforce...Companies that are not meeting our expectations…will ultimately be facing an incredible amount of pressure from stakeholders, including us. We are increasingly choosing to use our vote against companies if we're not satisfied." (I11, Institutional Specialist).*

> *"Shareholders need reassurance that the CEO and management drives the cultural message…And that this is regularly discussed and challenged by the board." (I1, Institutional Specialist).*

Shareholders are seeking information from companies on many different internal workforce policies which they deem to be important to good governance. These are the items shareholders may wish to discuss when they engage with boards on corporate culture.

From the annual report disclosures, there were a small number of references to shareholder interest in company culture. Just 7 out of the 52 annual reports reviewed made reference to the fact that shareholders were interested in corporate culture (table 4.4). Although only a small number of boards are reported to have discussed culture with their shareholders, it shows that it can be a matter of concern for them.

Company Name	Shareholder Interest in Company Culture
AstraZeneca	Shareholders' Interests: > Culture, values and behaviours
Babcock	During the year, the Board sought to understand the priorities of the Babcock shareholders through its dedicated shareholder relations team. At its meeting to review and decide on the strategy, performance and culture of the Group, the Board took into account the feedback it received.
BAe Systems	We also hold an annual shareholder forum specifically focused on non-financial matters, in order that shareholders can interrogate non-executives on culture, governance, committee work and environmental management.
Dechra	During the year we have seen an increased interest from shareholders in our Environmental, Social and Governance framework. On analysing this interest we have realised that although our Culture and business practices are very strong in this critical area, our disclosures could be vastly improved.
GSK	"I wanted to hear what our shareholders think of GSK…I have noted the following points……….Evidence of a positive shift in our performance culture and our R&D culture has been transformed."
Mitie	Topics discussed with shareholders include corporate governance matters, environment, human capital, corporate culture and the Board's long-term views on the business.
Rolls Royce	We work to ensure that our shareholders and investment analysts have a strong understanding of our strategy, performance, ambition and culture.
Table 4.4 Disclosures on shareholder interest in culture (2019 Annual Reports)	

It was the larger companies (FTSE100 companies) that tended to disclose specific shareholder interest in culture. These seven companies out of 12 in the sample have all spent some time in the last 3 years in the FTSE 100 share index. This shows the significance of shareholder impact with regard to corporate culture on the largest listed companies.

Only one annual report disclosure on shareholder interests in corporate culture hints at what the shareholders were actually looking for in terms of corporate culture. This comes from the GlaxoSmithKline annual report.

> *"Evidence of a positive shift in our performance culture and that our R&D culture has been transformed." (GSK plc annual report, 2019).*

GSK shareholders wanted to see an improvement in a culture of performance and particularly in the Research and Development division. This is an unusual revelation in company annual reports as to what shareholders actually want in terms of culture change. It should be considered in the context of GSK being one of the very largest UK listed companies and so maybe of particular importance in the shareholders' portfolio.

Institutional Specialists expressed their dissatisfaction with much of the reporting on culture because it failed to reveal measurable data and specific outcomes. There was a demand for information that could enable shareholders to evaluate the culture outcomes, not just the processes the board used.

> *"Robust disclosures are essential so that we shareholders are able to understand what companies are doing and also to track their progress on what we consider as priorities." (I11, Institutional Specialist).*

> *"What we want to know is …what actually happens. So the information that was brought to the board from the workforce, how is it discussed, what action was taken, why an action wasn't taken, what was the outcome?" (I4, Institutional Specialist).*

> *"That's where you come to...measurements and assessments. Particularly you're interested in workforce related metrics. So that you can evaluate." (I7, Institutional Specialist).*

These Institutional Specialists want to be able to see the outcomes of the board's culture task so they can evaluate it themselves. Shareholders want to know what companies are doing about their cultures. One Best Practice Guide revealed some criticism on the reporting on culture to date.

> *"Reporting on culture is often generic and limited. Some of the non-survey measurement methods...while seemingly sensible on the surface, these approaches may not be representative or sufficiently focused on specific dimensions of culture so as to be reliable to investors (shareholders)." (G6, Best Practice Guide).*

This Best Practice Guide has found that reporting on culture is often generic. Some measurement methods could be open to critique. There is therefore a need to improve reporting to be more specific and outcome-related. Some Institutional Specialists argued for a standardised set of metrics and surveys so that companies could be compared.

> *"You'd do it through employee engagement surveys where you're trying to get to some consistent questions which should appear in every organisation's survey…Then you should see that reported again and again." (I7, Institutional Specialist).*

Ultimately, although many felt that standardised metrics were critical, it was agreed that there was a long way to go before this could be required of companies.

> *"We had at least one of the CEOs saying things like 'I don't care if that's what you guys are going to recommend I'm not going to do it. That's my commercial advantage'…And we're like: 'it makes it really hard for us to provide meaningful commentary on how you are performing and how that's contributing to long-term value.'" (I7, Institutional Specialist).*

Companies were resistant to revealing sensitive information on culture even if that would help shareholders. It is considered by CEOs as being commercially sensitive.

> *"There is still …nervousness about...consistent metrics that appear in all financial reports and therefore you can start to do proper comparison." (I7, Institutional Specialist).*

Consistent and comparable data on corporate culture may be beneficial to Institutional Specialists but companies would be nervous about supplying this.

The positive spin was noted by Advisers, in relation to disclosures on company culture that were not helpful for shareholders.

> *"You see quite swiftly how annual reports change. They all talk about culture...Well that's true, but is it real or is it just going along with that?" (A11, Adviser).*

> *"How much more do they say about culture?...There's always a slight positive spin on it. That's the way of the world…My challenge is that just because people use the word culture ten times now and once 3 years ago, has anything really changed?" (A3, Adviser).*

If the positive spin was noted so too was the lack of hard information as to whether the culture had actually improved in a measurable way.

> *"But the danger...is that unless there's hard statistics it's the same woolly words year after year. How are you actually demonstrating that culture has improved?" (A16, Adviser).*

> *"The best companies…are going back and saying 'this is what we're going to do' and see if they can improve their engagement scores." (A20, Adviser).*

Although some shareholders may have an interest in corporate culture, others do not make their views on culture known to the boards.

> *"Some long-term shareholders put the time in...Some were perceived to be more interested in how the company is managed and so questions of corporate culture were of interest…They should know about the culture and voice opinions." (D7, Director).*

> *"What drives me nuts is when you get no response to your communications and you don't know what shareholders think." (D7, Director).*

Although some long-term shareholders may have an interest in culture information, boards sometimes struggle to get a view from their shareholders as one Director D7 reported.

There was also some evidence from the Adviser group, that not all shareholders may have taken much interest in the board's culture responsibility.

> *"I don't think shareholders have taken much of an interest. They've ticked boxes." (A16, Adviser).*

> *"From the company's point of view 'what's the shareholders' view?' Some shareholders will organise themselves and get a house view and others won't…That's fine, but what to do?...It's impossible to reconcile the demands." (A11, Adviser).*

It won't always be possible for the board to determine the full set of shareholder views. They are not a uniform group. Nevertheless, for companies with shareholders who are interested in culture, there could be considerable benefits in avoiding hostile targeting according to one Best Practice Guide.

> *"The companies that are doing the right thing by their employees...become the most valuable companies…they won't need to worry about being targeted by hostile takeovers, or by shareholders or regulators." (G6, Best Practice Guide).*

This Best Practice Guide shows how the board focus on culture would pay off in company long-term success. Shareholders are interested in reporting of how culture will impact performance.

> *"Shareholders must...help devise ways in which companies can disclose information on the transmission between culture and performance." (I1, Institutional Specialist).*

Shareholders should take some responsibility and help companies assess how culture impacts performance. This is a difficult challenge as Advisers noted. This was due to the difficulty in converting culture into a financial value.

> *"If you're looking at the performance you have to…translate it into a monetary value…When it comes to turning culture into a financial value it's really difficult. And in consequence we're really struggling with it." (A18, Adviser).*

> *"The default lens is metrics, finance…Culture is not in any way given equivalent weight." (A4, Adviser).*

Without a financial metric to evaluate culture, boards may struggle with their disclosures on culture. Culture may then be given less weight than if a financial metric could be assigned. One Director had also experienced the dominance of the financial metrics.

> *"The way of working is to make sure you're on top of your numbers…. But to me that's not culture...It is very numbers driven." (D5, Director).*

Boards can be very numbers driven making their ability to deal with culture and report to the shareholders difficult and a lower priority.

Shareholders appeared to be a source of pressure on boards, but less of a source of pressure for culture than the FRC Code change. Without the FRC push on culture, probably many boards of industrial companies would have continued to leave explicit references to corporate culture out of their deliberations and out of their annual report disclosures. The larger company boards do get pressure from their long-term shareholders. Shareholders can therefore be considered as an important reinforcer of the FRC intent on corporate culture. They would prefer more comparable disclosures and indications of outcomes of the board culture efforts but realise this may be unlikely in the short run.

4.2.3.3. What boards expect to achieve through their culture task

With the acknowledgement that the FRC incorporation of a culture responsibility into the Code has influenced boards and that shareholder attitudes can also make a difference to board behaviour, the issue becomes what boards themselves expect to achieve. Boards' expectations may be similar to the FRC's aspirational outcomes of long-term corporate success and greater trust in business. Equally, boards may have the same reasons as the FRC for their culture task. This section addresses what boards expect to achieve from their performance of a culture task.

Firstly, to provide some context, evidence from the Adviser sub-group showed the difficulty boards would have in determining what impact their culture activity would have.

> *"But actually the impact it's having, you know, the culture…It's just always going to be difficult to isolate that. And 'that was the impact of this'…You never really isolate something." (A8, Adviser).*

> *"I think it's not in a sense directly measurable, at least not by today's standards. It's not 'if we…think this a 2% better place to work it will lead to some % percent change in profits'...It's a good thing to do and it will have business benefits but you're not going to be able to say 'doing this much more here will lead to this much impact there'. It's a little bit more intuitive and directional maybe...Directionally, if you do this, it will be positive." (A3, Adviser).*

These Advisers would expect some positive benefits from the board culture task but consider it will not be possible, to determine business benefits. Some of the Best Practice Guides, however, revealed a more optimistic view on the likelihood of positive impacts.

> *"Now enlightened boards are concerned to instill a positive culture on the basis that this enhances long-term performance." (G2, Best Practice Guide).*

"The good news is that evidence is building with examples of culture facilitating better performance and building harmonious teams." (G5, Best Practice Guide).

"Toxic cultures are unhealthy for people and unhealthy for business. If left unchecked, they can cause lasting damage which can impact us all. This is why boards have a duty to understand the cultures of their organisations, and invest in creating the best environment they can." (G3, Best Practice Guide).

From the perspectives in these Best Practice Guides, cultures can facilitate better performance and avoid lasting damage. An important means to better performance is related to conditions for employees such as in relation to harmonious teams and creating good environments.

The interviews with the Directors may reveal the most about what boards actually believe they will achieve through the culture task. The Directors accepted their responsibility for avoiding failures through the company culture.

"How does my contribution make a difference to the culture?...We're there to prevent big harm when we can or deal with it as soon as it's happened." (D1, Director).

"The board is very interested in culture because it believes that culture is a sort of cocoon that will protect the organisation if they've got it right. Equally it won't if you've got it wrong." (D10, Director).

"You can have a rogue salesman who can do something that has an enormous impact on the P&L. So that's where you've absolutely got to know that you've got the culture in place...to minimise it…Thinking of the company where I'm involved, there have been a ton of investigations. You've got to have…the culture ...in place." (D6, Director).

"Does culture impact performance? Yes. When there is countercultural behaviour, performance almost invariably sinks. It's just like when you're on the tug of war team, if you're all pulling in the same way it tends to go better than when some pull sideways." (D3, Director).

These Directors are concerned about the adverse impacts of problems in the culture. Otherwise problems could get severe, including regulator investigations as Director D6 points out. These examples show how culture can prevent damage as in an earlier quote that: *"culture is a sort of cocoon." (D10, Director).* Hence, the Directors would appear to agree with one of the FRC reasons for including culture in the Code; the prevention of corporate failures.

Directors had views of the ways that their culture efforts could result in internal impacts. These impacts might ultimately support improved performance.

> *"I'm trying to think how they see that flowing through. I think the way they see it flowing through is by a management team that is more on the ball really and sharing their skills more actively." (D2, Director).*

> *"People who are more engaged, looking for new ways. And I think that's the sort of change that the company wants to see as the result in changing the culture." (D2, Director).*

> *"You have an engaged workforce that actually relishes the opportunity to contribute into a business." (D10, Director).*

A more engaged management and workforce would appear to be an expected outcome of the board culture task. Other Directors had some specific practical examples of how things might improve. One Director noted that a change to carry out a global employee survey was one practical change.

> *"It actually has made it easier to push some of the ones that were more decentralised...to get them to install something that goes across the piece…So I think that's a good thing." (D12, Director).*

This Director had noted a previous struggle to get outlying business units to collaborate on group-wide employee surveys. The board's involvement had helped the introduction of a global survey where they could make comparisons. So the outcome was a different way of working for the group that was perceived to be an improvement.

Another Director showed the benefit to the workforce feeling more valued because of the many policies introduced to improve culture.

> *"And all the policies we've put in, in terms of anti-slavery, whistleblowing, #metoo. We've done all of those policies to give protection to our workforce because we value them and this is one small way of proving it." (D6, Director).*

Another Director demonstrated the importance of signaling to the employee stakeholder group through remuneration policy, for example, which reveals a lot about culture.

> *"Alignment is part of creating an environment where people watching the top of the organisation can say 'we're all together in this'...I'm very clear, as chair of four remuneration committees, that what we say publicly on the executive directors' compensation is another little signal about values and culture...What is the first thing an employee does when he gets an annual report? It's to look to what their bosses are earning. And it's important from a cultural point of view. It's very important. Remuneration...tells you a great deal about culture." (D10, Director).*

For this Director, what the employees thought about executive remuneration would be a very important consideration and could help the sense that "we're all together in this". Employees are a key stakeholder group when it comes to disclosures on remuneration because of whether they felt the executive compensation was aligned with theirs.

These examples from the Directors sub-group show the significance of the culture task on meeting employees' interests. The impact on employees was uppermost and demonstrates the focus on employee stakeholder group for the board culture task. One of the perceived reasons that the FRC included culture was the need to bridge a gulf between societal and corporate interests. The Directors' examples confirm this reason, if the employees' interests are considered as part of the gulf.

Another Director pointed to benefits that might accrue through employees on to benefits for customers.

> *"What does a good culture do to the value of the business?...And for (company name F) very much about better company service, better experience for the customer...Bottom line you retain your existing customers. That must be your most important benefit." (D10, Director).*

The culture task may lead to a number of improvements benefitting employees and customers which may directionally be positive with respect to financial results. One Director indicated the potential link to long-term success, in principle.

> *"It seems to me the work you do on culture should be driven by the economic drivers of the business. Are you making the business more sustainable, profitable long-term?" (D2, Director).*

This Director's view supported the need for culture to have a long-term business impact. The Director also thought that pursuing short-term gains was not going to support the business long-term.

> *"I think there has been a big realisation in business that bending the rules…might in the short-term give you a good result but long-term it could be disastrous to the business model." (D2, Director).*

However, short-term pressures prevailed for many Directors. Many companies may not always have shareholders who would tolerate short-term underachievement.

> *"It can be difficult for businesses because they have got short-term objectives. Everybody is under pressure really." (D2, Director).*

> *"Yes I have been aware of places where there has been extreme pressure to succeed…They hate underachievement...Lord, they hate it." (D3, Director).*

An Adviser echoed the concern that the financial results would be of primary importance.

> *"I think most people would say culture impacts performance...But at the end of the day what they really care about is the numbers." (A6, Adviser).*

The findings on the perceived impact of the culture task on company performance is limited to a general expectation of positive benefit. A number of improvements such as in relation to employee engagement are possible. There may be some association with long-term corporate success although that could easily be thwarted by continuing short-term pressures.

The other aspirational FRC outcome is greater public trust in business. This was harder for the sub-groups to conceive. One Director believed in the importance of trust.

> *"We have to address the trust deficit. Because if people are not seeing business leaders taking action on this, this trust deficit will get worse and worse and worse…There's a reset needed." (D4, Director).*
>
> *"But if businesses do want to have public trust in them again…boards can have an enormous part to play on this and driving the executives to think about that seriously." (D4, Director).*

From the annual report disclosures only one company specifically featured a trust priority that echoed the FRC's aspiration for the Code. This company's culture was one element of their trust priority which featured prominently in the annual report.

> *"Our Trust priority is designed to respond to multi-stakeholder expectations......We operate an ethical, values-driven culture, in which any issues are responded to swiftly and transparently". (GSK 2019 Annual Report, disclosure in relation to the Trust priority).*

For this one company, their culture would contribute to building trust with multiple stakeholders. Despite this one company addressing trust, other companies did not discuss trust. Reputation resonated better than trust for a number of participants in the sub-groups. One Adviser felt strongly that reputation would be something boards could more readily deal with and regretted the use of 'trust' for the Code.

> *"I think we used the wrong term. I would much preferred to have used 'reputation'. 'Trust' is a terribly big word, whereas 'reputation' is more realistic…You can't measure 'trust' because the definition is so wide whereas you can measure 'reputation'." (A18, Adviser).*

Directors also engaged with matters of corporate reputation.

> *"The chairman is in my mind the chief reputation officer." (D3, Director).*

Two Directors had specific examples of how their culture impact reputation. One Director had an example of a fatal health and safety incident where the board was very concerned about corporate reputation following the incident.

> *"So…the (item) rolled…and killed two people…I would like to think it wasn't just all about corporate reputation. And therefore their own reputation." (D11, Director).*

The worry from this Director was that the board would only be concerned about corporate reputation as the fallout from this fatal accident. The Director didn't think this was the case but there was a risk that culture leading to health and safety problems would adversely impact reputation. Another Director had an example where they believed that the board actions had had a positive reputation impact on their suppliers.

> *"At (company name D) when we bought two other companies out of administration, we paid every single supplier who had thought that as basically the companies had gone bump that weekend, they weren't going to get paid. That went round the sector like wildfire and so we had huge, huge positives from that. And as a result, more people want to...be in our supply chain…So that's had a really positive effect." (D5, Director).*

In this example, the board's actions have created a positive reputation amongst potential suppliers due to an unexpected payment policy. This may be an example of improved reputation with suppliers; there may have been a change in trust levels as well. There are perceptions then from Directors of the benefits of the culture on reputation outcomes from the culture task to go alongside an expectation of business success through meeting employee stakeholder interests.

This section (4.2) has shown that boards have accepted the culture responsibility assigned in the 2018 Code, although challenges exist due to their lack of experience and uncertainty. The Code has been the main influence on boards with regard to this responsibility, although shareholder views can also be important. The formation of a board culture task can therefore be expected; the next section looks at the findings from this study concerning the conceptualisation of that task.

4.3. Boards assess corporate culture

This section looks at the data revealing how boards assess their corporate culture. Assessment was found to be a major component of how boards have performed their culture task. Information asymmetries have been identified as potential barriers to task performance, requiring strategies by boards to overcome them (Zhang, 2010; Li *et al.*, 2018). So it was expected that there would be an analytic theme in this study on culture assessment metrics adopted by boards. However, the nature of board culture assessment emerged as considerably more extensive than just reviewing metrics, as will be shown in this section. This section analyses the findings on how boards assess culture data as an important component of their task. Section 4.3.1 looks at the metrics boards use to assess culture including the use of data from the employee engagement survey. Section 4.3.2 looks at how boards gather anecdotal data through their visits to company sites and through individual discussions with managers. Section 4.3.3 looks at how boards derive their own inferences about corporate culture from data on other business information on the board agenda.

4.3.1. Assessing corporate culture through multiple metrics

Boards are not used to assessing corporate culture with anything like their usual degree of rigour, as one Institutional Specialist remarked.

> *"Few company boards oversee culture with the same rigor with which they assess strategy, risk or CEO succession planning." (I1, Institutional Specialist).*

Boards would need to find ways to make their culture assessments more rigorous if they were to match their oversight of other matters. A starting point for boards was to have some idea what they were aiming at with regard to culture.

> *"Before you embark on the discussion on culture you probably need to know two things...what sort of culture you want to have and then you want to know what your culture currently is." (D2, Director).*

This Director viewpoint states the importance of knowing where you want to go with culture as well as where you stand. Nevertheless, Directors may not always know what an optimal level of culture would be.

> *"Is there an optimal culture? I don't know. I really don't know." (D3, Director).*

Directors may not always know what would be the optimal culture. However, they viewed good data as essential.

> *"I have to say on balance I am a huge advocate of requiring data collection...It makes you consider it. 'And why is it'?" (D1, Director).*

Data on culture would need to be provided for Directors to make an effective assessment. In assessing corporate culture, good evidence and information was seen to be an important, as Advisers agreed.

> *"When it comes back to culture or anything else, managing your business on the basis of real evidence is hugely important." (A18, Adviser).*
>
> *"It should get easier as…management are putting better information in front of the board." (A6, Adviser).*

The ability to measure something effectively was going to make it an area of interest according to one Institutional Specialist.

> *"If you can measure something more accurately perhaps it's easier to control it. That is going to be an area of interest". (I6, Institutional Specialist).*

Good quality data was clearly going to be important for the board culture task. There were distinct problems though to be overcome. Directors were acutely aware of the difficulties they faced in finding out about the actual culture of the company due to their infrequent attendance at the company. Directors felt that this was a hard task for a board.

> *"The difficulty for...the board is overseeing and assuring itself with respect to the organisation's culture." (D8, Director).*
>
> *"If you're a non-executive director it's very hard to judge what the culture on the ground is. You see people for what, a day? 8 times a year? You're very dependent on what you're told by the executive." (D12, Director).*
>
> *"If that's what you're talking about in the boardroom as culture, how do you as non-execs know that actually is the culture at the ground floor? And that becomes much harder." (D6, Director).*

Directors are heavily dependent on what the executives tell them about the culture. It is hard for them to know that what is being discussed in the boardroom is in fact the actual culture. Director remoteness, irregularity of attendance at the company and the dependence on data from the executives all made the assessment of culture challenging for these Directors.

Some company characteristics make assessing the culture particularly difficult for Directors. The bigger the company and the more dispersed the company sites in different countries the more difficult the assessment challenge.

> *"I don't know how many locations we had. A lot. I couldn't get round them all." (D3, Director).*

"I don't know how many there are...People spread all around the world, and…quite a few quite different businesses. That's when it gets quite hard." (D6, Director).

"If it's a global organisation I can't possibly get round every single site in the world...We sit…saying 'this is our culture'. Do I believe it? No I don't." (D5, Director).

Directors clearly feel the challenge of assessing corporate culture is particularly exacerbated if the company has multiple sites around the world as what the board discusses as culture may not be the same as actually experienced in many company sites. The scale of their companies could result in culture differences that would be hard to determine and where board requirements for culture would be hard to enforce... Advisers also pointed out the difficulties for boards of these large industrial companies to assess the corporate culture.

"If you're a big engineering company with subsidiaries all over the globe...it's a bit difficult for…the board to gauge it. It gets unrealistic...They're not close enough." (A8, Adviser).

"Particularly with cultural issues. 'What's it really like here?' If I'm a board member at M&S or Sainsbury's I can probably wonder around the store and pick up culture." (A1, Adviser).

"A lot of boards think that because they're top of the pile...they know what goes on. Of course they are totally, totally dependent on the information coming up from the bottom." (A5, Adviser).

"For the culture piece you might find that…they haven't necessarily been brought together and presented to the board." (A6, Adviser).

For industrial companies, with no equivalent to a public shopfront as at a high street retailer, it is more difficult for non-executive directors to get a quick sense of the culture. Boards are dependent on the data put in front of them; in some cases, the data may not have been presented to them. Boards are dependent on what can be put in front them which is a challenge for large, dispersed companies.

Another difficulty in assessing culture was the challenge of measuring culture. It is not something that is straightforward to measure. One group of shareholders who came together with advisers and directors to discuss corporate culture noted the lack of accepted ways to measure culture. Boards would therefore need to find their own measurement approaches.

"This working group recognised that, while culture is a vital determinant of a company's success, there are virtually no widely used or accepted ways to measure it." (G6, Best Practice Guide).

The fact that culture is not audited for annual reports was also mentioned by Advisers.

> *"The FRC...put in the Board Effectiveness document loads of questions that are not directly...verified in the annual accounts. There's no auditor going in and checking. So there's no cultural audit in that sense." (A16, Adviser).*

> *"Audit's role in looking at culture is more focussed on risk and control than on some of the broader elements…But it's very difficult to differentiate between control culture and organisational culture which are inextricably linked." (A19, Adviser).*

There may be limited assistance therefore with respect to audited data on culture to help boards in their assessment.

Assessing the culture is therefore considered a challenge for boards. These listed industrial companies are often multi-country, multi-site, employing large numbers. There may be no one straightforward way to measure culture. Boards need to overcome the challenges of assessing good, reliable and independent culture data.

The challenge of the assessment aspects of the culture task raises the question then of what data will be used by boards. Advisers reported the use of a wide range of metrics to help the assessment of culture. Best practice examples were considered to incorporate the tracking of a wide range of data on culture, seeking correlations and predictable trends.

> *"There's one company that I saw recently that's doing that incredibly well all over the globe. They are looking at where most health and safety incidents occur, where they're getting most internal control failures, what's the employee survey data telling them, what's the maturity of their people in that part of the globe in terms of how experienced they are…And then matching that all together…It's a really good way that they've looked at it." (A8, Adviser).*

> *"The* 'touchpoints' *for most people are captured somewhere. They have some kind of measure for it. And there's somebody accountable." (A16, Adviser).*

These Advisers point to examples of the many different metrics that are brought together for assessment of culture by the company board. There could be almost no limit on the data sources collected for culture assessment, reinforcing the notion that culture assessment is without boundaries. One adviser (A8) has seen the multiple data sources that one company used to determine the culture. Adviser (A16) shows that for many boards a number of these so-called 'touchpoints' are tracked.

> *"Culture is a lot of* 'touchpoints'. *They have strong views on the* 'touchpoints'*: treating customers fairly, we need to pay people within a certain number of days, treating employees fairly, we're going to have proper paternity leave...You can go through the list of* 'touchpoints'*." (A16, Adviser).*

This notion of 'touchpoints' illustrates well the way Directors feel they are looking at measures of observable phenomena that are 'touched' by the underlying culture.

Directors had examples of culture data that they referred to as components of culture which could be considered equivalent to the 'touchpoints'.

> *"It was easier to look at the components of culture and put support behind particular initiatives, components of culture…Quite comfortable to talk about diversity and issues in that sense rather than more generally about 'what sort of a company are we'?" (D11, Director).*

> *"It comes up in the component parts, if you like, of what culture would include...breaking it down into its parts. It's not necessarily a bad thing, dealing with the parts." (D1, Director).*

> *"Another board I was on measured the number of customer complaints, complaints going to an ombudsman...What types of reasons were there for that...This was analysed. Things like speed of response, telephone enquiries will typically be monitored, and so these statistics would be processed. The board would be given a high high-level view of them." (D2, Director).*

> *"We talked about these different initiatives...particularly the health and safety approach, and then some HR initiatives like diversity and inclusion. And just saying that all of these things together define the culture and the values that we work to". (D12, Director).*

These Directors show that boards will determine their culture through a number of different 'touchpoints' which could include customer complaints, health and safety data, and human resource data. All these things together, the various 'touchpoints' would reveal the culture.

Some Advisers were highly sceptical as to whether boards were pulling the 'touchpoint' data on culture together in an effective way. It can often end up piecemeal according to one Adviser.

> *"I haven't seen anybody yet and I'm sure it's happening, pulling together all the different strands of culture…With say HR statistics in terms of numbers of retention, leavers, performance management. And then attitude to internal audit, ethics, compliance. Unless you put the whole picture together, it's very piecemeal I think." (A6, Adviser).*

A case could be made for many different pieces of data that when combined together could be used to assess corporate culture. The risk is that boards end up with a set of piecemeal data with difficulties in creating a complete picture of culture. The multiple 'touchpoints' may leave the board with lots of disparate pieces of data leaving the board with an assessment challenge. However, as one Institutional Specialist noted boards had no choice but to address multiple sources of data.

> *"There is no one single measure or number that could be used to encompass the many features and components of corporate culture." (I3, Institutional Specialist).*

Discussing the perceived components of culture or 'touchpoints' may be a practical approach for many boards. Which 'touchpoints' they consider is then the question for the board to address; any number of 'touchpoints' might be reasonable to consider.

In spite of the practice of addressing multiple 'touchpoints' to assess the culture, Advisers still felt the data boards received was poor. It could be that the data did not directly measure the culture.

> *"There is nothing related to the 'how'. Culture is what gives you answer to the 'how'." (A4, Adviser).*

It could be that the data gave the wrong impression as to the real culture problem. Some Advisers were sceptical of the metrics for corporate culture that they had seen in use.

> *"The measure of whether something is relevant or important cannot be whether you can express it in numbers." (A4, Adviser).*
>
> *"The problem is whether it be comes over mechanised." (A11, Adviser).*
>
> *"It's not…directly measurable, at least not by today's standards…You're not going to be able to say 'doing this much more here will lead to this much impact there'. " (A3, Adviser).*

A Best Practice Guide based on discussions between shareholder representatives noted the problems of many metrics used as proxies for culture.

> *"We concluded that many existing business metrics, while seemingly related to culture, have the potential to be misleading if interpreted as indicators of culture. As an example, the volume of whistleblowing reports a company receives...The volume of less formal communications may be more reflective than whistleblowing records to gauge whether an effective 'speak up culture' exists." (G6, Best Practice Guide).*

Metrics may give a spurious degree of confidence just because they are quantifiable. There are clearly plenty of risks in the collection and analysis of culture metrics for boards. Nevertheless a set of 'touchpoint' data appears to be an essential starting point.

Included in the mix of data assessed on culture was the employee engagement survey which was mentioned in interviews as the most commonly used source for boards. It was often the first thing mentioned, in interviews, by all three sub-groups on how boards assess culture.

> *"They will always tell you about the employee survey, very much focused on that." (A2, Adviser).*
>
> *"Employee engagement was one that everybody mentions." (I7, Institutional Specialist).*
>
> *"Typically culture is being measured by these employee surveys." (D2, Director).*

The argument was that the employee engagement survey was a 'proxy' for corporate culture.

> *"Engagement you can regard as sort of proxy for culture. If you get highly engaged teams the culture goes with it...Where engagement is low you tend to see other unhelpful behaviours."(D10, Director).*

Advisers had seen increased attention paid by boards to the employee engagement survey in order to assess culture.

> *"Boards do talk about culture…I'm seeing…a real focus on employee engagement. Now culture is right at the heart of that. So you can't do employee engagement without understanding that you're dealing with culture." (A12, Adviser).*
>
> *"You might have...an employee engagement survey. That's an obvious source to get some information." (A6, Adviser).*
>
> *"We did some research...about 5 years ago before the Culture Coalition…There wasn't really a lot of interest in employee surveys at the board. This time round…much more interest, many more boards looking at employee surveys…Every board that I see they're looking at employee surveys and using that as a key data point." (A8, Adviser).*

The perception is that almost every board is now looking at employee engagement surveys during their discussions on culture. Understanding employees' opinions was considered the most central way to assess corporate culture.

> *"That's probably the biggest thing that will change culture, understanding your employees, understanding who they are, what they want, how are you going to deliver it." (A12, Adviser).*

Reviewing the employee engagement survey was seen as an essential step for boards if they were to make any assessment of corporate culture, according to one Best Practice Guide.

> *"Given that almost all definitions of culture agree that it is about people and behaviours within any organisation, to create effective cultures we must consider our employees...Creating effective cultures starts with recognising just how crucial our employees are to the success of our organisations." (G3, Best Practice Guide).*

Disclosures from the 2019 company annual reports confirm the evidence from interviews as to how widespread board reviews of employee engagement surveys are for the purposes of assessing culture. There was considerable evidence that, coinciding with the interview data, a good number of companies had recently made efforts to enhance the way they surveyed employees. Table 4.5 shows the disclosures of 15 out of the 52 companies in the study sample that indicate that they had enhanced their approaches to assessing culture that reporting year; of these, ten specifically refer to the employee engagement survey.

Company Name	Disclosure on enhancements to assessing culture
Boot (Henry)	In late 2019 the Group commissioned a specialist employee survey provider to undertake an anonymous employee engagement survey.
Essentra	Increased focus on the monitoring of culture and behaviours throughout the organisation, and the value of site visits in this context should enhance this.
Hikma	We undertook our first Group-wide culture survey in 2019…...
Hunting	The Company introduced an all-employee engagement survey that provided feedback to the Board and saw an 80% response rate.
IMI	During 2019, we have introduced a formal process to review our culture that will build upon the successful IMI Way campaign of recent years.
Johnson Matthey	We are developing and improving our understanding of how we can assess, monitor and test the culture of the organisation, particularly as it goes through such significant change as we accelerate our strategic initiatives.
Marshalls	The Board has led the development of an employee engagement strategy, which will both empower our people and measure engagement and culture.
Morgan Advanced Materials	The Board receive additional resources to help measure and monitor our culture, these included: Employee insight gathered from site visits, one to one interviews and feedback from employee events. Employee engagement survey metrics and verbatim employee comments.
Rolls Royce	In 2019, we introduced a new survey provided by Gallup…..However, against a backdrop of transformation and operational headwinds, employee engagement fell short of our targets.
Senior	In 2020 we plan to implement a Global Employee Engagement Survey to assess culture and employee engagement across the Group.
Smith&Nephew	2019 was the first year that we used the Gallup Global Engagement Survey to measure how well our employees are engaged…..This decision to prioritise and measure engagement, rather than satisfaction, was driven by our new culture.
Spirent	We have made significant strides through the year to ensure that the Board is more fully informed of feedback from our employees. We have discussed engagement survey results.
Ultra Electronics	In May, we launched our first-ever global employee engagement survey, ULTRAview
Vesuvius	During 2019, the Company undertook its inaugural global employee engagement exercise. The Board oversaw this process…..The Board received feedback on the results and considered what this indicated about the culture of the Group.
Weir	We seek to continuously build engagement with our people and promote an open and transparent culture......There is more rigour being brought to the process, however, and to inform decision-making at the Board.

Table 4.5 Disclosures on enhancements to assessing culture (2019 Annual Reports)

From these disclosures, the importance of the employee engagement survey in assessing culture is evident. Even though employee engagement surveys are commonly used to assess culture, disclosures in the annual reports supported the view from Institutional Specialists that few companies report metrics on their culture (section 4.2.3.2). Table 4.6 details those 18 out of the 52 companies that did report an employee engagement metric, which was the only metric given on culture. Only, eight companies had not carried out an engagement survey in this reporting year. The rest (29) had carried out a survey and reported on this but had given no indication of the results.

Company Name	Engagement score reported
Balfour Beaty	Engagement score was 66% up from 65%
Essentra	Engagement score was 78% up from 75%
GSK	Engagement score was 78%, at that level for 3 years
Halma	Engagement score was 75%, target had been 74%
Hikma	Engagement score was 69% two years ago
Hill&Smith	Engagement score was 48%. First ever employee engagement survey
IMI	Engagement score was 74, up from 71
John Wood	Engagement score was 7.2 up from 7.1
Johnson Matthey	Engagement score was 63, aim to be at 73 in 4 more years
Meggitt	Engagement score improved by 4% on the previous year.
Mitie	Engagement score was 46% (up 1% on previous year).
Morgan	Engagement score was 55% (in the moderate zone). More to do
Oxford Instruments	Engagement score was 79% up from 4 years previously
Qinetiq	Engagement score was 6.9 up from 6.3
Rolls Royce	Engagement score was 3.53 "fell short of our targets" 3.68 was target
Rotork	Engagement score was 7.3 (1 to 10 High).
TT Electronics	Engagement survey result for 2018 was 4.81 (1 to 7 High).
UltraElectronics	Engagement score was 70%, first ever survey

Table 4.6 Companies reporting an engagement score (2019 Annual Reports)

For the majority of companies little culture data was revealed. The engagement survey result is the most likely metric to be found in an annual report. Even here, companies appear reluctant to reveal the data.

Only four companies had either no mention of an employee engagement survey in their annual report or had disclosed that they had not yet carried one out. The practice is commonplace, if not universal, and not all companies are doing these surveys regularly, as one Adviser reported.

> *"A lot of companies have excuses for why they haven't done one recently." (A22, Adviser).*

If boards are reviewing employee engagement surveys, it must be expected that the board can achieve something useful for the company as a result. Occasionally a

Director was able to report on how employee engagement data had been helpful to board deliberations on culture.

> *"We used an employee survey that gives us some very hard data...it's a very powerful tool to ask some pretty probing questions. 'Try and explain to the board those...outcomes.' That provokes an enormous amount of challenge and debate." (D10, Director).*

In contrast, there was a degree of dissatisfaction with the employee engagement survey as providing information on culture.

> *"Culture is being measured by these employee surveys. Increasingly people feel that they're not necessarily telling you everything because really what the employee survey is telling you is the satisfaction of the employees. They may be very happy with a rather ponderous and slow ossified culture. You might even want to see a bit of employee dissatisfaction if you're trying to get people to make a change." (D2, Director).*

This Director points out a key weakness of the employee engagement survey. It is one thing for employees to be satisfied at work, it is another for the culture to achieve the desired business outcomes. Other Directors had some reservations.

> *"People still do the employee...engagement surveys. Doesn't really tell you very much…It gives some hints." (D5, Director).*

An Institutional Specialist felt similarly that the engagement survey was merely an indicator of how happy people were feeling.

> *"Employee engagement was one that everybody mentions and everybody says 'yes that's the key metric'. But…it's more a sense of how happy are people feeling. Less a metric that you use as a leading indicator for long-term value." (I7, Institutional Specialist).*

The employee engagement survey is not a useful indicator of whether the culture is helping the business. Some are doubtful that it is measuring the right thing. There are anyway challenges in interpreting the results of these surveys and weaknesses in how they are understood. Advisers had experienced many issues on how boards had been interpreting, or misinterpreting, employee engagement surveys for culture assessment.

> *"You get…appalling scores of maybe 60% and they go 'oh this is really good news!' But no it's not. 'Read the narrative.'…And you're saying 'this is good news? It's not.'" (A21, Adviser).*

> *"I don't really get the sense of feeling in it, you know the story...So I think there's quite a lot of weakness in those systems." (A11, Adviser).*

> *"Engagement is still saying 'staff satisfaction is 79 compared to everyone else in*

this industry that's a good number.' And they're fine. And I say 'no when you listen to these results, what are they?'" (A20, Adviser).

There are clearly a number of difficulties in interpreting these employee engagement surveys which might be true for any number of different survey tools used to try to gauge culture. However, the general sense is that although the employee engagement results have some value, they have major limitations the most significant of which may be that they are not actually assessing culture.

> *"It …depends on the quality of the questionnaire and we all know that some of the questions aren't particularly good...The value may be limited but they are very focused on this." (A2, Adviser).*

Boards will need to look further for their culture data than just the results from these employee engagement surveys. An Adviser indicated that more effective culture surveys would emerge over time, even if there was little evidence of any consistent use of these so far.

> *"I see the employees' survey coming to the board. But actually a survey of 'this is what our culture is and this is where we're heading with our culture'…Maybe I just haven't been in the right boards to see it." (A8, Adviser).*

This Adviser points to more direct and informative ways to assess culture. There was seen to be a future for other types of surveys for use by boards that would be more effective at revealing the culture than the majority of employee engagement surveys. Use of other types of survey for culture assessment was rare in this study sample. One Director had experience of an additional survey that aimed to assess how widely the culture set by the board had permeated down to employees.

> *"(Name of Consulting firm)...did do a culture survey...looking at...various initiatives that we had said had collectively described our culture. It was their approach to say 'how deeply were these things understood within the organisation?' So they...went to quite junior people in the organisation. 'Did they recognise this was the culture?'...Inevitably...it was not very much." (D11, Director).*

This Director had experience of a survey that tested how widely understood was the company culture as determined by the board. This was a survey to understand the effectiveness of the communication about the culture rather than an assessment of the actual culture, as the Director pointed out.

> *"The culture survey was to look at how much the culture was embedded in the organisation. The answer was not terribly well...So the communications team was charged with improving communication." (D11, Director).*

Another Director spoke of a board's intent to survey customers in order to assess the culture in a similar way they had done with employees. Such a survey was an unusual approach at asking another stakeholder group how they perceived the company culture. However, the board had not yet done this due to the sensitivities perceived in approaching customers in this way.

> *"In my other board, the one that has the detailed survey of employees' view of culture, the board has pushed specifically to have a similar survey of their customers' views...It has taken some time...It has taken two years to get everybody comfortable with how to do that. Clearly you have to be very careful so that you don't offend customers in the process." (D2, Director).*

This Director's example may show that another way that surveys may evolve to gain the perceptions of other stakeholder groups, not just employees. One Adviser supported this view and illustrated some other surveys which could be useful.

> *"The staff survey would be in there and customer surveys...what social media was saying, what wider media were saying. An external view of…whether people ultimately wanted to do business with you or work for you." (A18, Adviser).*

This Adviser felt there was scope to capture a wider range of data to create a full picture on corporate culture coming from external parties. So there was some evidence for the potential of other sources of culture data beyond the employees, although the employee surveys dominated board's assessment of culture.

The evidence has shown that the employee engagement survey has over recent years been escalated up to board level for discussion and to provide information on corporate culture. It shows the centrality that boards place on understanding employees' views when it comes to culture. Employee engagement scores have become part of the mix of 'touchpoint' data for boards to use to assess culture. Some were critical as to whether engagement surveys told the board much about corporate culture at all. Nevertheless, the employee engagement survey would be part of the data that the board uses in its assessment of culture.

4.3.2. Culture assessment through immersion in the business

This section looks at how boards use visits to company sites and meetings with managers to gain an understanding of corporate culture. The information boards derive from many kinds of interactions they have with people in the company was considered to be particularly helpful in enriching their assessment of company culture.

The site visits and direct discussions helped make better sense of survey numbers and other metrics that were being presented to boards. Advisers spoke strongly on the need to make better sense of the culture beyond looking at some metrics.

> *"Somebody on the board needs to be constantly standing back and pulling people out of the weeds, really asking the basic sense-making questions. 'What is going on?'…And you cannot get all the answers to those questions by looking at the numbers." (A4, Adviser).*

> *"If you get back into the helicopter and say 'give me my three sentences on culture to demonstrate simply that is fine…that's a difficulty." (A16, Adviser).*

Advisers had many comments to make on the importance of non-executive director visits to company sites in order to assess the corporate culture. This way they could gather their own, independent data.

> *"I'm a really great believer the essence of a non-executive director is 'eyes in, fingers out'. They can't be 'eyes out fingers out'. So they shouldn't meddle but they've got to understand what's going on." (A10, Adviser).*

> *"So it depends on the nature of how much I can wonder around without having to ask management…and having some free reign." (A1, Adviser).*

The Directors also advocated the need to immerse themselves in the business to a considerable extent and felt that this was an extremely important way to assess the culture. Directors felt strongly that this would help them understand much more about the corporate culture than just relying on the metrics from the employee engagement survey. One Director wanted more evidence on culture than just sifting through lots of data.

> *"Whenever people present research like that…I want to sit in on some of the calls. I want to hear what's being said…That tells you a lot more about culture than lots of data." (D5, Director).*

Directors gave the impression of a large number of visits and sessions taking place to meet employees.

> *"You hear things and you listen…really getting into the core of the organisation." (D3, Director).*

> *"I've had a lot of sessions with the shop floor with no management there and actually you hear the behaviour." (D9, Director).*

> *"I've gone out either one or two days early and gone to, not just the site we're going to meet on, but other sites in the area and done focus groups." (D12, Director).*

> *"It's quite hard to get round. But bit by bit one gets places and that is key in understanding the common culture." (D3, Director).*

> *"The chairman would run staff forums…And he would ask them for direct feedback on aspects of the culture. So...he was quite proactive around the experience of culture for staff." (D11, Director).*

The evidence from one Director shows the importance of really understanding differences in culture in all parts of the company.

> *"And the culture which is incredibly different…And…knowing how it is, is important." (D3, Director).*

Advisers were equally committed to the need for directors to immerse themselves in the culture through site visits of all types. This was clearly a key part of their advice to boards and they had high expectations that all directors would be doing this.

> *"Nowadays it is pretty common fare for non-execs to go and see parts of the business…Now I get quite disappointed to hear people haven't been doing that." (A3, Adviser).*

Some directors may not be making the effort to get out and about. Advisers could be critical of boards who did not take the opportunity to spend the time talking with employees when they travelled.

> *"There are certain companies we evaluate where we say, 'you met the employees?' 'Oh no, we arrived, we went into the board meeting and then we went off for a board dinner that evening and then we came back the next morning and then our cars turned up to take us to the airport.' So some people pay lip service to it." (A21, Adviser).*

Advisers gave all kinds of practical tips on how to make board director visits more effective. This was frequently a key part of their advice to boards.

> *"I'm very focussed on asking about visibility of the board." (A2, Adviser).*
>
> *"One of the recommendations was to extend the board meetings to 2 days to make sure they then had time…and getting more exposure to the employees, which isn't difficult." (A2, Adviser).*

Occasionally an Institutional Specialist would hold a similar view that non-executives should become more visible to help culture development.

> *"Non-executives are not invisible or at least they shouldn't be….There should be a conversation for the benefit of all the employees so that they can put a face to a name and understand in a more human way what the tone from the top is." (I9, Institutional Specialist).*

Some Institutional Specialists have gained an impression that this heightened activity with respect to meeting with employees had now happened.

"In relation to...employee issues in particular, non-executives have taken to this like ducks to water. They have really shown an enthusiasm for...getting involved." (I10, Institutional Specialist).

"Engagement with the work force is a good idea. That complements quite a lot of what was in the Culture Report." (I4, Institutional Specialist).

The anecdotal data gathered was perceived to have helped extend directors' understanding of the culture. Directors valued the insights into culture that they got from site visits.

"You are not going to be into the culture of that company all of the time. But you are when you're on site." (D3, Director).

"The only way really to feel the culture is to actually do these visits...There is something to be said for just walking up and having conversations….I don't really know any other way." (D4, Director).

"I went to see the office and see everybody and how they feel...you're going to really find out." (D7, Director).

"My role as a non-exec is not just to read these things. But to a few people around the place, ask 'what'?" (D2, Director).

Directors have reported how strongly they feel about the need for site visits to learn about the culture. Some boards made sure they debriefed together after these visits.

"I can think of chairmen who think this is very important and so they will ask the non-execs...right at the beginning of the meeting: 'I know you've done these trips this month, report on it.'...Even if it was all nice stuff, you still say 'that was a really good meeting'." (D6, Director).

"We'll have the opportunity to do a wash and brush up with just the non-executives, saying 'what did we hear? What concerns do we have about behaviour issues?'" (D10, Director).

Directors believed that the discussions they held with employees enabled them to assess what the culture really was like in the distant parts of the company and they could use this in their discussions at board level. Directors could cite a few tangible outcomes from their visits although this was often surprisingly difficult. Outcomes were thought to have been helped by having issues raised at board level.

"There's been a few bits and pieces that have come out...it just means it's very transparent to the board." (D12, Director).

"I asked somebody when I was visiting the head office 'what does the chief executive mean by saying we should challenge things more?' He said 'oh what he means is that we should challenge ourselves to work harder'. I was thinking 'oh, that's not how I read it.' I investigated it further…The chief executive did mean he wanted people to speak up, which is what I thought he meant. Not everybody had obviously read it that way and this was quite a senior person." (D2, Director).

These Directors had had useful experiences when their site visits had given them an unfiltered understanding of the culture. Directors could assess whether messages about culture had been properly understood. It helped boards introduce changes, even if as Director D12 puts it, they were only 'bits and pieces'. Although anecdotal these visits had helped to validate and expand on the survey and 'touchpoint' data Directors receive in the boardroom.

Another source of data on culture for non-executive directors was perceived to be discussions with individual senior managers. Non-executive directors have ready access to senior managers who can be very useful to them as sources of information on culture. These senior managers are not board directors themselves and may only infrequently attend board meetings. However, their seniority gives them a perspective on corporate culture. Directors reported on important discussions they held with individual senior managers just below board level. Examples of post holders were the Head of Internal Audit, the HR Director, the Company Secretary, and General Managers. Directors frequently spoke of the importance of these contacts, which was another way to immerse themselves in the business.

> *"By getting to know at least the next level down...The senior management team is important and…the country managers…You get to know the nuances in the culture. It gives you a window." (D3, Director).*
>
> *"There are always a few people who come to the board…the level below executive committee…You get to know them…They absolutely love to meet the board. It's one of those complete win-win." (D6, Director).*
>
> *"The other important role of the board is periodically to have the opportunity to talk to a wider audience of executives...We invite 10 executives…It's very interesting. Over a couple of glasses of wine, people are very relaxed. You do pick up quite a lot." (D10, Director).*

Directors value their contact with senior managers below board level. These individuals have good knowledge of the corporate culture who are willing to discuss culture matters openly with non-executive directors.

Advisers were also aware of the value of senior managers as another source of information about company culture. Many Advisers reported that they interviewed senior managers as well as directors to get a view of the effectiveness of boards and so Advisers had a strong perspective on the usefulness of senior managers on culture.

> *"The informal conversations with the people like the Head of Internal Audit, the*

> *Head of Risk, the HR Director and the company secretary. That's another really important source. It's different from the data, it's different from just going out to the shop floor. It's actually getting that intelligence in an informal way." (A8, Adviser).*

> *"Compliance, Internal Audit, acting as the eyes and ears of the board, independent of management, is in a unique position to judge whether the tone from the top is being adhered to." (A17, Adviser).*

> *"The group that people usually don't put much focus on, which is critically important, is the broader leadership team. You've...got this group of 30-50 who are the people who really make things happen in a corporate. And I like to know…how are they behaving, how are they operating?" (A11, Adviser).*

Senior managers in many company departments provide a particularly effective source of information on corporate culture for non-executive board directors. Some of these departments such as internal audit, compliance, legal, and human resources are in a unique position, as they have some professional and organisational independence from other managers. Even more junior managers may be useful, according to one director quoted in a Best Practice Guide.

> *"One participant said it was critical for directors to talk to what he called the first line of supervision – employees responsible for managing teams on the shop floor. These people were well aware of the corporate culture." (G1, Best Practice Guide).*

An Institutional Specialist noted how private discussions with senior managers may be beneficial.

> *"The Audit (department) is asked to identify where the systems are right but the tone feels wrong. They need to be encouraged in this...Private meetings are the time to raise the issue." (I8, Institutional Specialist).*

Boards have a number of choices, then, of who they can talk to find out about the culture; senior managers, specific departments like Audit, Compliance, Human Resources, first line supervisors, employees. What appears to be essential for non-executive directors is to immerse themselves in the business and to avoid relying solely on data-based reports at board meetings.

4.3.3. Data integrated in other business information

Another important source of data on culture emerged from the interviews, particularly from Directors, but also Advisers. This concerned insights into corporate culture that were derived by directors when considering other items on the board agenda. Data on culture are integrated into other business matters. This approach to considering culture was consistent with the definition of culture as 'the way we do things around here' which has been argued here as being closer to a toolkit view of culture (Bower, 1966). Gleaning integrated information on culture is explored in this section. This type of data on culture is referred to in this study as 'integrated' data.

The Directors sub-group revealed, in their interviews, how information on culture could be gleaned from all kinds of business discussions. Directors gave examples of how they could spot culture issues during board discussions on other topics. This would happen impromptu during almost any board agenda item, reflecting how culture assessment has no clear boundary. This surfacing of 'integrated' data was considered by Directors to be an important approach for raising culture matters.

> *"It comes up in lots of other things…very much intrinsic to your culture." (D12, Director).*
>
> *"It wasn't a conversation about culture. It was, but it wasn't called that." (D1, Director).*
>
> *"There's something going on in the outlets which suggests that maybe culturally we're rewarding the wrong things...What behaviour is that driving? Is that appropriate behaviour?" (D10, Director).*
>
> *"It is thinking through the unintended consequences of the measures you put in. And having something that can override it so that that you can say 'that is driving the wrong behaviour, let's do something different'." (D6, Director).*

Some Directors felt it was very important that culture was considered in the context of a wide range of business matters and not just in isolation as a discrete topic.

> *"You want it to be an integral part of your business and…culture is a really big thing…It's not a standalone issue and it comes up in various different guises." (D12, Director).*
>
> *"Innovation we talk about. You know all of these things to me are to do with culture." (D1, Director).*

Board discussions might concern any number of topics but could easily be a discussion about culture, even if not explicitly so.

> *"It wasn't a cultural conversation but actually implicit within it…. Is that a culture conversation?…It is linked into culture but it wasn't explicit." (D1, Director).*
>
> *"A lot of the changes around risk and…sustainability...All of those things make up what the culture of your company is. So the amalgam of everything...All of that starts going into 'what is your culture and...is that going through the whole company?'" (D12, Director).*

Although any matter could prompt a culture discussion, some topics might more naturally lend themselves to it.

"It's usually discussed as part of the HR pieces. So the succession and those kinds of things." (D6, Director).

One Director (D8) referred back to their experience on one board where they had participated in formal process to review some business processes explicitly to identify culture issues. This was a formal, explicit exercise in surfacing 'integrated' data on culture.

"The best exercise that I saw done on this was taking some key processes, 6 or 7 key processes in an organisation...and really assessing the behaviours that occur at each stage during that process. And that can be very informative because you can then start to get to key issues about power, dominance and challenge...And it's only when you do those review exercises on key processes that...as a board…that you get assured as to culture." (D8, Director).

This Director (D8) has seen how boards can assess culture when they deliberately examine business processes for the behaviours they induce, usually during committee or ad hoc meetings. These formal reviews can provide useful culture information for the whole board. This was clearly an unusual experience for Directors in this sample and was referenced more for financial services boards than boards from the study sectors. However, it indicated how some companies are developing their ability to assess culture through the analysis of business processes.

Advisers saw this surfacing of culture data which is integrated into other business items, although to a lesser extent. They were not as forthcoming as the Directors in terms of examples. Advisers do not sit in on so many board meetings as Directors. However, there were some comments on the value of 'integrated' data from the Advisers. In some cases, this may be the only way in which boards discuss culture.

"It normally comes up as part of another item. You know: 'the results are down, why is that?'…So it'll come in through a business item rather than a discrete item, 'let's chat about culture'." (A16, Adviser).

"It comes in anecdotally, but that's it." (A21, Adviser).

One Institutional Specialist also noted that culture could come in all kinds of board discussions.

"Culture is always there in lots of different topics discussed in the boardroom and it doesn't need separate focus. It doesn't need to be written down...It features everywhere." (I8, Institutional Specialist).

Culture discussions could then occur at any point during a board meeting. Some of the Directors might see it as a culture discussion but perhaps others would not. One

Adviser could see how boards with a more sophisticated approach to considering all agenda items could be in a stronger position on matters such as culture.

> *"Whereas boards might in the past have thought about things from the point of view of 'gimme the facts', and its linear, and its left brain, and its judgmental, and it's a plus b plus c. Now it's more systemic, in that they're thinking about things from a rational point of view, an irrational point view, an emotional point of view, a political point of view, a stakeholder point of view, a 'what would be the judgment in the courts of public opinion point of view?'" (A10, Adviser).*

This Adviser had witnessed boards that looked at their agenda items from many different perspectives, including emotional and political views, and in so doing had revealed data on the culture.

Directors are able to spot culture issues as they consider other business items on the agenda. This can be a particularly valuable contribution from boards as culture considerations may not be captured in the regular 'touchpoint' data that they review. Immersion in the business may provide a useful counterpoint to 'touchpoint' data reported boards, but can only be ad hoc. The 'integrated' culture data derived from other business information can be timely, specific and directly related to 'the way we do things around here'. Boards conceptualise assessment of culture data a key component of their culture task, using these multiple mechanisms.

4.4. Board actions to shape corporate culture

This section explores how boards conceive they can shape the culture. This was found to be the second major component of the board culture task. The conceptualisation of how boards shape culture helps to understand how the board task for culture may differ to the executive task. The findings in relation to the challenges for boards, with respect to shaping culture, are first analysed (section 4.4.1). The section goes on to analyse boards' use of values to shape culture (section 4.4.2) which was expected as an analytical theme as it has been found in the literature on executive leadership of culture (Schein, 2017). The extent to which boards shape culture through the toolkit approach, also selected for this study, is explored next (section 4.4.3) (Weber and Dacin, 2011). Two themes that emerged from the case study interviews are then explored in the following two sections (Sections 4.4.4 and 4.4.5). These emergent themes, from the study analysis, revealed an important contribution by boards in offering an external perspective on culture trends (bringing the 'outside in') and in emphasising important culture matters (‘spotlighting’).

4.4.1. Shaping challenges for boards

Boards may wish to shape culture, but Advisers spoke of the problems boards faced with this. There were a number of reasons behind these problems.

> *“There’s still a bit of a difference in opinion on the extent to which the board can shape the culture…Because I don’t think the board really can and that’s the strong message that …was coming through from our interviews…They’re not close enough.” (A8, Adviser).*

This Adviser (A8) concludes that boards are not close enough to shape culture. They see many stronger influences on culture.

> *“The chief executive is sending a strong message to his or her executive team...The whole HR system, the performance management and development, and who you promote. That’s all having a huge impact. The tone of communications. And then you’ve got the board coming in every couple of months at best.” (A8, Adviser).*

Compared to the impact of the executives, the policies and internal communications, the board is remote. Advisers have seen the challenges that boards have in getting their impact felt.

> *“The challenge for boards is to make sure that their culture is cascaded down into the entity.” (A7, Adviser).*
>
> *“The only way they can really influence it is by setting expectations on the management team…So they can impact in that way but it’s a secondary impact.” (A8, Adviser).*

Boards can have a secondary impact through management, which might in any case take a long time to impact.

> *“One board, in one reporting cycle, even if it wanted to change the culture, probably wouldn’t.” (A7, Adviser).*
>
> *“Start with the end transition in mind, shaping culture is a long game.” (A13, Adviser).*

The remoteness of the board when it comes to shaping culture is a problem. Boards are in a weak position to shape culture, as one Institutional Specialist also noted.

> *“Boards are far too removed from these large, complex organisations that are just thick with layers and sub-cultures to have a real impact.” (I3, Institutional Specialist).*

Directors were also aware of the challenges they had in impacting culture lower down the company. One Director noted a reason for board challenges in shaping culture.

"When you're driving culture and behaviour…down into an organisation, you do hit this permafrost. And how do you get through the permafrost?" (D9, Director).

This permafrost was a barrier to board impact in shaping culture.

There is no reflection of this shaping challenge for boards in annual report disclosures. Annual reports may tend to emphasise the company's achievements rather than their problems. Companies do, however, offer comments on problems that are already in the public domain. One example involved in a major legal dispute.

"The Board noted that engagement levels remained high and, despite the events and uncertainty of the year, the Group's culture remained strong and closely aligned to the Group's purpose and mission." (Indivior plc, 2019 Annual Report, Page 55).

This board notes the challenges they have with the culture but do not comment further on how they are going about shaping the culture. The example also shows how engagement levels and culture are perceived to be linked.

How boards can best shape the culture, either themselves or through their secondary impact through the management, is analysed next to understand the conceptualisation of this component of the culture task. This is first addressed through an analysis of how boards have been perceived to use corporate values.

4.4.2. Boards' use of corporate values

One of the main ways that leaders have shape the corporate culture, in the literature, is to specify values that guide the behaviour they seek, then demonstrating and embedding these in personal behaviour and policies (Schein, 2017). The practice of setting values to guide behaviour was commonly quoted by all three sub-groups as a way the board can shape the corporate culture. This section considers how boards contribute to setting and embedding values.

There was evidence from the interviews of the common practice of setting values in order to communicate with employees, and other stakeholders. For many Directors, this was seen as the main way of shaping the company culture.

"If you can reduce to relatively simple words and concepts...what you're about, it's good to be reminded of them. If…we're not true to them, darn well do something about it." (D3, Director).

"They all have values. They live them to varying degrees." (D5, Director).

Although the companies had values, the boards did not always make explicit use of the values themselves.

> *"It was an implicit 'we don't do business that way and we won't'. Without it being an explicit 'we have a cultural value of integrity'." (D1, Director).*

Boards don't necessarily use the corporate values in their own discussions. Directors could be vague or hesitant as to what the corporate values were.

> *"We certainly have them. This is very embarrassing…I can't even tell you what our headline values are…It's not a living thing in the board. It doesn't lead with them and it doesn't tie in with them." (D1, Director).*

Another Director felt that values were more prominent in the past, cautioning about the over-use of values.

> *"There was a period of time when values were more to the fore than they are now. It's good to be reminded of them. You shouldn't overplay it." (D3, Director).*

The fact that a Director might not know what the company values are would not have come as a surprise to many Advisers. Advisers reported a good degree of sceptism as to whether boards used corporate values themselves. They echoed the fact that directors often don't know what the values are.

> *"Well it's a box ticking…You ask them what the values are, and the NEDs start 'er yea, well…I can't remember'. They are meant to be exemplars of these!" (A20, Adviser).*
>
> *"When we're evaluating boards, I quite often ask board members 'what are the values?' It is amazing how many people can't tell me. And they'll say 'well it's something about authenticity and it's something about integrity'…and you're thinking 'no it's not. I've read them!'" (A21, Adviser).*
>
> *"Often they don't know the values, they haven't seen them, and they haven't been discussed for years." (A6, Adviser).*
>
> *"They're doing it (values setting) as a sort of background context thing rather than an overt statement…It's a bit more implicit. It could be made more explicit to send that stronger signal from the board." (A10, Adviser).*

Boards have in some cases not used the values for a long time such that Advisers had witnessed a lack of awareness of the values at the board level. This is despite their view that values are important.

> *"Values matter – a lesson we still struggle to learn even after the banking crisis...The key starting point is values." (A13, Adviser).*

There was a need for board to consider more deeply how they were using the values, as well as how they were working in the company. Values in many companies were also often considered anodyne and not very helpful. The value most mentioned during interviews was 'integrity', often disparagingly as it was seen to be so commonplace as to be meaningless. One Adviser had experience at one company that was considered to be more innovative in coming up with values.

> *"A lot of the values are bog standard - integrity, respect...One company, there were really, really interesting values ...They were phrases – 'making the boat go faster' or...'if you can't go through the door, go round through the window'…They were really quite innovative and they weren't those, you know: honesty, integrity." (A6, Adviser).*

According to this Adviser there were more imaginative approaches to selecting the values than just picking on ones commonly used by companies such as 'integrity', as in the guesses made by directors; *"it's something about integrity" (A21, Adviser).*

Advisers had examples of how values were not used as fully as they could be to shape the culture.

> *"They'd probably do quite well in terms of describing the values…but whether actually that's happening throughout, that transfuses the business? In some cases, I would be pretty doubtful." (A5, Adviser).*

> *"You can't just go out and consult and ask people what they think the values should be. You have to live and breathe it." (A12, Adviser).*

Boards are missing an opportunity to use the values more actively, in the view of the Advisers who also advocated a greater attention to the observed behaviours in the company. There needed to be ways in which boards used the values to direct employee behavior more effectively.

> *"It's all very well to discuss the values…but what behaviours are you wanting to encourage, what behaviours do you want to discourage? When you get on to that practical level it just becomes a lot…more valuable than having long discussions about 'is it stewardship or is it integrity?'" (A8, Adviser).*

> *"How are people demonstrating the culture?...There is one ironic company...one of their values was collaboration but two of their key departments refused to collaborate." (A20, Adviser).*

Advisers want boards to use values to shape culture more effectively and ensure that employees are behaving appropriately. More effective use of values by boards was also shown in one Best Practice Guide.

> *"The key starting point is values. All companies have them even if they don't know what they are...Boards have to work out what values they want and then how to*

ensure that the values they have chosen are what actually drive behaviour." (G5, Best Practice Guide).

There was also some reference to setting the tone from the top. Institutional Specialists felt that there was no excuse for not getting this tone from the top through to the workforce.

> *"We have seen a significant shift through the use of Teams and Zoom…Avoiding the problems of cascading information where the 'tone from the top' tended to get corrupted in terms of the cascading." (I10, Institutional Specialist).*
>
> *"If the required behaviours are communicated regularly and clearly, I don't think it necessarily needs to take ages to change culture." (I1, Institutional Specialist).*

These comments reveal the importance for the board to get culture messages cascading down to support culture change. A Best Practice Guide also supported this view of the importance of the board setting the tone from the top.

> *"The way board members interact with each other, with senior management and with the organisation sets the tone for the rest of the organisation, as these relationships are often replicated." (G4, Best Practice Guide).*

The tone from the top and the required behaviours need to get through to the workforce in order to change the culture. This is seen as a responsibility of the board as well as senior management.

Although setting values is seen as a key approach to shaping company culture, there was a considerable criticism of boards' use of values. The fact that many board directors did not even know the values demonstrates how little this mechanism is regarded by board directors. It was clearly a missed opportunity. There may be a degree of sceptism behind this lack of interest in the corporate values by boards.

Leadership behaviours are considered critical to effective culture change in organisations, as leaders act as role-models as a way to demonstrate values and behaviours (Schein, 2017). Role-modelling may also be used by boards despite their relative remoteness to the operations of the company, particularly for the non-executive directors. The theme of role-modelling behaviour by boards and its potential impact on corporate culture is explored next. Many governance regulators internationally have pointed to the need to set an appropriate tone from the top which points to boards' ability to also role-model the kind of behaviours they seek (Medcraft, 2016).

One Director spoke of their own experience of their remoteness and anonymity from employees, illustrating the challenge for boards in using role-modelling as a mechanism to shape culture.

> *"They can easily go in disguise as most employees don't know who the board members are...you're just an anonymous group. Particularly lower down the organisation." (D4, Director).*

In this Director's experience they are anonymous to many people in the organisation.

In general, however, there was reporting by interviewees from all sub-groups of the importance of the board members' own behaviours on impacting the corporate culture in the form of role modelling to encourage appropriate behaviours. One Director illustrates the point.

> *"It is very important for board members to...give a good example of culture…Things that are done by a…director will have a very big ripple effect…Because it sets an example that other people will follow." (D2, Director).*

This Director points to the example that board members set and the big impact on culture. Role modelling of the appropriate behaviours by board members was considered very important. So there may be contrasting experiences between Directors as to how much role-modelling impact they actually have.

Many Advisers thought that board directors were not paying enough attention to this role modelling impact. This was an omission, in their view. Directors could be completely unaware that they are role models in the company.

> *"These role modelling behaviours are extremely important and are totally ignored by many board members…I think they're just truly oblivious to the roles they are playing." (A15, Adviser).*

If directors are oblivious to the roles they are playing and ignoring their impact they cannot use this opportunity to shape culture. Board directors may not be used to considering culture matters and being aware of their own potential impact.

The evidence from these interviews shows that not all Directors are aware of their own role-modelling potential. The disclosures in annual reports are an additional source of statements on how board directors model the culture they desire. An analysis of the study sample of annual reports shows that most boards failed to note anything at all about their own role modelling impact on the corporate culture. Just two companies were found to comment expressly on the role-modelling their directors offered. The disclosures from these two companies are quoted in table 4.7.

Company Name	Disclosures on the board's role modelling
Croda plc	We have established a mentoring programme for some of our highest potential employees ...The mentees are matched with mentors from the Board and Executive Committee... A key objective for the mentoring programme is to provide role models and development opportunities ...and to aid in the creation of a more diverse organisation.
GlaxoSmithKline plc	The Board acknowledges that the biggest driver of our culture is the leadership of the company. The culture shift underway continues to be role modelled by the CET and the Board, where their words, actions and behaviours set the tone for employees and the wider workforce.

Table 4.7 Disclosures on the board's role-modelling (2019 Annual Reports)

Only at GlaxoSmithKline has the board declared into own contribution to role-modelling to expressly shape culture, in partnership with the Corporate Executive Team (CET). Board members completed the same training as the workforce to ensure they were role-modelling appropriately. At Croda, the board members have understood their role-modelling in relation to a mentoring scheme for high potential employees, with a strong link to improving diversity. Hence at Croda, this awareness of role-modelling may be limited to the board's participation in this particular mentoring scheme, as this is the only context in which their role modelling is disclosed.

From this analysis, it would seem that many boards may be failing to optimise their own role-modelling potential and therefore missing out on one way to shape culture through personal demonstration of the values, even if it may be not be as strong a mechanism as for executive leaders. According to the views of many of the Adviser sub-group, non-executive directors on boards have a contribution to make in role-modelling corporate culture as their behaviours impact the executives and the others that they meet. However, according to the Advisers, but also some Directors, there was some way to go in getting directors to understand the potential of role-modelling. Company annual reports barely mention the contribution of board role-modelling of corporate values to shaping culture.

4.4.3. Toolkit notions of culture - building cultural capability

Although setting values to direct behaviour is one method for boards to shape culture, others have paid attention to considering how culture is built into company processes and practices. The practice turn in culture studies, resulting in a toolkit view of culture, is relatively recent (Weber and Dacin, 2011). There was some conception of this view from case study interviewees and document analysis. This section considers the degree to which boards take a toolkit view of culture, and if so, the effectiveness of this approach. This line of enquiry was aimed at a subsidiary research question on understanding how the toolkit view of culture might inform our understanding of how boards perform their task.

There was some awareness demonstrated of how operational processes could be built to shape culture. Occasionally some of the Advisers articulated the benefits of building culture into the way the companies worked. This mostly came through examples where the Adviser saw how culture became built into operational processes.

> *"How do you…make this work in a company with 100,000 employees?...It can be done but it has to be done through process. There is a limit to what a leader can do with their own character…I don't think there is any limit to what they can achieve through putting the right processes in place." (A18, Adviser).*
>
> *"A new purpose, new values, they don't change the culture unless you have a wholesale change in...the way you do business...It's the processes you have." (A12, Adviser).*
>
> *"Many processes and procedures that people see in their professional lives represent what we call corporate culture'...We understand the culture based on processes, procedures and behaviours...Many of these are set out by decisions made at the top." (A10, Adviser).*
>
> *"A culture...is influenced...by the ways that internal systems, processes and roles inter-relate, or do not." (A19, Adviser).*

These Advisers have seen the value of building culture into the processes and of how the design of processes can impact behaviours and culture. One Best Practice Guide reinforced the notion that the processes in the organisation were important for driving culture.

> *"Those who are responsible for governance of the organisation...have governance responsibilities in driving corporate culture...Some of these involve giving direction to the processes and procedures of the organisation, which affect both employees and external stakeholders." (G4, Best Practice Guide).*
>
> *"Processes and procedures that people can see and experience in their professional lives need aligning with the objectives of organisations. Inconsistency between the two creates dysfunctional behaviour." (G4, Best Practice Guide).*

One Institutional Specialist also articulated the importance of getting the practices in the company aligned with respect to culture.

> *"A healthy culture is one where practices are aligned with the organisational values ...A healthy culture is fostered when organisational leaders and employees alike begin to walk the talk." (I3, Institutional Specialist).*

The metaphor of 'walking the talk' used by this Institutional Specialist emphasises the importance of what people do in the organisation, not just what they say. This would therefore appear to be a conceptualisation of culture as closer to a toolkit notion. Ensuring the practices will support the desired culture is an important approach in this view.

Directors gave examples of practices quite deep in the operations of the company that shaped culture. One director, speaking of both his non-executive director and his earlier CFO experience, gave illustrations of how cultural assumptions could get locked in to work processes, in this case financial ones:

> *"If you push the envelope a little bit, you push the envelope a bit more the next time, a bit more the next time. You never quite catch up…Because half by half or quarter by quarter this thing mounts up." (D3, Director).*

> *"I had someone ask me 'can we send a few trucks out on the road on the 31st December and come back on the 2nd Jan and call them sales?' Well 'no' is the answer. So the significance of culture, it's at the extreme edge like the year-end cut-off." (D3, Director).*

This Director points to the external pressures on listed companies and how the culture will determine the operation of specific practices. Culture can be most significant in extreme instances or under extreme pressure, in this view.

Another Director pointed out that looking at culture required delving into operational matters to make sure processes were instilling the right behaviours.

> *"Because a lot of this cultural stuff it's really an operational issue and it's just making sure that it is being done properly." (D12, Director).*

If culture manifests itself at an operational level in a company, it is important for the board to have ways to check that it is being done 'properly'. Boards need to have approaches to do these checks. Some Directors (like D8) had experience of boards or their committees in reviewing processes specifically for the purpose of understanding the corporate culture. Others (like D3) had experience from their own earlier executive roles. So there is some understanding of the need to be sure of the operational work in companies and how it impacts culture, even though this was much less commonly considered that the use of values statements and how these are understood by employees.

There was some evidence from Directors that the board's approach to directing the operational work processes in the company would ultimately impact culture. One Director spoke of how this had happened at one board through the CFO's sustainability drive.

> *"This got driven out of the CFO...He was looking at not just financial sustainability for the business but also its sustainability in the sense of its position within the community and environment…He could not have done that without the explicit support of the board. And it did drive quite a cultural shift actually." (D11, Director).*

The access to operational details may be difficult for boards. Boards do have the capability to understand how processes reflect cultural assumptions. Directors might be considering operational processes as part of their board and committee work and they have opportunities to spot and deal with culture matters.

Scanning company annual reports for disclosures which link structural or process changes to impact culture revealed little in the way of examples. Two examples that might hint at this appreciation are cited in table 4.8, but this is scant evidence.

Company Name	**Structural and process changes to impact culture**
Equiniti	We are in the initial stages of the cultural transformation of Equiniti. The Group is often perceived as a business to business provider of outsourcing and technology. ……. we have decided to invest materially in the user experience, through digital technology and customer service techniques, to produce a step change in customer satisfaction and advocacy.
Hunting	Our culture: In the year, the Directors reviewed the organisational structure of the Group, noting its simplicity, with short chains of command to allow for rapid business decision making.

Table 4.8 Disclosures revealing process development for culture (2019 Annual Reports)

Culture can be developed through the way that processes are designed, including technology implications and organisational structures. However, few boards have considered how to review the operational processes for the behaviours they incentivise and encourage. Some Directors have experience of this process design perspective on shaping culture, but without the same level of impact on their thinking as the setting of values.

The more enabling aspects of culture which are more typical of the toolkit approach did occasionally come out as something boards should be concerned about. It was Advisers that had this perspective.

> *"If you distil culture down, whatever culture may be, the outcome of it is that…people can reliably interpret what is actually going on...They can make the right call in terms of what they're going to do…If it does that, it's alright. Easier said than done." (A4, Adviser).*

> *"Perhaps part of the value of a strong emphasis on the culture is that boards...have that kind of delegated style of operating. Such that people know what to do when there aren't clear rules." (A10, Adviser).*

These Advisers are aware of the need for boards to set cultures such that employees can work out for themselves what to do in a particular situation. An enabling view of culture is therefore part of some Advisers' approach, less commonly held than the values approach.

4.4.4. Bringing the 'outside in'

There were perceived to be additional means that boards could use to shape the corporate culture that had not been predicted from the culture literature. One theme that emerged from interviews, particularly with Directors, showed how boards could bring an 'outside' perspective into the company to determine what the corporate culture needed to be. This theme, 'outside in', showed the importance of the board in shaping what the culture should be. This would be in addition to the primary and secondary shaping mechanisms through values identified by Schein (2017). It is more directly concerned with a board contribution of determining what kind of culture is needed. This section analyses the perceptions on the ability of directors to bring an 'outside' perspective into the board room for culture decisions.

This emergent theme came primarily from the evidence provided by interviews with Directors. The need to be aware of external developments in public and consumer concerns and bringing this external insight into culture discussions was revealed to be a key contribution that Directors could make to the shaping culture. It was a theme that Directors were aware of through their own personal lived experience on boards.

> *"In terms of the role of the board that was significant because we could see things from the outside." (D2, Director).*

> *"And my greatest achievement in my 12 years…came from interpreting correctly a speech...from the Pensions Minister...which then led to an input…which was actually quite helpful." (D8, Director).*

> *"What does the board bring to the table?…Seeing things with a bit more objectivity than the executives who are in the middle of the business." (D2, Director).*

The 'outside in' perspective that the directors bring comes from a variety of sources as shown above. The particular advantage that directors bring comes from their own networks which can be especially privileged. One director, in particular, was able to refer to a number of different ways in which other board directors had brought an 'outside' perspective into the boardroom.

> *"One of the board members is particularly concerned about climate change and can see that it is going to have major force. That is not just because of her own personal commitment, it is because she is close to regulators." (D2, Director).*
>
> *"One of the other directors is involved in a lot of Asian businesses and he is very aware of the move against palm oil. He draws that to the attention of the people working in climate change." (D2, Director).*

Directors were aware of the cross-fertilisation potential of being on several boards at the same time.

> *"People are sitting on several boards and that's where they then pick up bits of information that can be relevant from one board to another. Cross-fertilisation of knowledge." (D6, Director).*
>
> *"There's a lot of cross-fertilisation of experience. 'This is what we did on one board can we do it again here?'" (D2, Director).*

The personal networks of board directors could include influential leaders of major organisations.

> *"Any NEDs at FTSE 100s will typically be interacting with regulators at quite a senior level. You might be interacting with chairman and chief executive of investment banks. So you are hearing from the very top what organisations are concerned about." (D2, Director).*

Board directors are members of a social network of influential people with a wide range of experience and insight. Directors can bring this 'outside' perspective into any number of business matters including how that impacts corporate culture.

> *"We listened and we reacted and we adapted...The phase where we thought we knew best we lost the plot." (D7, Director).*
>
> *"Anticipating customer reactions...rather than just following." (D2, Director).*

Advisers have less experience of sitting in board meetings to hear the way the discussions go. Nevertheless, Advisers also advocated that boards play a role in bringing perspectives on the outside world into the boardroom and how this can impact the development of the culture. Advisers themselves often attempted to bring in ‘outside’ perspectives whilst advising boards. One example of this comes from an Adviser working on board effectiveness with a board of a shipbroker and discussing their need to pay attention to environmental issues.

> *“It was a shipbroker, and they said ‘we just have an office, we don’t do much’. ‘Hang on a second, you have the most polluting vehicles on the planet minus aircraft. Those super-ships are burning sulphurous fuel...So encourage the people who want cargo space to buy a low sulphur ship and pay a bit more. Then you’re helping’. They weren’t there yet.” (A20, Adviser).*

From this example, an Adviser was emphasising the need for the board to consider their environmental impact in ways they were not yet ready to accept was their responsibility. Advisers saw the dangers when companies were not making use of the board’s ‘outside’ perspective.

> *“There are a lot of boards around where the business strategy is developed by and implemented by the executives with not…enough input from NEDs. That’s very dangerous because that can lead to inbreeding and in a cultural sense ‘we do it our way because we’ve always done it our way’. So it doesn’t really commit to new thinking.” (A5, Adviser).*

> *“A good culture is one which has intelligent listening as a perspective… there is something in the culture discourse around listening.” (A11, Adviser).*

These examples from Advisers show the benefit of non-executive directors bringing in an ‘outside’ perspective that will help determine what the culture should be. ‘Outside’ perspectives on culture could come from a wide range of sources, almost without limitation.

> *“If you spend time in the board room where they subcontract, if they start talking to people who’ve been subcontracted…you might have a chance of finding out.” (A3, Adviser).*

> *“If I was a board member I would be interested when things go wrong in other companies. Saying ‘can we learn lessons, is there a cultural aspect?’...Making sure that people learn the lessons.” (A6, Adviser).*

Bringing the ‘outside into’ the boardroom, is clearly a major contribution that the non-executive directors on the board can make. It was seen as particularly useful when considering the internal corporate culture. Combining ‘outside’ and internal perspectives needs to happen at board level, according to one Adviser.

> *“They are starting to ask much more systemic questions around culture, behaviour influence…There is this dawning around moving away from process and facts and data through to the more fuzzy logic, systemic, interrelated and the interplay between the outside and the inside.” (A10, Adviser).*

Board directors are recruited for their expertise and experience in other companies. So this external perspective is expected to be useful. It is however particularly useful from the observations of directors when it comes to the board culture task. Cultural aspects benefit in particular from the 'outside' perspectives that board directors are particularly able to bring in.

4.4.5. 'Spotlighting' shaping actions

Aligned with the ability to bring the 'outside in', was another emergent theme that showed boards' ability to emphasise, remind and focus on key culture issues. As will be demonstrated, this was referenced in a number of ways but is captured here as 'spotlighting' in which directors, relatively informally, reinforce and remind culture priorities. This notion of 'spotlighting' was shown to be particularly helpful in directing executives in shaping the corporate culture. This section considers this emergent theme.

Directors gave examples of board discussions where the need for board directors to emphasise particular priorities was critical to dealing with culture. Advisers who had sat in on board meetings as observers had examples of how directors played a key part in emphasising to the executives particular concerns. This particular behaviour by directors was referred to in many ways: 'having a particular beef with', 'banging on about', 'shining a light on', 'digging in', 'bee in their bonnet about', 'drilling', 'keep tapping him on the shoulder' or perhaps more neutrally as 'challenging' or 'signaling'. One Adviser interviewee used *'spotlighting'* which is selected here as capturing the way board directors can make a point that they believe has been overlooked by the executives and that needs attention.

> *"That's my impression…**putting a spotlight on it**. Boards are always very interested in trends. Not just where you are now." (A6, Adviser).*

In dealing with cultural issues, it is the director's ability to *'spotlight'* things combined with the ability to hold attention until resolved in spite of executive inertia. Directors had a number of examples of how they or colleagues *'spotlight'* matters.

> *"One of my colleagues…**had a particular beef** with the bureaucracy and he was right to a degree…He used this to make a wider point." (D2, Director).*

> *"Something we did…is it cultural?…We were actually paying our suppliers around closer to 90 and we intend to pay 60 days....And that **was the light being shone on***

***this** from the outside." (D1, Director).*

*"The board needs to be absolutely wired in to be successful. Because otherwise, especially in heavily operationalised businesses, it's very easy to forget culture by the top executives…**How do you keep tapping him on the shoulder** and saying 'oh how's that going...Chief Executive? What are you doing to address that?'" (D10, Director).*

*"As a board you are not just there to read papers or comments. You have to try **to dig below** the surface when you get opportunities." (D2, Director).*

*"When boards can really **dig in**...People are much more alert saying 'how did that happen in the first place? What was behind...that thing?'" (D6, Director).*

*"The fact that we **made those interventions** had a big influence on the Chief Executive…He will realise that he has to take these things seriously." (D2, Director).*

Some Advisers had also noted this 'spotlighting' behaviour coming from the non-executive directors on the board depending on how much they had observed boards in action.

*"This is the value of the board for asking the unaskable, to challenge in a supportive way, but **to keep drilling until they are fully satisfied**." (A10, Adviser).*

*"I've seen non-executives **surface major issues**. Because they've…been taking an interest." (A6, Adviser).*

*"Often one of the non-executives **does get a bee in their bonnet**. And they'll ask a question and the real test is are they still asking the same question year after year?" (A6, Adviser).*

*"In one the other day and the non-execs **kept banging on** about something." (A8, Adviser).*

From these observations by Advisers, board directors could often maintain a strong focus on a particular point, bringing it up again and again if necessary, thereby offering examples of 'spotlighting' behaviour. This 'spotlighting' behaviour could have an important impact on culture as one Institutional Specialist noted.

*"Board members can decide **what they're going to focus on** and this is how they influence culture and behaviour." (I3, Institutional Specialist).*

Or, as one Adviser noted, the absence of board attention to a topic would signal a lack of interest, the opposite of 'spotlighting'.

"What do boards spend their time on and what do boards not spend their time on? Because what they don't spend time on sends a signal." (A10, Adviser).

The examples revealed that boards or individual directors could have specific issues they wanted to focus on and this could impact the culture of the company. Some directors would 'spotlight' their own particular favoured issue.

> *"Every year I challenge the executives to go away and to think about those Principal Risks. If they come back and say they are still the same, I throw them out and tell them to come back because that can't possibly be the case." (D9, Director).*

> *"Because of my privileged status as NED, I could go back to the HR guy and say 'I don't think you really took on some of those points that the guys were make making'. It takes a bit of courage to stand up to him." (D2, Director).*

These examples showed the ability of the board to be aware of a cultural issue from a wide range of external experiences, and then ensure it gets dealt with by the executives. One example showed the reverse of 'spotlighting' where the board chose to ignore a cultural issue. The example concerning the emergence of unfortunate behaviours from a CEO. It shows that a board can 'turn a blind eye' just as easily as they can 'shine a spotlight'.

> *"Was the board aware of it - the attitude that the CEO took?...I find it somewhat offensive but the board didn't…They were well aware of…the cultural aspects. They found it absolutely acceptable. 'It's just the way he is. Effective results. People still want to work here. One of the best employers.'" (A16, Adviser).*

From these examples, it can be concluded that boards have the ability to 'shine a spotlight' on matters of cultural importance that may have gained insufficient priority internally. The ability for boards, or individual board members to shine 'spotlights' can be particularly impactful on the development of the culture. This may be particularly valuable for boards that have infrequent explicit discussions on culture. Potentially, these 'spotlighting' interventions by board directors can be just as impactful as the formal agenda items on corporate culture. After all, as one Adviser noted:

> *"The board can shape what is important...Because normally if the board wants something it's more likely to happen. Some people will be on it." (A6, Adviser).*

Boards can make things happen when they want something doing. If it's important to the board, it will most likely be addressed.

4.5. Summary for part one: Boards conceptualisation of a culture task

This chapter addressed the first research question; how do boards conceptualise their culture task in comparison to the executive task? In accepting the culture responsibility due to the FRC inclusion of culture in the 2018 Code, there has been a change for boards in the industrial sector as for the most part they had not previously discussed culture explicitly. As noted by one Director, it was "*not part of the lexicon*". There was considerable uncertainty as to how to go about the task. Boards struggled with definitions for culture although operated readily without one. Definitions were loose, absent and intentionally open to multiple considerations. Culture had become a useful umbrella term to group various company policies and practices.

What boards believe they will achieve through the culture task was a line of enquiry to support a subsidiary research question to support the first research question. A number of reasons were thought to be the purpose behind the FRC inclusion of culture into the Code, although the Code itself states outcomes in relation to public trust in business and long-term corporate success. Firstly, there was perceived to be a desire to prevent future corporate failures that have an underlying culture cause. Secondly, the responsibility for culture would close a perceived gulf between corporate and societal interests, showing the need to consider stakeholders other than shareholders. Thirdly, the Code would make it clearer that the boards were accountable for culture failings, not other parties. Shareholders' concern about culture also prompted many boards to take culture seriously, often for workforce reasons. This was most apparent for the larger companies with long-term shareholders. Boards themselves were focused on avoiding problems, expecting culture to be a sort of 'cocoon' to protect them. They were focused on engaging employees more effectively through the responsibility.

Boards have adopted many mechanisms to perform their responsibility, making the case for a distinct board task. In terms of how boards perform the task, two components are important; assessment and shaping. Boards conceive assessment as a key component. They use multiple metrics which are perceived to give insight into the underlying culture which is referred to in this study as 'touchpoint' data. This was seen as a practical mechanism to get at the challenging, intangible concept of culture. Data from employee engagement surveys was a near universal approach reinforcing the focus on employees when considering culture. Advisers note that these surveys do not measure culture and there was a fair amount of dissatisfaction with them. However, they show that boards view the interests of the employee group as central to their assessment of culture as well as the reason for their task.

As well as formal reviews of data at board meetings, assessment of culture also involved informal methods which were considered very important by the sub-groups.

Directors immersed themselves in the company through multiple site visits to talk to employees. These visits might have multiple purposes but were often considered essential to assessing culture. Directors also held many conversations with individual managers to gain their perspectives on the culture. These informal, ad-hoc mechanisms to immerse themselves were believed to support the formal interpretation of 'touchpoint' data.

Another informal mechanism of deriving culture information from other business information, 'integrated' data, was reported by Directors. Culture data that was 'integrated' could reveal timely, focussed data impacting business operations. With 'integrated' data, boards appeared to be using a view of culture closer to the toolkit paradigm. Some Directors had seen the benefit of analysing business processes in a more formal, deliberate manner for cultural implications. This was referenced more from their financial services experience and was unusual in the study industrial sectors. However, both informal and formal consideration of how business process incentivised behaviour was considered a very useful mechanism for boards to use to assess culture. The use of both the values and the toolkit view of culture has been advocated for this study, following others (Giorgi, Lockwood and Glynn, 2015). These two views have been found here to be particularly valuable for boards as it has been shown in this study that different aspects of the conceptualisation of the culture task can be achieved. The 'integrated' and 'touchpoint' data for assessment appear to be distinctive for the culture task and differentiators to the board strategy task.

Boards' conceptualisation as to how they can shape corporate culture relied strongly on the setting of corporate values. Advisers were critical, however, of boards' use of values and of their poor awareness of their role-modelling impact. Concern about the over-use of values in previous culture change programmes may be behind board's lukewarm embracing of corporate values, a missed opportunity according to some Advisers. Considering the design of business processes was another mechanism for boards to shape culture, one which was viewed as important by some Advisers and Best Practice Guides, but much less commonly referenced than the setting of values, again showing the benefit of adopting a toolkit view of culture. Applying both values and toolkit views of culture to the culture task had brought out different aspects of boards' conceptualisation.

A number of other ways emerged in which boards could be impactful with regard to shaping culture. Board directors could contribute by bringing in an awareness of culture from outside the company. This ‘outside in’ perspective helped import an appropriate culture into the company. Boards’ influential contacts from other companies and from regulators, for example, could bring an important external perspective into boardroom culture decisions. In addition, board directors were impactful when they put a ‘spotlight’ on matters of culture importance. This reflected the way directors could remind, reinforce, and cajole the executives as necessary; a focusing of attention. Combining assessment from ‘integrated’ data, with an ‘outside in’ perspective and a practice of ‘spotlighting’ could be an important combined element of the board culture task. These mechanisms for shaping culture using a combination of formal and informal approaches, as well as both the ideational values and practice-based toolkit views of culture point to a board culture task that is distinct to other board tasks, and to the executive task. These conclusions will be discussed in chapter six.

The next part of the analysis concerns how board processes and relationships can support these activities on the assessment and shaping of culture. This analysis enables an assessment of how the culture task fits with the board governance role.

5. Findings part two: Impacts on board processes and relationships

This chapter contains the analysis of part two of the findings that reveal how board processes and relationships support the board culture task. The analysis in this chapter enables comparisons between these processes when applied to the culture task and the findings in the board task literature. This addresses the second research question on how does the culture task fit with boards' conceptualisation of their governance role?

Firstly, the challenges that members of the sub-groups had in defining board effectiveness are discussed in section 5.1 to provide context. Secondly in section 5.2, the analytical themes concerning board processes in task performance are investigated. Board processes proposed by Forbes and Milliken (1999) and confirmed in recent empirical studies (Concannon and Nordberg, 2018; Brown *et al.*, 2019; Merendino and Sarens, 2020), are included in the conceptual framework for this study. The first board process on board effort norms is explored in section 5.2.1. The second process, which concerns the use of director knowledge and skills, is explored in section 5.2.2. Thirdly, the emergent analytical themes on board relationships are explored in section 5.3. A potential change to the boundary between the roles of executives and non-executives emerged from the interview programme. An emergent theme, the perceived blurring of board and executive roles, is reviewed in section 5.3.1. To counteract adverse consequences of role-blurring, the emergent theme of partnering is analysed in section 5.3.2. Section 5.4 summarises.

5.1. Challenges in defining board effectiveness

The perceptions of the notion of board effectiveness were sought from interviewees in the context of the board culture task to understand how they thought boards needed to operate effectively in order to perform it. One of the first problems interviewees cited was the difficulty in defining what makes an effective board. Advisers noted that boards did not always have a definition of board effectiveness which they could use.

> *"If you look at the 2018 Code...there are some better bits and pieces, but still there's no definition of what is an effective board." (A20, Adviser).*

In this Adviser's view the Code only gives boards bits and pieces not a full definition of an effective board. Boards will need to look elsewhere for definitions or develop their own. The example below, from an Adviser, shows some of the difficulties in defining board effectiveness.

> *"Ultimately an effective board is an organ of success. As one chairman said to me 'you know board effectiveness is a waste of time. Three years, we'll know we're effective or not.'" (A20, Adviser).*

This Adviser had been particularly struck by the chairman's comment that the true measure is company performance, only assessable after a few years. The chairman was doubtful that a board effectiveness review could help much. Another Adviser, from their conversations with executives, had heard the view that all boards had some degree of dysfunctionality.

> *"I had a wonderful conversation with a retired former Group HR director…He said 'let's face it all boards are dysfunctional, it's a question of degree.'" (A10, Adviser).*

This Adviser demonstrates that all boards will face effectiveness problems, potentially some more than others. The board role is clearly seen here to have its challenges. There was also doubt as to whether the disclosures in the annual reports would also reveal anything significant about board effectiveness. One Adviser commented on how disclosures on what happens in the boardroom reveal very little.

> *"Plcs are still very bad at saying much about boardrooms. Really, it's very anodyne." (A5, Adviser).*

Corroborating these views from Advisers were comments from Directors. One Director expressed their doubts on their own impact on the company.

> *"One of the questions that I ask myself and never have a satisfactory enough answer is 'what difference does the board really make?'…'And how do I know?' And I don't always."(D1, Director).*

Although this was only one voice amongst the Director group, it shows the challenges boards have in evaluating their own impact and therefore being able to assess their own board effectiveness. Directors themselves may have to question carefully the impact they have. One Best Practice Guide, summarising a discussion between a group of directors and shareholders, noted that good governance means dealing with what boards actually do, pointing to how they perform their tasks.

> *"Participants agreed that governance needs to move...to the substance of what boards actually do, who they engage with and what questions they ask." (G1, Best Practice Guide).*

From the quotes above it can be seen that boards are often working with weak conceptualisations of their own effectiveness. This weak conceptualisation may leave them with limited understanding of how their own board processes could help them address corporate culture more successfully. In spite of the difficulty of defining board effectiveness, the sub-groups responded readily to questions on the A Priori themes on board processes. The next section goes on to review these in relation to the culture task.

5.2. Board processes for the culture task

This section reviews the findings with regard to the board processes that are considered critical to board effectiveness in the new context of the board's culture task. Firstly, the effort norms held by the board in relation to the culture task are analysed.

5.2.1. Board effort norms on culture

Effort norms had been identified for this study as an A Priori analytical theme due to their importance for board strategic decision-making in the literature to which the culture task could be aligned (Forbes and Milliken, 1999). The majority of studies have shown positive relationships between effort norms and board task performance either due to effective group-working arguments or to improved information processing (Zona and Zattoni, 2007; Minichilli *et al.*, 2012; Zattoni, Gnan and Huse, 2015; Bankewitz, 2017). The nature of the effort norms for the board on the culture task were therefore discussed in interviews with the Director, Adviser and Institutional Specialist sub-groups.

Boards appeared to be working harder on all aspects of their governance role, according all three sub-groups. This general point about boards' already busy agenda was apparent to Institutional Specialists. Their comments set the scene for an analysis of the perceptions on effort norms for the culture task.

> *"We're also seeing…that with the increasing responsibility of directors there's also greater time commitment…Directors are adjusting their portfolios accordingly." (I11, Institutional Specialist).*
>
> *"Corporate culture has become a critical issue...but it is also a new challenge in an already crowded agenda." (I1, Institutional Specialist).*

The extra responsibilities for boards are reflected in greater time commitment and adjustments to the number of board directorships an individual non-executive holds. Advisers noted these increasing responsibilities and their impact.

> *"There's a lot of talk at the moment about the role of the NED and how that's grown. And it's expanding much more than we expected." (A12, Adviser).*
>
> *"The role of the non-exec is becoming more and more unattractive…it's a lot of time." (A22, Adviser).*
>
> *"My sense is that people feel more personal risk than they used to." (A11, Adviser).*

These extra responsibilities show how the non-executive director role is growing, taking up a lot of time, and potentially becoming unattractive. The picture created is of increased responsibilities and time commitment, reduced portfolios, and more personal risk.

In order to perform the increased responsibilities boards have had to change their ways. Firstly, from the Advisers' perspective, it is considered hard work to be on a board.

> *"People put more work in. It's quite hard work being on a board, if you do it properly." (A11, Adviser).*
>
> *"It's undoubtedly much harder now." (A7, Adviser).*
>
> *"The role of the non-executive director is becoming increasingly onerous." (A6, Adviser).*

Advisers' views show that hard work is needed to carry out board responsibilities properly. Secondly, the additional demands result in the need for more information for the board. There was evidence that boards of directors were asking for more information to be able to deal with new agenda items, like corporate culture. Advisers could see this trend.

> *"There's an even harder job for boards now trying to work out what is going on." (A20, Adviser).*
>
> *"The directors'…responsibilities have broadened and they feel the strain. So rightly they are asking for more information. Board pack …have grown...It's that whole thing that they always add but they never take away." (A12, Adviser).*

The demands for more information on all subjects is needed, in light of broadening board responsibilities. Thirdly, along with the harder work required and more information needed, directors are exposed to greater criticism and so personal risk. Directors need to be able to cope with the extra demands, the pace of change and to be more resilient than ever.

> *"There's more transparency now, greater expectation and greater risk of criticism...You could be invisible before. I don't think that's likely anymore." (A7, Adviser).*

> *"The environment is changing a lot and the pace has changed. So the rate at which you figure out what you want to do. The rate of externalities can hit you relentlessly. So your resilience needs to be greater than it ever was." (A11, Adviser).*

From these comments, it can be concluded that the Advisers see an increased set of responsibilities, resulting in harder work, more information needed and greater personal resilience on the part of directors. Advisers' views are supported by Best Practice Guides which note how boards are having to work harder in order to understand internal culture matters.

> *"More than ever, boards need to understand the drivers of behaviour within their organisations and assure themselves that they are appropriate. That leads them to require more detailed knowledge than before. A decade or so ago many would not have worried about culture and behaviour." (G2, Best Practice Guide).*

> *"Directors are more easily able than outsiders, including shareholders and regulators, to perceive when something is wrong but this requires a high level of engagement." (G1, Best Practice Guide).*

These Best Practice Guides reflect the need for boards to have a greater degree of knowledge about the company culture than in the past, requiring high levels of board engagement. One Institutional Specialist felt that boards could put in even more time than they have been to cover culture.

> *"Boards could dig deeper...they could add a few more hours without losing their independence." (I3, Institutional Specialist).*

The Directors themselves were also aware of these increased demands, not always viewing the additional responsibilities positively.

> *"There's a limit to...how may you can sit on. This dreadful term 'overboarding', where you are drowning." (D3, Director).*

> *"I was at dinner last night talking…about the amount of time a NED should be spending. So there was a bit of back and forth about 'oh they only need a day a month'…So there was some push back on…having no more than 5 mandates." (D7, Director).*

> *"The risk-reward ratio is just out of kilter" (D6, Director).*

According to these quotes, Directors are not always comfortable with the increased demands and the restrictions to their mandates (directorships). The reward for the role may be out of kilter with the rewards received. The additional workload and responsibilities were emphasised by one Director who had served as a board director for a long time.

> *"The workload has increased dramatically over the 30 years that I've been on a listed company board. There is no more that we turn up and we have a bit of a meeting and a sherry...There's more work, more reading, more responsibility, more meetings, more committees." (D3, Director).*

The increased responsibilities has been a significant factor in the workload increasing generally for company boards. Another Director noted how board members were expected to put their best efforts into their non-executive board work, giving examples of where limited effort was no longer acceptable.

> *"Not reading the papers properly…People...arriving exhausted straight off a flight. That's no longer seen as a good thing. 'Why are you on our board if you arrive only 5 minutes before it starts, jet lagged and bringing a suitcase with you? You should be ready for a constructive day's work.'" (D2, Director).*

These examples illustrate the kind of effort expected from a board director. With the increased responsibilities such as for culture and greater transparency of reporting, directors are more exposed to external criticism than ever before. Greater effort norms on governance matters are needed which are not always welcomed by Directors.

> *"A board doesn't want to be spending all of its time just ticking boxes…and therefore I think there can be some frustrations, thinking 'this is more governance'. Sometimes the requirements are questionable in the amount of contribution to the business...for the amount of work that's required." (D12, Director).*

> *"A corporate board unfortunately has to stay quite focussed on the dull stuff, don't they?" (D11, Director).*

Directors would seem to not always be happy to deal with a lot of governance matters, certainly if disproportionate to the perceived value generated. However, greater effort norms seem inevitable as all directors are expected to increase their time commitment and professional attitude.

With the context of greater effort norms displayed by boards, the specific responsibility for corporate culture can be examined. Board effort norms were perceived to be particularly pertinent to the culture task for a number of reasons. Firstly, time constraints were considered significant when it came to discussing culture. It was not a matter to be dealt with quickly. There has been a tradition of boards rushing in and out of meetings with very little time. These traditional patterns of board behaviour were perceived to be unconducive to tackling issues like corporate culture. Advisers were aware of how time constrained boards often are and could be highly critical of boards that were 'busy'.

> *"There's a very common feature of people going to board meetings and rushing out afterwards, very often very quickly. They are busy." (A2, Adviser).*

Boards don't have very much time to deal with their responsibilities for corporate culture as typical board meeting agendas are packed full.

> *"If you think about a typical board agenda it's pretty packed full...If you're lucky enough to have a 2-day board meeting…you've got more time to do the softer stuff. If not, you just don't." (A21, Adviser).*

> *"Things emerge in the boardroom and everyone's horrified...but it's difficult because boards have a limited amount of time and yet they're meant to know it all." (A6, Adviser).*

> *"Issues like culture are probably best discussed at something like an away day…As well as a half hour discussion at a constrained board meeting." (A1, Adviser).*

According to these Advisers board meetings are packed full and there may be little time to discuss corporate culture. Culture discussions are seen to be more effective when the board has more time as they do not lend themselves to short agenda items. Thus, a lack of meeting time is a factor when it comes to board discussions on culture.

Culture was not seen as something that a board could shape quickly, as it is something that would take longer to impact than many other board matters. Advisers felt boards would not have the longevity or length of time serving on the board to deal with culture.

> *"It's a complex topic …and boards...don't have long to give." (A11, Adviser).*

> *"One board in one reporting cycle, even if it wanted to change the culture, probably wouldn't." (A7, Adviser).*

According to these Advisers culture change is seen as a long-term activity for a board, not something they would achieve in one year. The need for time on the agenda and a long-term effort is clearly needed when it comes to the board culture task.

Perhaps most importantly in terms of the board's efforts to shape culture, there could be a *'*disconnect*'* in relation to culture between the board and the company where what happens in the boardroom does not get passed down into the company. 'Disconnect*s*' on culture could commonly occur. Boards could easily work in isolation if not careful. One Institutional Specialist was concerns about the risk of 'disconnects' when it came to culture.

> *"It is not sufficient to look simply at what the company says about its values…A big risk lies where there is a 'disconnect', especially one of which the board is unaware." (I1, Institutional Specialist).*

A *'*disconnect*'* between boardroom intent and company culture was a significant problem for boards to address. This was seen as a very serious problem, according to the Advisers sub-group.

> *"Invariably there is a 'disconnect' between the culture in the boardroom and the culture in the company…So you get boards that were absolutely flawless in their culture and their dealings...but in the working business quite poor, simply because it's not filtered down. That gulf...can sometimes be quite stark." (A7, Adviser).*

This Adviser raised the problem of 'disconnects' between board and the company. The 'disconnects' on culture could be the fault of either the management or of the board. Executives could be at fault due to their attitude to their boards. Alternatively, board directors may be at fault for not paying sufficient attention. The *'*disconnect*'* is a two-way phenomenon. Advisers had seen both sides of the *'*disconnect*'* problem. For example, Advisers had seen the difficulty boards have in getting the information they need from the executives; the executive causes the *'*disconnect*'* problem.

> *"The managements in some of these entities perceive themselves to be somewhat different from the board. Totally different in some situations I've seen. The board is almost operating in isolation." (A7, Adviser).*
>
> *"Not getting answers...It's not ranked as important by the executives, they regard it as a nuisance. I've had boards who just are so frustrated that things are not changing quickly enough." (A6, Adviser).*

If the executives act independently of the board, the board will clearly fail to impact corporate culture. The *'*disconnect*'* reported by these Advisers may create significant problems for boards.

> *"How do you have a culture at the top of the organisation that gets across?...It's a complex topic that is being under-realised." (A11, Adviser).*
>
> *"How can you get the will at the top embedded down? Very, very difficult." (A7, Adviser).*

From the perspective of these Advisers, 'disconnects' on culture create a major challenge for boards. It is a problem that may be under-realised by the board themselves.

When it comes to culture, boards have a very particular challenge in getting their decisions carried out down into the company. This speaks to the considerable extra efforts required of boards. This points to the other aspect of the *'disconnect'* problem – boards that are not applying sufficient effort.

> *"It's that* disconnect*. I think it's one of the main governance challenges for directors but most of them don't really look that deeply." (A7, Adviser).*
>
> *"The chairman has a very difficult delicate job to do...When I talk to the people below the board…they feel that the old culture is still there." (A16, Adviser).*

Boards cannot assume that the culture they are discussing is getting across to the rest of the company. A *'disconnect'* may be a particular problem when it comes to the culture task showing that effort norms are particularly critical.

Directors were also aware of the *'disconnect'* problem when it comes to corporate culture. They saw the potential for this *'disconnect'* between their own activity and what goes on in the company.

> *"If that's what you're talking about in the boardroom as culture, how do you as non-execs know that actually is the culture at the ground floor? And that becomes much harder." (D6, Director).*
>
> *"Where I find it harder is where we have a board culture which might be very inclusive, we're very good…What impact are the values we're talking about having on the rest of the organisation?" (D1, Director).*

These Directors see it as much harder to know whether the rest of the company is aligned with the board. A specific example from one Director showed that the board's preferred culture, in this case with regard to the whistleblowing policy, had not permeated down into the company.

> *"The issue had been effectively swept under the carpet. And it came out in a conversation. I mean that was very alarming…And disciplinary action was taken because the manager concerned would try to...block it…for all the right motives but...not right for the culture we're trying to encourage." (D10, Director).*

From these examples, it appears that 'disconnects' are experienced by Directors. It can be alarming to them when they had assumed their intent for the culture was well embedded in the company. Board efforts are important to prevent 'disconnects'.

If boards put in the extensive effort norms required for their culture task, they may see benefits. Directors felt that this would be the case. Boards with a tradition of putting time into addressing culture would do better, according to some accounts.

> *"Like (Company Name C). They spend an awful lot of time on those topics and always have. So I think they do well." (D5, Director).*

There were Directors who cited examples of considerable efforts by their own boards with regard to culture, pointing to the way they felt a board should operate. For example, one Director reported what they considered to be good practice at one of their boards.

> *"The board receives regular updates, about three a year probably…'Tell us what you're doing, tell us what the impact is, what the challenge is. What the things that are not going very well. And what things are going well.' And that's quite an intense debate. So we get into a lot of issues." (D10, Director).*

If directors put in considerable efforts on culture, they could help avoid the 'disconnect' problem and start to see the benefits of their extensive effort norms. However, the experience was that boards often took short cuts and did not put in the efforts.

> *"Often boards don't get involved enough in understanding the culture change that's needed…They might say 'give me the employee survey results once a year'. They might take a cursory glance to see whether it's gone up or down. But they haven't focused enough on getting to grips with 'is the culture going to change?'" (D4, Director).*

As well as these Directors, Advisers also noted the lax approach by some boards to their efforts on culture. One Adviser was concerned that some boards would just tell employees to "do the right thing" without going to the effort of helping employees decipher what was right or wrong.

> *"I met another chairman who said they don't really worry about culture because they've got a culture of 'doing the right thing'. And that was more of less good enough for him." (A3, Adviser).*

This Adviser felt this was not enough effort to help employees.

> *"'Doing the right thing' for me may not be the same as 'doing the right thing' for you. And when you've got a company with a hundred thousand plus staff, what one person does versus another as 'the right thing'? I hesitate to know. I hesitate to guess." (A3, Adviser).*

This Adviser's concern is that boards will merely encourage employees to "do the right thing" and hope that employees know what that will mean, without further clarification. Annual reports were reviewed to see if there was disclosure evidence to support the experience of the Adviser. Three disclosures from the study sample reveal the use of the phrase 'doing the right thing' when it comes to guiding employees on the desired culture. These three disclosures are presented in table 5.1. All three companies with such a disclosure, Marshalls, Croda and Coats, all seem to be relying on employees knowing what the 'right thing' will be in any particular situation. Certainly, the *"Marshalls' Way means doing the right things, for the right reasons, in the right way"* emphasises this very strongly.

Company Name	**"Doing the Right Thing" Statement**
Marshalls	The *Marshalls Way* means doing the right things, for the right reasons, in the right way. It features throughout this Annual Report because it is relevant to everything the Group does.
Croda	The Croda culture and our Purpose are all about doing the right thing.
Coats	This has long been at the forefront of Coats' thinking, and "doing the right thing" has always been core to our values.

Table 5.1 Disclosures on 'doing the right thing' (2019 Annual Reports)

Three companies relying on defining culture by encouraging employees to 'do the right thing' is a small number. They do, however, provide some triangulation for the Adviser's comment that some boards may be relying on this approach and not putting the effort into specifying culture more precisely. Just 'doing the right thing' might seem appropriate but boards may have provided insufficient guidance to have a substantial impact on employee behaviour.

From the findings on effort norms discussed in this section, it can be seen that there are indications that effort norms are particularly important to the board's culture task in order to overcome the potential 'disconnects' between the board's intent and the reality in the company. Advisers have been alert to this problem and have witnessed examples of weak effort norms resulting in 'disconnects'. Directors were also aware of the problem of boards not putting enough effort into ensuring the culture was what they had intended. Whereas effort norms have been shown to be associated with board task performance for other board tasks (Aberg, Bankewitz and Knockaert, 2019), they are particularly relevant to the culture task due to the possibility that the board's intent may not materialise in the company. This *'disconnect'* problem is perceived to be a particular problem for the culture task, suggesting differentiation of the process of applying effort norms for this task.

5.2.2. Use of knowledge and skills for the culture task

High board effort norms alone are not likely to be sufficient to perform this task well.

Nor is it the only process proposed as critical to board strategising in the original Forbes and Milliken (1999) conceptual model. The application of prior director experience in relation to culture change is also potentially relevant as the use of knowledge and skills was identified by Forbes and Milliken (1999) as important for board strategic decision-making. In an empirical study to test the conceptual model offered by Forbes and Milliken (1999), the use of knowledge was found to be the main process variable for the board strategy role and monitoring role (van Ees, van der Laan and Postma, 2008). The use of knowledge may therefore also be an important process for the culture task. Hence, the use of knowledge of culture change was selected as an A Priori analytical theme for the culture task. Non-executive directors are often appointed for their sector or functional expertise but what is less clear is how their prior experience of culture change is applicable or is valued when it comes to director appointments. This section explores the perceptions from the three sub-groups as to how the application of board members' prior experience of culture change is considered a contributing process in their culture task.

Directors spoke about their prior experience in culture change or culture management either as employees or as directors. Although some of these experiences were from many years ago, they were perceived by the Directors to still be relevant to their new board positions. Directors made specific references to the significance of these early career experiences to their current board work.

> *"I have been through two programmes of change in corporate culture. One was where I worked…And then when I was on the board of (Company Name E) and they were going through change...Perhaps if you actually had been through it in another organisation you take it more seriously." (D2, Director).*

> *"One company that I worked for...where people really did understand...And it was very much inculcated in the whole place." (D3, Director).*

Prior knowledge of successful culture change is clearly considered by Directors to be of value to them in their current roles. Even if current non-executive board roles were for very different organisations, Directors still felt they could apply their previous experience of culture change. Specific examples were forthcoming.

> *"I was chairing a children's charity and one of the big issues we had was around culture...It would have been great…to spend more time articulating 'what do we want the culture to be?" (D7, Director).*

> *"In the NHS when I was on the board…we needed to ensure the culture of the*

whole." (D3, Director).

"This [public sector board] will…revisit culture and revisit values as a backdrop against which to make a decision. 'What would the values tell us is the right way to go in this situation?'" (D12, Director).

In these examples, Directors have referred to knowledge of culture management in other sectors which they believed to be applicable to their current work in companies in the industrial sector. Examples of prior experience could come from very different kinds of organisations including the public sector, National Health Service and charities. Sometimes it appeared that Directors were more comfortable revealing anecdotes from these other organisations than from their current industrial sector board positions.

There was also some evidence that boards had deliberately sought new directors who had knowledge of handling culture issues.

"A FTSE250 had...gone through lots of issues around their founder, their CEO...One of the interesting reactions…was to hire another NED who has an HR background which I thought was quite interesting because that is a gap in a lot of boards." (D7, Director).

These Directors were confident that their experiences in very different organisations were highly pertinent to their current roles. Experience of culture change is considered highly transferable to the boards of listed companies in the industrial sector.

Institutional Specialists have also seen the appointment of directors with different skillsets that might support the culture task. As one Institutional Specialist noted:

"Increasingly what we're seeing is companies putting more emphasis on the kinds of skills and experiences that directors need for this changing mix of work…with better understanding of non-financial risk." (I11, Institutional Specialist).

This reference to a directors needing a better understanding of non-financial risk could point to many issues but could certainly include risks from culture problems as an example of the changing mix of work that directors face.

To support these comments, disclosures in annual reports provide information on the kinds of knowledge and skills being sought for new directors. Disclosures from the study sample revealed a small number of specific examples of boards' awareness of the applicability of knowledge of culture management. This was not widespread but showed some interest in culture management knowledge. Two particular company boards stand out by tapping into exceptional prior culture experience (table 5.2).

Company Name	Statement on director prior experience of culture management
Ultra Electronics	Committee members who are highly experienced in ethics and culture… The Committee then reports back to the Executive Team and the Board regarding the culture and ethics within the Group as a whole on a periodic basis……The Committee has an important role within our corporate culture framework.
Halma	The Board-level position of Group Talent, Culture & Communications Director demonstrates the importance that we place on developing and communicating with, our people and improving engagement and the culture across the Group.

Table 5.2 Disclosures on director knowledge of culture (2019 Annual Reports)

The first example, from Ultra Electronics, has an extra board committee, the Ethics Oversight Committee, with two additional independent members (i.e. not directors) who have high levels of experience in culture. This example demonstrates how a board can benefit from additional prior knowledge of corporate culture management. The second example, Halma, has deliberately appointed a director with exceptional experience in culture management; this is an executive director responsible for talent, culture and communications. This is a deliberate policy to emphasise the importance the board places on these matters, according to the disclosure. So there is some evidence, albeit limited, that boards appoint individuals specifically to be sure they have good culture management knowledge at board level.

In addition to prior knowledge of culture management, an emergent finding was the importance of directors' attitudes to appropriate cultures. This finding emerged from some strong views from Advisers who felt that that directors were not always aware of the appropriate behaviours that should be demonstrated. Their behaviour reflected poor attitudes and showed they were out of touch with the behaviours that were now appropriate to the company.

> *"There's a…transition from 'command and control' through to a more mature culture. And making faster progress in some organisations than in others. Especially where...the non-execs are coming from, dare I say it, an older type of 'command and control' culture." (A10, Adviser).*

> *"It's probably a very ageist thing to say, I think that those executives who've gone through the system and are now non-executive directors...they just have a different approach. They haven't grown up with all this culture stuff…It's a whole new world." (A6, Adviser).*

Directors need to be aware of the behaviours expected. They may have spent their executive careers in what is now be considered an older style culture. Advisers felt the need for more contemporary awareness of appropriate board director behaviour and its impact on the culture. For some board directors the culture demands are very different to the systems they've previously worked in. One Best Practice Guide put it simply that the right attitudes were important.

> *"Having the right attitude and being open is crucial...People tend to follow examples, not rules." (G5, Best Practice Guide).*

Some Advisers felt that some inappropriate behaviours required quite drastic action such as asking directors to leave the board. These Advisers would speak strongly about the need for some board directors to step down due their potential adverse impact on corporate culture.

> *"Until we make it more palatable for the wrong people to leave boards…the wrong people who are no longer right." (A9, Adviser).*

> *"So until we get a stage where the chairmen cadre are refreshed, I don't think we're going to see a great deal of change in the way boards work...We're on a journey but it's a very slow journey." (A16, Adviser).*

For some Advisers then, there is still a need for considerable change in who serves on the board. Too many may be unused to more contemporary corporate cultures and may not have the right attitudes to culture developments. The chairman of the board makes a considerable difference here. So too do nomination committees who are responsible for selecting and appointing new directors.

> *"A bigger issue…around all of this is nomination committees...I think it's the most important committee of the board actually. The single most in terms of culture. Until they're made more impactful." (A9, Adviser).*

Selecting board members with the appropriate attitudes and behaviours is important to the board's culture task, according to these Advisers. Board directors are role models, as has already been demonstrated, and need to understand how cultures are changing. They should not been seen as a separate group with a special mystique.

> *"Being on a board isn't going through some curtain and being viewed with magic dust." (A9, Adviser).*

According to this observation, being on the board does not avoid the scrutiny of what is appropriate behaviour. For the Advisers, directors are required to behave according to changed cultures. They need to be aware of what behaviours are appropriate to role model as well as being aware of their own behaviour. As another Adviser noted, the board's increased visibility is now only likely to increase further, making board attitudes and behaviours even more important.

> *"I'm very focussed on asking about the visibility of the board…I'll ask 'how visible is the board'?...NEDs are pretty honest to say that 'actually we are not as visible as we should be.'" (A2, Adviser).*

As boards become more and more visible, board behaviours become more important. It is not just the application of knowledge of culture change that is important, it is also the board members' attitudes on culture that need to be applied. Directors also need to be visible to demonstrate the appropriate behaviours. Refreshing board directors may be a drastic step but for some Advisers it might be the only way to ensure boards are staffed with individuals with the appropriate attitudes.

Directors also had some specific examples of inappropriate board behaviours. There were examples of attitudes of fellow directors that boards were moving away from. One Director gave some examples of inappropriate behaviour they had witnessed in fellow directors and how this had been dealt with.

> *"You do see examples of directors not behaving well...The style of humour...might have been acceptable in a company 10 years ago, would not be acceptable now…You can see the chairman going to have a word with the particular director. 'That's not a good way to talk'….There is a requirement for a more professional approach." (D2, Director).*

Expected board behaviours had changed over recent years. Chairmen will act if they do not like individual director's tone, humour or attitude. Directors' behaviour is now more open to critique.

> *"About 10 or 15 years ago part of what was expected was that you wouldn't challenge things too much. 'Don't be difficult'…There's much more critique of how boards behave, individual directors." (D2, Director).*

Some Directors in the study had an awareness that board behaviours were important and explained how they select their new board appointments very carefully with respect to the mix of attitudes of fellow directors. Considering the heightened responsibility of being on a board, explored in section 5.2.1, candidate directors wish to assess their future colleagues. One Director summarised how they assess the mix of non-executives on the boards they wish to join.

"One thing I remember…they all knew each other and they were all very similar…So I would never sit unless I had met all of the non-execs." (D9, Director).

That Director (D9) remembered how directors all seem to be alike in the past. That was not what they expected now. Diversity was seen as a way to help avoid inappropriate, dated behaviours on boards.

"You're an extra pair of eyes. Being very diverse will have added." (D6, Director).

The ability of Directors to bring a diversity of perspectives and to demonstrate appropriate behaviours helps the performance of their culture task. The behavioural standards for directors are now much higher. One Director raised the question as to whether new directors are sufficiently prepared for their roles.

"It surprises me that non-executive directors are still largely expected to train themselves….Do we really think that training for non-executive directors is fit for purpose?" (D9, Director).

Directors are often expected to perform without any training. As these roles are subject to more scrutiny and heightened accountability the nature of their training may need to be revised.

From these comments from the two sub-groups, the Advisers and the Directors, it emerged that the use of knowledge and skills with respect to culture needed to be accompanied by an attitude to culture that was appropriate. The knowledge of how to achieve culture change in organisations could have been gained many years ago and from very different organisations. Attitudes to culture and appropriate behaviours had to be contemporary, in contrast. The awareness of the need to behave in new ways was important to the increased visibility that is expected of board directors. This need was sufficiently important that directors might need to be asked to resign from the board if they could not behave demonstrably according to the new behaviours. This emergent finding potentially differentiates board processes for the culture task from the strategy task.

5.3. Board relationships for the culture task

Along with board processes that have been found to be critical to successful board performance of the culture task, analytical themes emerged on the working relationships between non-executives and executives. These relationships were perceived to have evolved, alongside the culture task. The changes to the respective perceived roles of boards and managers were thought by case study participants to result from the fact that those charged with governance were now carrying out tasks that had previously been associated with managers. Hence, a confusion of governance and management roles was a risk. This might imply a potential shift to the boundary or distinction between governance and management roles in the industrial companies studied, as perceived by the sub-groups. The Cadbury Report (1992) stated that 'The responsibilities of the board include...supervising the management of the business' (p.15), thus implying a clear distinction between governance and management which continues to be built into best practice guidance for boards (Tricker, 2019). These emergent themes on changing roles and relationships were considered important for effective board performance of the culture task. Therefore, firstly, the perceptions of role-blurring between directors and managers are explored which indicate that there may be some perceived changes to the boundary between governance and management (section 5.3.1). Secondly, the findings for the emergent analytical theme on the partnering relationship are discussed (section 5.3.2).

5.3.1. Blurring of board and management roles

With the greater efforts needed by boards to deal with questions of corporate culture, which necessitated them delving more deeply into internal, operational matters, it emerged that board and management roles might be confused, or blurred. One Director notes that the company already had ways of dealing with culture.

> *"I could say there were mechanisms anyway…Did we need anything else which is sort of undermining the management?" (D12, Director).*

This Director notes the fact that the board establishing its own mechanisms can result in undermining the management. The more a board delves into operational and internal matters like culture the more this might undermine management.

Directors had specific examples as to how their work as non-executive directors had strayed into the domain of executives in the company. One Director had carried out a large number of focus groups alongside the company human resources director to capture employee opinions; the non-executive director and the executive human resources director had run these two focus groups jointly.

> *"So this year…I've done them in the main with the Group HR Director…And I've*

probably done 30 or 40, a lot of them...I went to Bangkok because we've got businesses there…I've done some in the States and I've also done some in the UK." (D12, Director).

D12 went on to explain the joint working with the human resources director.

"So the HRD was doing focus groups round the businesses anyway. But ones where I attended, I wrote the notes for her as I thought she's got loads to do, so it doesn't harm me to do them…So there's been a few bits and pieces that have come out and they probably would have come out with the HRD as well." (D12, Director).

So this non-executive Director (D12) has participated in many meetings that the human resources director was holding regardless. Potentially, it helps Director D12 to hear things first hand rather than just reading these things in a board report. However, the non-executive director in this case is operating in the same way as the executive, the human resources director; the roles are blurring.

Another Director had another example where another non-executive director had acted like a manager, potentially giving odd signals and confusing employees.

"Sometimes a non-exec doesn't really quite understand and that's when things get a bit twitchy….One instance where a particular non-exec was just taking it on to organise themselves which went down like a brick bat...Because it just sends really odd signals." (D6, Director).

This example from Director D6 points to signalling and communications issues when non-executives become visible inside the company in same way executives are. Employees could become confused. Non-executive directors may contribute to the blurring of roles if they start behaving like executives.

As another Director noted, it was important to stay away from the executive role.

"A non-executive is exactly that…The other word that goes with non-executive is of course independent." (D3, Director).

As noted above, the independence of the non-executive directors is seen to be essential to the non-executive role. It is important for board directors to maintain their independent stance no matter how involved they get with internally-focussed activities. Looking at culture involves digging into detailed operational information and over exposure to this could impact independence of view.

The risks that this involvement by the non-executive directors could result in intrusion into the work of the managers was also noted by the Advisers sub-group. The Advisers were aware of the general risk that non-executives were straying into executive role territory.

> *"There's this question of 'well, aren't they suddenly becoming a bit executive here?' So quite a few boards are grappling with that question. How do they stop themselves treading on the executives' toes?" (A8, Adviser).*
>
> *"Because the biggest issue, with a number of the things the Code now says you need to look into as a board, is that the non-execs are being pushed into the executive space...That's the problem, they lose their independence." (A21, Adviser).*
>
> *"They (the FRC) have muddled an executive role with a non-executive role." (A16, Adviser).*

Non-executive directors may be treading on the executives' toes as they take up their responsibility for culture with the resultant risk that they lose their independence when it comes to board decision-making. As independence is considered a key attribute of an effective non-executive director, this could be a serious issue for boards. With non-executive roles moving into the role space occupied by executives and managers, there is a risk of role-blurring and confusion. This potential blurring of roles is in contrast to the usual guidance on governance and management roles, as illustrated by one Best Practice Guide.

> *"Also, it is important not to confuse governance with management." (G1, Best Practice Guide).*

Confusion between governance and management appears to be a potential outcome of non-executive directors' deep immersion in the business.

Another problem identified was the risk of boards having unrealistic expectations as to what they can achieve. The Code may have also given boards unrealistic expectations that they can achieve the same as the executives in regards to culture change. One Adviser voiced this concern.

> *"It's potentially not very helpful to set the expectation that they can do it themselves…They're not the right people to judge that." (A8, Adviser).*

There are real risks that non-executive directors believe that they are the right people to make the judgments on culture and to direct the culture change themselves. Potentially the expectations set for the board are unrealistic. Advisers were aware of these general risks although they did not have the specific examples offered by the Directors.

Much of the difficulty concerning this blurring of the roles of non-executives and executives was believed to centre on a confusion regarding who is ultimately responsible for corporate culture; the chairman of the board or the CEO. This became a central question in the minds of many in the Adviser sub-group. The chairman of the board is the leader of the governance of the company and the CEO is the leader of the management. Hence any confusion between which of these two roles is ultimately responsible for corporate culture was perceived by many in the sub-groups as a critical issue.

The debate as to which of the chairman and the CEO is ultimately responsible for corporate culture was perceived, at least in part, to have been caused by the allocation of responsibility for culture to the chairman of financial sector companies by the banking regulators, the PRA and the FCA. In the financial services sector, the chair of the board is given the responsibility for corporate culture. Although this is not implied in any of the FRC material on boards and culture, it clearly creates expectations for board directors who very often serve on the boards of both financial and industrial companies. Even if they don't sit on a financial services board, they know each other's regulation.

An Adviser pointed out how the specific banking regulation on the chairman's responsibility for culture had resulted in this impact on industrial companies.

> *"If you look at the PRA guidance…on the role of the board, it is there in black and white - the chairman is responsible for the development of the culture. And it just doesn't chime with reality at all…Now the FRC don't have as strong a line as that." (A8, Adviser).*

As noted, the Directors were aware of the difference of approach of the two regulators. For those serving on boards in the industrial sectors there was not a specific direction on the individual responsibility for culture. Directors in the sub-group expressed the view that it is the chief executive who is responsible for culture, in their experience.

> *"The CEO is ultimately responsible for the culture below...The board is responsible for ensuring that they know what the culture is supposed to be and…are they getting the culture they want." (D6, Director).*

> *"As directors…we have some influence over it. It is really set by the chief executive and his or her team and so it should be…The chairman and the board should…absolutely buy into it, otherwise they shouldn't be there." (D3, Director).*

The experience of these Directors was that the CEO was ultimately responsible for corporate culture, with the CEO ensuring that the board gets the culture they want. Advisers tended to agree with this view. One echoed the view of the CEO being the person responsible for culture.

> *"It's up to the CEO to determine the culture and set the culture. And set the tone at the top. And then the board's role is to obviously review and accept it, reinforce it, monitor it and fire the chief executive if you don't like it. Not the board, the non-executive directors." (A6, Adviser).*

In this view, the CEO has a stronger role in determining what the culture should be which the non-executives then agree to. The board has an important contribution to setting the culture, as already noted. The origin of culture from the CEO or the board may be difficult to determine from outside the boardroom. The board has a significant role in relation to culture that could get confused with the executives' role. Firing the chief executive if they don't like the culture implies that the board has a very major role with regard to determining what the right culture is. The board needs to take the ultimate action if it doesn't like what the CEO is doing on culture.

Advisers expressed a similar opinion as to the board's very significant role with regard to corporate culture.

> *"The board has to hear from the chief executive - what is his or her view on the culture?...They have to be…clear about what the culture is and clear about where they're taking it and they have to be in agreement with that culture…The board as a whole has responsibilities towards the culture but it's not, it's not the primary body that should be shaping it…The board has to understand the culture and agree it and then hold the executives to account on the culture." (A8, Adviser).*

> *"The board chairman who's one of the principal owners of the organisation's culture in my view." (A19, Adviser).*

The board will expect a view from the CEO; they must have a view on where they're taking culture. From that point they can hold the executives to account for making it happen. The executives must do the work to shape the culture as they are the ones who work inside the company every day. The rest of the board are too remote. Nevertheless, the ownership, and so the responsibility, still lies with the chairman and so the board.

From this analysis, many might consider it is the board's role that has the ultimate responsibility. It is aligned with the banking regulators who place the ultimate responsibility for culture with the chairman to show the board could not leave culture to the CEO and other executives. Annual report disclosures are required to delineate board responsibilities and the chairman's and the CEO's individual roles. As such, they should provide further triangulation with the case study interviews. The company disclosures that specify that the chairman is responsible for culture are presented in table 5.3. These disclosures then imply that the ultimate responsibility for culture lies with the chairman of the board as opposed to the CEO.

Company Name	**Disclosures implying the chairman or the board has ultimate responsibility for culture**
Clarksons	Chairman – Oversees the development of the Group's purpose, values and culture
Croda	The Board and Executive Committee worked together to define and develop three core elements of who we are, how we operate and our future ambition…..The Board has been consulted at each stage of the journey, reviewing and contributing to the plan and associated activities.
discoverie	The Board is responsible for developing a corporate culture across the Group.
Halma	The Board assesses and monitors the Group's culture and ensures its alignment with our purpose, values and strategy.
Smith&Nephew	Further work to be completed in 2020 that will allow the Board to focus on culture, the employee voice and our stakeholders.
Spirax-Sarco	Enabling the Board to gauge and monitor our culture and to ensure it is both embedded and retained in our Company.
Tyman	The Board is responsible for the overall leadership, strategy, culture, development and control of the Group in order to achieve its strategic objectives of continued earnings growth and to enhance shareholder value.
UltraElectronics	The Board is responsible for... setting and monitoring a culture which encourages the Group's businesses to behave ethically and in line with our values.
Weir Group	The Board recognises the importance of culture ….The role of the Board therefore is to ensure that mechanisms are in place, and monitored ... Providing leadership to the Group and communicating the Company's culture, values and behaviours.

Table 5.3 Disclosures on chairman's responsibility for culture (2019 Annual Reports)

From table 5.3, it can be seen that there are only nine companies where their disclosures implied board or chairman ultimate accountability. One company, Clarkson, puts the responsibility expressly with the chairman. Two others place it with the board and so implicitly with the chairman having the ultimate accountability (Tyman, UltraElectronics). The remaining six from the nine companies in table 5.3, in their explanations of the responsibility of the board, specify a very full responsibility for the board that it is hard not to conclude that they are fully accountable, and it is not left to the executive team (discoverie, Halma, Weir, Spirax-Sacro, Croda, and Smith

& Nephew). The other 46 companies in the 52 study sample allocate the responsibility for corporate culture with the CEO and allocate the responsibility of the culture of the board to the chairman. It is clear that it is a minority of boards from the sample that place the ultimate responsibility for culture with the chairman, instead of placing it with the CEO. However, as many boards are becoming much more visible in the company with an active board involvement with culture, employees might well confuse the roles.

Although boards may put differing amounts of effort into corporate culture and many may consider it the responsibility of the CEO, many chairmen consider it a matter of importance to the company. This is evidenced by the fact that the vast majority of chairmen mention corporate culture in their own statements in the annual reports. This implies that the majority of chairmen consider it a matter for themselves to report to shareholders on, not leaving it to the chief executive's section of the annual report. Companies where the chairman does not mention culture in their own statements are few and far between. Only six chairmen out of the 52 industrial companies in the study sample failed to mention culture in their personal statements in the annual reports. These companies are listed in table 5.4 which shows that these companies range from the largest company to small ones. It is noticeable that some chairmen have not mentioned corporate culture at all, as so many of their counterparts do. For some of these companies the chairman has two personal statements; one in the strategic report section and one in the governance section, and so they have two opportunities to mention corporate culture. This is not to imply that the chairman of these companies are not interested in culture, nor that their cultures are poor, merely that it is unusual for chairmen to not focus on it in some way.

Company Name	**Index to which the company belongs (indicating size by market capitalisation)**
Astra Zeneca	FTSE100
Ibstock	FTSE250
Mitie	FTSE250
Vesuvius	FTSE250
Oxford BioMedica	Small Cap
Trifast	Small Cap

Table 5.4 Companies with no culture statement from chairman (2019 Annual reports)

Even if it is ultimately the board's responsibility that the culture is appropriate and hence the chairman is the primary holder of that responsibility, it is clearly dependent on the executives to put it into practice. The responsibility for corporate culture has led to a confusion and potential blurring of non-executive and executive roles. If there is any blurring of these roles in a company, some means to overcome these risks will be needed.

From the analysis of the perceptions of the responsibility for corporate culture, there is a need for a close working relationship between the board and the executive, or between the non-executives and the executives. The nature of this working relationship, as perceived by case study participants, is discussed in the next section.

5.3.2. Partnerships between non-executives and executives

An analytical theme emerged from the interviews with Directors, and to an extent with Advisers, on the partnering between executives and non-executives in relation to corporate culture. The need for partnering appeared to be an essential approach due to the risks of role-blurring and the interconnected responsibilities for culture. This section explores the nature of that partnering between non-executive directors and executives.

In attempting to characterise this partnering there were a number of specific examples of how partnering manifests itself coming from the Directors. One example was the existence of a positive attitude from the executives towards non-executives participating more actively in additional company meetings.

> *"I've found that in the last couple of years when I've joined boards, I've been pushing on an open door. One of the companies…set up a group risk committee which is all of their senior management…and I go along to one or two of those." (D9, Director).*

This Director (D9) was welcomed at what would otherwise have been an executive meeting. The board at this company was able to work effectively due to the management's acceptance of one of their non-executive director's checking their processes.

> *"I see my committees doing some of the heavy lifting. Seeing if the processes are there. But you can't do that if management don't accept it." (D9, Director).*

This non-executive director (D9) was able to see if the right processes are in place, through committee work, but the management had to be accepting of this level of scrutiny. Managers' acceptance of non-executives' close scrutiny may represent a deeper level of monitoring than they accepted a few years ago. Another Director had a similar example in relation to positive attitudes from the executives about non-executives meeting alone.

> *"There was a time…any suggestion of a private NED meeting would have sent alarm bells through the executives. 'Oh my god, what are they doing?'" (D10, Director).*

Director (D10) demonstrates the positive attitude that the executives now have about the intentions and contribution of the non-executives. Both of the Directors above were aware that the managers could have been resistant to their close involvement in company matters or to additional private non-executive directors meetings.

Directors felt that boards need to test out the attitude of the executives to make sure this close scrutiny can take place. A Director spoke of how the board could assess the attitude of the executives to their boards.

> *"How are the executive presenting themselves? Are we being blinded by the sheer weight of papers or are we actually getting the picture? Are they being honest with us when they're confronted by difficult issues, as opposed to 'here's the answer, move on.'" (D10, Director).*

The non-executive directors on the board need to be able to assess whether they are receiving an accurate picture from the executives who are interested to hear the non-executives' challenges. This was mentioned in relation to the attitude of the CEO in particular. Directors were concerned about overly powerful CEOs.

> *"If you get a weak chairman and a strong CEO, your risk starts." (D9. Director).*
>
> *"A culture where the chief executive can't be challenged, dangerous...So watch out. You've got the chief executive who is grown up enough to…have some of the arguments. Hopefully, the chief executive would win most of them but lose a few." (D3, Director).*

A CEO needs to be challenged; they may win many of the board arguments but need to lose a few showing the impact of the non-executives. One Director had experience of a long serving CEO who had a lot of power in relation to the board.

> *"There is basically a good culture. But it's very, very CEO centric...and because he retains it all up here in his head there is...little process. CEOs think they may be utterly omnipotent but in practice they do make mistakes." (D10, Director).*

CEOs who keep a lot of information to themselves can make it hard for boards to establish the processes to monitor the effectiveness of the culture. One Best Practice

Guide noted, following a meeting with directors, an example of culture problems with what they considered to be autocratic CEOs.

> *"One participant said an autocratic chief executive...could exacerbate a rift between staff and management. In these cases the board was often unable to get an accurate picture of what was going on. Information was summarised and sanitised before it reached directors." (G1, Best Practice Guide).*

Board information may be sanitized so that the culture is not apparent. This study has already shown the need for non-executives to immerse themselves in the business to support their culture assessment. However, the attitude of the CEO may still be a problem for the culture task.

A much more active partnership between non-executives and executives is needed in relation to the culture task. When working in partnership, the board's focus can be to balance the CEO's energy and drive, as shown in one Director's example.

> *"Can think of companies where the CEOs have come in and said 'why we've not performed better is because the culture is wrong'. And all about making it far more performance oriented and faster. You know: quicker decision making, harder working, and no excuses. Then what the board has got to watch out for is are people being pushed too much?" (D6, Director).*

The board can spot the potential dangers of the executives' actions and provide the checks and balances needed. Boards can be the balancing act to the executives, spotting potential adverse culture implications. Boards are monitoring but they are also shaping culture through their ability to correct.

Another Director indicated how they had influenced the executives on a bureaucratic culture; it indicates a way to get management to accept a point of view that might be uncomfortable.

> *"Because of our position we could joke with executives…You have to be careful how you do it." (D2, Director).*

Boards need to ensure the executives accept their feedback, so the way it is given is important. Directors have some advantages due to their position in the hierarchy.

The non-executive board director role is distinct from the executives'. One Director's view summarises the key difference between the governance and the management roles which was important to remember for the board to remember.

> *"A non-executive is exactly that. He or she is there to advise, to listen, to hold to*

> *account, to be…independent…Your role is very different to that person who lives, eats and breathes the business." (D3, Director).*

Directors have become very active with regard to corporate culture. The responsibility requires them to make considerable efforts and to get further into internal matters than they have done in other areas of the business. Roles can get blurred but will need to remain distinct. The need for a partnering relationship between the non-executives and the executives was apparent from these experiences from the Directors. Management needed to be more accepting and non-executives careful in their monitoring and in their interventions such as the previously noted 'spotlighting'.

There is little in company annual report disclosures to reveal how partnering is developing in companies, particularly in relation to the culture task. In one annual report disclosure, the need for effective partnering was declared as an outcome of a recent board effectiveness review. The board had accepted the recommendation from the review to:

> *"Implement greater connectivity between individual executive directors and non-executives for advice, guidance, informal discussion and relationship building." (BAe plc. 2019 Annual Report).*

This recommendation from a board effectiveness review is indicative of the thinking of the Adviser sub-group who often carry out board effectiveness reviews. In the interviews, Advisers were aware of the need for more partnering. As one Adviser noted a management team that was controlling the board was indicative of wider problems.

> *"The way the management treats the board can give the boards insights into how they are running the business. If you've got a highly controlling management, you'll often find that's how they're treating the staff as well." (A2, Adviser).*

There were particular problems if the CEO did not enter the relationship in an open and receptive manner. Advisers, similarly to the Directors, were alert to problems where the CEO does not engage effectively with their board.

> *"If you find that you've got a CEO who doesn't want the board to engage with the business, it's a big red flag…All the CEOs today have to...trust their non-execs to engage sensibly down in the business." (A22, Adviser).*

> *"The CEO feels they own the topic. They will resist any sort of oversight, investigation or requirement for reports, unless the board articulate it clearly why they want it…And I think that's the difficulty." (A16, Adviser).*

Today, CEOs are expected to trust non-executives as they immerse themselves in the business. If CEOs make things difficult, boards need to find ways to intervene.

Advisers were aware of how the trust between the board and the executives, particularly with the CEO, was critical to board effectiveness. Trust was an important element to effective partnering. A poor attitude towards the board by the executives was often viewed by Advisers as an underlying reason for poor partnerships.

> *"Part of management's governance mandate to make sure that the will of the board is fulfilled…Management can view their job as running the business rather than making sure the will of the board is done." (A7, Adviser).*

> *"When you talk to the execs and say 'tell us how the board works for you', if they're 'well they're really a bit of a pain in the arse really' then you know they haven't got a healthy grown up attitude to how to get the best out of their board." (A21, Adviser).*

One Adviser gave a specific example of how the executives can respond poorly to board concerns, even to the extent of failing to engage at all.

> *"It's amazing how executives get it so wrong…The non-execs kept saying 'this is quite a big failure'. Then there would be a bit of a pause. I'm thinking 'come on executives, say what you think'…They just sat there like petulant kids. And then 10 minutes later, the same thing came up. And I think 'for goodness sake, all you have to do is show them that you understand and agree with their concerns?' It ended quite badly." (A8, Adviser).*

The lack of these executives' appreciation of the board contribution is evident in this example, as they seem to ignore the concerns of the board. Acceptance of the board contribution by the executives is an important element of the partnering, in the view of this Adviser.

Advisers had a number of ways as to how partnering could work. One way to help the partnering that emerged is to improve the clarity of the roles through identifying, in particular, what will be done jointly by non-executives and executives. One Adviser had an example of how one chairman of a board had gone about this with his CEO.

> *"He said 'look you're not going to get involved in oversight and we're not going to get involved in running the business. We are going to jointly do purpose, values, strategy. We're going to create that together'. And that was revolutionary…as a consequence…the relationship completely changed." (A18, Adviser).*

On this board, the non-executives and executives had carved out topics they would work on jointly, including the culture task. The view of this Adviser was that by identifying an area of joint responsibility, the relationship between the board and the executives was changed (for the better).

Another way to solve the problem was through relationships and communication.

> *"Because the board as an entity can only act through individuals. Although it can issue policies and procedures, they are quite blunt things. It has to act through individuals." (A7, Adviser).*

> *"It's so important to speak to other people. Because you've got to determine how much trust you have in your CEO and the team." (A6, Adviser).*

Boards can help the partnership between the non-executives and executives through trusted working with individuals. This is likely to happen in ad hoc meetings, outside the main board and committee meetings. This meant mutual trust, but not overly comfortable relationships, as Advisers pointed out. A partnership does not mean creating a comfortable environment.

> *"It said in the Code that that being on a board is not necessarily a comfortable place and nor should it be." (A2, Adviser).*

> *"Board meetings shouldn't be fun. You're not meeting your friends, you've got to keep your distance." (A9, Adviser).*

Non-executive and executive roles should remain distinct even though some responsibilities, such as that for culture, that are shared. The partnership working may be important but should not be seen as akin to a meeting of friends. Nor the old *style "and we have a bit of a meeting and a sherry." (D3, Director)*, that has already been quoted. Partnership working was seen as desirable by the Adviser group with a professional distance. The nature of the partnership relationship was therefore perceived to be important to avoiding role-blurring and confusion with respect to the governance and management boundary.

5.4. Summary for part two: Board processes and relationships

The findings analysed in this chapter addressed the second research question: How does the culture task fit with boards' conceptualisation of their governance role? Findings related to board processes showed that they must be adapted to support the culture task. In addition, the nature of the relationships between non-executive and executive directors emerged as an important contributor to the effective performance of the culture task.

Two previously identified board processes had been found to be critical to board task performance; board effort norms and the use of knowledge and skills (Forbes and Milliken, 1999; van Ees, van der Laan and Postma, 2008; Minichilli *et al.*, 2012; Pugliese, Minichilli and Zattoni, 2014; Aberg, Bankewitz and Knockaert, 2019). Hence, how these two processes supported the culture task were explored with the sub-groups to address the subsidiary research question on how board processes support the board culture task. They were found to support the task but also had to have distinctive characteristics in order to be impactful. Effort norms were found to be particularly important for the culture task and had distinct characteristics. Of particular concern to the Advisers was the perceived *'*disconnect*'* that they had witnessed between the board expectations for the culture and the actual culture in the company. This could be caused by management misinforming boards but it could also be a consequence of board directors not paying enough attention to whether the culture cascaded down into the company. This *'*disconnect*'* could be overcome by boards adopting particularly high effort norms that are directed at spotting and dealing with 'disconnects'. Effort norms for the culture task will need to be considered in relation to the literature for their importance in board task performance.

The second process considered with respect to the culture task was the application of board directors' knowledge of culture management (Forbes and Milliken, 1999). In one previous study, the process of applying knowledge was found to be the main process impacting task performance (van Ees, van der Laan and Postma, 2008). The use of knowledge of culture management was perceived to be important for the board culture task. This was perceived to be the case even when the experience of culture change had been in very different organisations and a very long time ago when the Director was quite junior. Many directors could offer this contribution, not just a few functional specialists. The use of culture management knowledge has some differences to the application of strategy knowledge due to the wide range of culture experience that was transferable. This process would appear to have some differences that will need to be explored when compared to the application of knowledge in other contexts.

The two board processes explored in this study have confirmed their relevance to the board culture task. However, it has also been revealed in this study, that the nature of board processes needs to adapt to the task in question, in this case the culture task.

Another theme emerged which differentiated the culture task from other board tasks. An emergent theme was the significance of the attitudes the directors had on culture and how they applied these attitudes in their personal behaviour. Behaviours that did not match with the company values had to be corrected. They might even merit dismissal of that director, according to some Advisers. The application of the director's attitudes appeared distinct from their knowledge of culture management. Role-modelling has in this study been shown to be an underused approach by boards (section 4.4.2). Application of attitudes could occur as role-modelling or during 'spotlighting' discussions with managers. The application of directors' attitudes will therefore need to be considered in relation to the use of director knowledge as a process that supports other board task performance (section 6.2.1.2). Previously identified board processes are confirmed as important to the performance of the culture task, but it appears that the nature of these processes needs to adapt to the different task.

Board relationships were found to have changed in order to support the culture task. Two themes emerged from the interviews with the Director and Adviser sub-groups. One theme that emerged concerned the potential blurring of board and management roles when it comes to the culture task; as boards have become involved with matters that they have not previously paid much attention to, the potential for confusion and perceived blurring of roles between executives and non-executives has developed. The second theme that emerged was the partnering approach that was adopted between non-executive and executives to support the culture task. In this case, partnering between individual non-executives and executives was found to overcome the potential role-blurring and to enable effective performance of the culture task.

The findings on the potential blurring of non-executive and executive roles were apparent due to directors' immersion in the business to assess the culture. There was the risk that non-executives were accepting executive tasks in monitoring operational matters. These non-executives could become so immersed in the company that it was feared by some Advisers that they could lose their independence, essential to their non-executive director role in the Code. Hence, this may result in the boundary between executive and non-executive roles shifting as non-executives start to operate in the perceived executive domain. There was an important perceived confusion between the chairman of the board and the CEO, as to who had ultimate responsibility for corporate culture. The debate on this matter felt unresolved to some Advisers in particular. The annual report disclosures showed that chairmen were personally heavily committed to shaping culture. From the interviews on partnering and these disclosures, it is possible to conclude that a partnering approach operates in relation to a joint accountability for culture.

The partnering approach identified is a perceived means to joint responsibility. Effective working relationships between individual non-executive directors and executives or senior managers involved a partnering which occurred also outside board meetings. A partnering relationship between non-executives and executives therefore needs to be considered for the board culture task. The partnering relationship as found in this study in relation to the culture task needs to be compared to the other notions of board activities, as posed in a subsidiary research question (section 6.2.2). How partnering may be considered in relation to theoretically identified monitoring, advice-giving and mediating activities by boards will need to be discussed.

6. Conclusions and contributions

This chapter makes conclusions from the findings in chapters four and five to develop an understanding of how boards have responded to the 2018 version of the UK corporate governance code, the aim of the thesis. From this understanding, the thesis develops a conceptualisation of the performance of the board culture task and how it fits with the board role in corporate governance. The research literature fails to offer a conceptualisation of a board task for culture or show how it is perceived to be best performed and how it aids the board role. Therefore, this chapter offers a theoretical conceptualisation of the board culture task, based on the evidence of the first year of the implementation of the 2018 UK Code.

Firstly, this chapter presents conclusions on how boards have conceptualised their culture task, making it a distinctive board task (section 6.1). This section relates to research question one: how do boards conceptualise their culture task in comparison to the executive task? Section 6.1.1 first determines the extent to which a culture task has been prompted by the 2018 Code change (section 6.1.1.1) and compares the perceived reasons for the inclusion of the culture responsibility compared to the FRC expected outcomes for the 2018 Code (section 6.1.1.2). Section 6.1.2 next addresses how boards have gone about assessing culture, which this study has found to be a key component of their task. Section 6.1.3 then addresses how boards have gone about shaping culture in their companies, another key component of the task. These sections make the case for a differentiation of the board culture task from the existing notions of the executive leadership culture task.

Secondly, section 6.2 addresses the ways that board processes are perceived to support the culture task. This section relates to research question two: how does the culture task fit with boards' conceptualisation of their governance role? In particular, the subsidiary question which asks: in what ways have board processes supported the culture task? Section 6.2 shows how board processes have developed in new ways for the culture task compared to the board task performance literature (section 6.2.1). Board relationships that were found to be needed for the new task are compared to theoretical notions of the activities needed for the board role (section 6.2.2).

Section 6.3 proposes a revised conceptual framework for the board culture task based on the conclusions from this study. Section 6.4 draws out the contributions to theory and for practice from this thesis. Section 6.5 reflects on the limitations of the study based as it is on the first year of the 2018 Code amongst a subset of impacted public companies. Section 6.6 makes suggestions for future research on the board culture task.

6.1. How do boards conceptualise their culture task?

The first research question asks: how do boards conceptualise their culture task in comparison to the executive task? This section draws out the key findings, primarily from chapter four, to answer this question. Firstly, the degree to which it can be said that boards now have a culture task is considered, through the degree of acceptance (section 6.1.1.1) and understanding of the reasons for its inclusion in the Code (section 6.1.1.2).

6.1.1. A new board task for culture

The FRC incorporated culture into the 2018 Code and the boards in this study have been shown to accept the responsibility. A new board task for culture has been shown to be forming. This section draws conclusions on the evidence of acceptance of the responsibility, requiring the formation of a new task, and on the perceived reasons for the task. Firstly, the nature of this acceptance is discussed (section 6.1.1.1).

6.1.1.1. Acceptance of a culture responsibility

From the evidence of the interviews and the disclosures in annual reports in this study a widespread acceptance of the board responsibility for culture is apparent. The findings have shown that boards are now talking about culture, with an increasing recognition of their responsibility in this area (section 4.2.1, p.127). Interviews revealed that this was primarily due to the 2018 Code, showing the Code can change board practices (section 4.2.3.1, p.136). Disclosures in annual reports from several companies also revealed an overt recognition that the revised Code required their responsibility, reporting on how they had performed it (table 4.3, p.138). The Code has been instrumental in prompting boards to accept a responsibility for culture. Acceptance of the culture responsibility was to be expected as Code compliance tends to be high, to the extent that it has prompted the development of norms in governance practice (GrantThornton, 2020; Roberts, 2012; Roberts *et al.*, 2020). In the

UK and in other jurisdictions, the external regulatory context, has previously been shown to impact board task performance (Pye and Pettigrew, 2005; Minichilli *et al.*, 2012; Brown *et al.*, 2019). This regulatory influence has been found in this literature to be facilitative and not just restrictive. An external facilitative impact, from the FRC Code, is confirmed here in this study of the early days of the 2018 revision, in relation to the culture responsibility.

With the acceptance of the culture responsibility, boards were found in this study to have had limited previous experience of addressing culture explicitly (section 4.2.1, p.128). Previously many boards in the industrial sectors studied had not had board agenda items on culture. Culture was described, for example, as not being *"part of the lexicon"* (section 4.2.1, p.131). Discussions on culture were now on *"an upwards trajectory*" (section 4.2.1, p.127). The considerable uncertainty about the task, with many boards struggling to know how to address culture was a striking emergent finding. Boards could also operate without a specific definition for culture as its meaning was assumed (section 4.2.2, p.134). The literature also has its challenges with definitions of culture as multiple variations on the conceptualisation of corporate culture are offered (Giorgi, Lockwood and Glynn, 2015; Chatman and O'Reilly, 2016). The nature of boards' conceptualisation of culture would therefore need to be explored further when considering their task performance.

Boards may have been unsure about the new responsibility and how to perform an appropriate task but they still intended to address it. Codes have been found to assist the work of listed boards when they provide some clarity on the boundaries of their accountability (Minichilli, Zattoni and Zona, 2009). However, conditions of uncertainty and increased accountability may adversely impact performance as has been shown for executive teams and potentially applicable to boards (Brown *et al.*, 2019). The Code has prompted boards to pay attention to their new responsibility, creating their own conceptualisation as to how to perform a task for which they have little former experience and about which they initially had considerable uncertainty.

The influence of the 2018 Code on the board acceptance of the culture responsibility and task formation has been shown, then, to be considerable (section 4.2.3.1, p.136). The UK Code was originally intended to improve board practice, by advocating certain principles but allowing enough space for flexibility of approach through the comply or explain principle (Nordberg and McNulty, 2013; Spira and Slinn, 2013). Codes of governance impact board attention and commitment which has been shown to lead to perceived improved board task performance, shown in several national contexts (Minichilli, Zattoni and Zona, 2009; Pugliese, Minichilli and Zattoni, 2014). This study has shown that the Code has been successful in prompting boards to accept a culture responsibility and in enabling, at least the potential for, multiple approaches to its performance.

The fact that board activity on culture needed to be disclosed in annual reports was perceived to have played a significant part in prompting boards to accept the responsibility (section 4.2.3.1, p.138). The majority of boards had used their annual report disclosures to emphasise their concern for corporate culture showing their intent to comply with the Code, seeking external legitimisation for their efforts (section 4.2.3.2, p.149). The signaling in annual reports reflects the strength of the regulatory coercive control on boards (DiMaggio and Powell, 1983). Legitimisation has been previously argued for board involvement in strategy and for corporate social responsibility efforts (Judge Jr. and Zeithaml, 1992; Filatotchev and Nakajima, 2014). The signaling also supports the view, particularly from Advisers, that annual reports are impression-management documents (section 4.2.3.2, p149). Impression-management is considered a key goal for the narrative reporting in annual reports (Courtis, 2004; Brennan and Merkl-Davies, 2013; Brennan, 2018). There is evidence from other studies that disclosure requirements focus board attention (Tuggle, Schnatterly and Johnson, 2010; Li *et al.*, 2018; Brown *et al.*, 2019). Boards also need to demonstrate the basis of their business judgments in the performance of their legal duties (McNulty and Stewart, 2019). This study has therefore confirmed the importance of the Code's disclosure requirements and the legitimisation boards seek from their performance of the new culture task.

One of the main audiences for the disclosures in annual reports are the shareholders. The findings showed that Directors do respond when their shareholders pay attention (section 4.2.3.2, p.144). The Institutional Specialist sub-group expressed their interest in seeing how boards had taken up their responsibility (section 4.2.3.2, p.145). Shareholder pressures were therefore found in this study to have an influence on boards regarding the culture task, particularly where long-term shareholders were involved in engagement with the larger companies. Although boards may have accepted the responsibility for culture due to its inclusion in the Code, long-term shareholders may then act to reinforce the coercive regulatory pressure from the FRC. Shareholder influence was built into the first version of the Code (Cadbury, 1992). This study confirms that shareholders retain a strong, reinforcing influence.

The acceptance of a culture responsibility signals a change in board practice not previously explicitly delineated in the board task literature (Machold and Farquhar, 2013; Judge Jr. and Talaulicar, 2017). However, with the widespread acceptance of the responsibility due to the 2018 revised Code, supported by shareholder influence, the findings from this study supports the notion that a culture task should be considered. What the culture task consists of and how it compares to other board tasks would have to be considered further. To support this need for understanding of the nature of the culture task, the perceived reasons for the FRC introducing it are considered next.

6.1.1.2. Reasons for the responsibility

In light of the evidence for an acceptance of the responsibility for culture in spite of considerable uncertainty about the nature of the task, the reasons for the FRC including culture in the revised Code are considered next. This section therefore addresses a subsidiary question to research question one: what do boards believe they will achieve through the culture task? The FRC relates its revised Code to two aspirational outcomes: long-term business success and greater public trust in business (FRC, 2017a). Boards may aspire to these outcomes or, alternatively, expect others for their culture task. There were found, from the members of the UK corporate governance community, to be three reasons for the FRC to adopt a responsibility for corporate culture (section 4.2.3.1, p.140). Firstly, it was believed that the FRC wanted to avoid corporate failures with damaging consequences that had been caused by issues in the corporate culture. Secondly, it was thought that there was a need to do something about the public unease with the gap between meeting corporate and societal interests, by paying more attention to stakeholder concerns. Thirdly, the regulator was perceived to want to sharpen the board’s accountability for weaknesses in their corporate culture, as opposed to that of the regulator or the auditors.

In relation to the first reason for the inclusion of culture in the Code to prevent corporate failures which damage stakeholders, there was some evidence from the Directors that they shared this aspiration for their culture task, with examples including the notion that culture could be a "*cocoon*" that protects the business such as by culture helping to retain customers (section 4.2.2.3, p.152). Boards, however, had difficulties with converting aspects of culture into financial data, giving them problems with culture discussions in contrast to many of their other discussions (section 4.2.3.3, p.150). Advisers noted that culture effects on financial performance may not be possible to discern, even though culture would promote improvements in a broadly positive direction (section 4.2.3.2, p.151). These views confirm the caution from other authors on culture and performance where associations have been hard to find (Wilderom, Glunk and Mazlowski, 2000; Wilderom, van den Berg and Wiersma, 2012; Guiso, Sapienza and Zingales, 2015; Tian *et al.*, 2018). Managers are reported to hold strong assumptions that there are associations between culture and financial performance in spite of their measurement difficulties (Schein, 2011; Graham *et al.*, 2017). Where financial benefits have been shown to be derivable from appropriate corporate cultures, this has shown may be context dependent (Sorensen, 2002; Kotrba *et al.*, 2012; Mathew, Ogbonna and Harris, 2012; Tian *et al.*, 2018). In addition, time lags for impact can be considerable (Kotrba *et al.*, 2012; Boyce *et al.*, 2015). The scepticism of many in this study confirms these previously reported measurement challenges for culture, with the difficulty in assigning a financial outcome a constraint. Boards that are used to dealing in financial measures face an unusual challenge in forming a board culture task.

This first perceived reason for the FRC for including a culture responsibility in the Code, with its focus on preventing damaging company failures, does not suggest a focus on companies achieving competitive advantage or financial performance benefits. Arguments that an appropriate internal culture resource can lead to corporate performance have been made in the literature (Barney, 1986; Barney, 1995; Denison and Mishra, 1995; Sorensen, 2002; Barney and Hesterly, 2018). A number of studies find associations between specific aspects of culture and performance measures (Kotrba *et al.*, 2012; O'Reilly *et al.*, 2014; Corritore, Goldberg and Srivastava, 2020; Gibbons, Siegel and Weber, 2021). However, such associations were not often discussed by boards, in this study. Potentially, the unspoken assumptions held by managers that there will be an impact may have been sufficient. Measurement challenges may also lead to a reticence in declaring financial benefits from the board culture task. There was little to back up notions that culture would lead to competitive advantage. Instead, the board culture task was perceived by the UK corporate governance community as contributing to limiting potentially damaging impacts of culture problems, possibly related to achieving long-term corporate success.

In relation to the second reason for the FRC to include culture in the Code in order to address the gap in societal and corporate interests, this study found evidence of boards supporting the perception that attention to culture would rebalance stakeholder interests (section 4.2.3.1, p.141). Previously, shareholder interests have been embedded in governance codes in many countries including the UK (Aguilera and Cuervo-Cazurra, 2004; Cuomo, Mallin and Zattoni, 2010). Shareholder primacy has been argued as an overly-strong paradigm dominating board thinking (Blair, 1995; Armour, Deakin and Konzelmann, 2003; Roberts, McNulty and Stiles, 2005; Hendry, 2005; Huse *et al.*, 2011). The alternative case for a wider stakeholder approach has therefore long been proposed (Freeman, 1984; Freeman, Dunham and McVea, 2007). This case was renewed in the wake of the financial crisis of 2007-8 (Deakin, 2010; Dallas, 2011; Froud *et al.*, 2012). From the team production theoretical perspective, the role of the board is to mediate between multiple, various stakeholder interests (Blair and Stout, 1995). Although there have been other efforts to strengthen stakeholder interests in UK corporate governance through, for example, the enlightened shareholder value movement, this has not always achieved much actual change (Keay, 2007; Keay, 2013). The board culture task has been perceived in this study to be part of a means to potentially rebalancing in favour of other stakeholder interests.

The board culture responsibility in the Code was perceived by the UK corporate governance community to be most particularly focused on the interests of the employee stakeholder group (section 4.2.3.3, p.153). Benefits to the employee stakeholder group would be achieved through, for example, harmonious teams, healthy workplaces, opportunities to do good work and share skills ; all considered to be reflective of an engaged workforce (section 4.2.3.3, p.153). Some boards reported on their employee engagement scores in relation to the culture efforts but did not relate this to anticipated financial performance, rather to employee stakeholder outcomes. Employees have been identified by others as important stakeholders in the corporation and so in the effective functioning of corporate governance (Armour, Deakin and Konzelmann, 2003; Mayer, 2018; Veldman and Willmott, 2019). A link has been made in this study between the board culture task and the need to pay greater attention to stakeholders, but most particularly employees. A public message on an expected association between the culture task and financial performance might have undermined boards' signaling their concern for employee interests. With the culture task a potentially useful means to show the concern for employee views, legitimisation of the board's decision-making priorities might be achieved, in the eyes of the employee stakeholder group.

The participants in this study rarely referred to public trust as an important outcome of the board culture task. There was only a limited consideration of external stakeholders such as customers or suppliers (section 4.2.3.3, p.156). Just one Director felt there should be more attention to trust in the boardroom (section 4.2.3.3, p.155). Disclosures on trust in the annual report were a rare departure, a feature of the disclosures on culture for just one company (section 4.2.3.3, p.155). There was a strong advocacy for reputation as the preferred outcome for the board culture task instead of trust as reputation reflects a concept that boards believe they can more readily control (section 4.2.3.3, p.156). Reputation was considered to be a key responsibility of the chairman of the board (section 4.2.3.3, p.156). Zahra and Pearce (1989) had seen the board service role as enhancing company reputation. So the advocacy for reputation enhancement as an outcome of the culture responsibility and the 2018 Code, found in this study, fits with previous observations on a board responsibility. Boards may be able to expect enhanced reputation as an outcome of their culture responsibility rather than public trust. Legitimisation and reputation, particularly through employee-related factors, are the most likely perceived outcomes of the culture responsibility from the perceptions reported in this study.

Ethical cultures have been proposed to result in external trust in the company (Kaptein, 2008). Leaders can create negative cultures that force employees against their values, a means of emotional control (Moore, 2005; Moore, 2012). Misalignment of management and employee values has been found to thwart attempts at culture change in UK companies (Ogbonna and Harris, 1998; Harris and Ogbonna, 2013). When corporate priorities focus culture away from providing customer value, employees become disengaged (Tsoukas, 2018). So the board culture task, as shown in this study, may build external trust, and, if so, it would most likely be through employee engagement mediating factors that were more commonly mentioned.

Boards have been addressing their purpose, as was alluded to with some scepticism from Directors, in this study (section 4.2.3.1, p.142). Purpose-led companies as a means to a refocus from shareholder primacy has been advocated in the UK and globally in recent years (Mayer, 2018; Mayer, 2021). However, this study reflected some scepticism about the notion of corporate purpose, hardly indicating a paradigm shift. It may be that the data collection for this study came too early in this debate. The views of shareholders continued to weigh heavily on boards with regard to their uptake of the culture responsibility (section 4.2.3.2, p.144). Shareholders continue to wield considerable power in relation to board thinking. There may be some limited power rebalancing in favour of employee stakeholders.

The third reason for the FRC inclusion of culture in the Code was to emphasise the board's accountability and this study has shown boards' acceptance of this. Boards have sought an enhanced company reputation and legitimisation through their culture task, particularly aimed at the employee stakeholder group. The board culture task may have some expected impact on long-term corporate success, through the prevention of damaging failures and through the consideration of the interests of the employee stakeholder group. Support to the employee stakeholder group may also result in cultures which are considered ethical, prompting external public trust. Boards are, however, more confident of the culture task's impact on the employee group which may offer mediating factors for protection from damaging failures and to support the company reputation.

The ways in which the board culture task can be conceptualised to be different to the executive task is addressed in the next two sections (sections 6.1.2-3). With the conceptualisation of this new task, there a case for it to be added to the extant board task literature (Machold and Farquhar, 2013; Judge Jr. and Talaulicar, 2017; Aberg, Bankewitz and Knockaert, 2019). The degree to which the culture task is distinctive to other board tasks, such as strategy, or to the executive leadership of culture, will become clearer once the ways that boards perform their task are reviewed.

6.1.2. Assessing culture

Research question one posed: how do boards conceptualise their culture task in comparison to the executive task? In response, two main components for the task were confirmed in this study: assessment and shaping. This section addresses the first of these components concerning assessment. Boards have been found in this study to pay considerable attention to the assessment of corporate culture. This section, then, concludes how boards conceive of the assessment component of their culture task.

The internal nature of culture has made assessment particularly challenging for non-executive board directors, demonstrating the disadvantaged position for board members (section 4.3.1, p.158). The finding that culture assessment was difficult confirms early findings on board challenges with internal matters in the literature such as from Baysinger and Hoskisson (1990). Some authors have pointed out that board monitoring in situations of high asymmetric information may not be worthwhile due to the excessive board costs incurred (Demsetz and Lehn, 1985). However, as the findings in this study show that boards are putting extensive effort into assessing information on culture, they presumably consider the costs incurred worthwhile. Other studies have shown improvements in board strategic task performance through the careful use of diverse information types and sources (Zhang, 2010). Boards have been found to become more vigilant in their efforts to overcome information asymmetries when required to disclose their actions, which is the case for boards in this study (Li *et al.*, 2018). Boards in this study, in their assessment of corporate culture, have confirmed this vigilant use of diverse data. Conclusions on their actual data sources are made in the next sub-sections.

6.1.2.1. ‘Touchpoints’ data on culture

Typically, boards were found to rely on a number of different phenomena which could be considered as ‘touchpoints’ for an underlying culture. This expression, ‘touchpoints’, was used by one Adviser to refer to things in the company that could readily be measured and might indicate something about the underlying culture (section 4.3.1, p.160). Boards in this study were found to relate culture to measurable tangibles or 'touchpoints'. 'Touchpoints' data such as employee turnover and diversity statistics, customer complaints and health and safety reporting were all considered helpful. There could be a great many 'touchpoint' items assessed by boards, confirming the difficulty of delineating a boundary to the notion of corporate culture. The fact that boards, in this study, believe 'touchpoints' reveal underlying culture confirms the extant culture definitions from the values tradition. Schein's (2017) three-layer model of corporate culture reflects the notion that observable phenomena are products of underlying but unobservable values and assumptions on how to behave. Other authors from the values tradition, such as Pettigrew (1979), argued that many interdependent concepts (symbols, beliefs, rituals, myths, etc.) support the emergence of normative patterns and strategies through which an organisation's culture evolves. Some of the Pettigrew (1979) concepts are more tangible than others, such as symbols and rituals, and so may be easier for boards to assess. Diagnostics of corporate culture, such as the Competing Values Framework (CVF), are also composed of multiple factors reinforcing the notion that to assess culture multiple 'touchpoints' are needed (Quinn and Rohrbaugh, 1983; Cameron and Quinn, 1999).

The finding, from this study, that boards are dealing with 'touchpoints' can therefore be seen to confirm the applicability of longstanding conceptualisations of corporate culture from the values tradition, where observable phenomena indicate how a culture is developing.

6.1.2.2. Surveys of employees and director immersion

A particularly important source of data on culture that emerged in the study was the employee engagement survey (section 4.3.1, p.162). Advisers would typically note that this survey was commonly used, sometimes cursorily. These data sources reveal a centrality of the employee viewpoint in boards' assessment of culture, fitting with boards' notion that one of the key reasons for their culture responsibility would be to meet employee stakeholder needs.

The centrality of employee views shows that boards perceive the employees as the key group that creates and shares the corporate culture. The definitions of culture in the values literature focus on organisational cultures that are created and maintained by the members of a given group (Pettigrew, 1979; Schein, 2017). Hofstede (1980) saw culture as a collective programming of the human mind that distinguished the members of one group from others. His notion of culture emphasises a bounded group (Hofstede, 1980). A differentiation between the group and those not in it is important. The boards in this study have placed the primary emphasis on the employees as the bounded group for assessing culture.

There were occasional references to other stakeholder groups in relation to culture assessment, such as customers. However, attempts to gather culture data systematically from other stakeholders was found to be more difficult due to the sensitivity of the relationship, although this was considered desirable in future (section 4.3.1,.p.169). A toolkit view of culture advocates greater permeability between social groups (Weber and Dacin, 2011). Hence, it is possible to conclude that the toolkit view has a weaker influence on boards than the values view.

Despite the centrality of employee engagement surveys for board assessment of culture, this study demonstrated dissatisfaction with these at measuring culture (section 4.3.1, p.167). Engagement surveys are often focussed on satisfaction with the job and with pay and benefits rather than on how employees perceive they deal with their competitive environment or to how they integrate activity internally as proposed in culture definitions (Schein, 1984). It may be that boards have attempted to cut the costs of assessing culture by resorting to existing engagement survey data (Demsetz and Lehn, 1985). Many of the companies in this study appear to prefer the readily-to-hand employee engagement survey rather than buying into other commercially available culture surveys (Chatman and O'Reilly, 2016). The extensive use of engagement surveys, as an easy substitute, would appear to reinforce the notion that definitions of culture are difficult and there is much to be yet to be clarified on the nature of corporate culture (Alvesson, Karreman and Ybema, 2017; Chatman and Srivastava, 2021).

Much data collection on culture also came in informal ways, by which culture information was obtained whilst on other company business. Director discussions with a wide range of employees at multiple site visits was one such way for directors to immerse themselves in the company (section 4.3.2, p.169). Private discussions with individual senior managers which were also considered useful in collecting data on culture (section 4.3.2, p.173). This personal immersion, gathering multiple pieces of anecdotal data, augmented formal data collection methods such as the ‘touchpoint’ data which tended to be more quantitative. Site visits were universally seen by Directors, Advisers and Institutional Specialists as fundamental to boards’ understanding of the culture. Advisers were disappointed if they came across directors who were not putting considerable time into site visits (section 4.3.2, p.171). The traditional view of boards has been seen as remote from the company, from management decision-making and reliant on data reported at meetings (Lorsch and MacIver, 1989; Baysinger and Hoskisson, 1990). Non-executive directors appear to be attempting to overcome their very outside nature, which has been argued as their over-riding benefit, due to the expected independence it brings (Higgs, 2003; Corley, 2005; McNulty, Roberts and Stiles, 2005). Director independence is built into the Code from the Cadbury era onwards (Cadbury, 1992). The culture task shows that independence alone is not enough and some personal insight into the culture is needed. Directors’ human and social capital have been shown to be important characteristics beyond independence (Johnson, Schnatterly and Hill, 2013; Khanna, Jones and Boivie, 2014). Insight into the corporate culture shows the need to become internally immersed, even at the cost of some independence.

6.1.2.3. Process analysis and ‘integrated’ data

A subsidiary research question posed how the toolkit view of culture informs understanding of boards’ conceptualisation of their culture task. An approach to assessing culture through the analysis of company processes was apparent in this study. Some Directors had experience of formal board reviews of business processes that aimed at revealing the behaviours encouraged or discouraged (section 4.3.3, p.184). These Directors were then able to judge whether the behaviours incentivised through the process design were appropriate or not. These business process reviews gave boards more specific insight into the way the culture was developed in the company. This approach was not widely used in the industry sectors studied but was more likely experienced by those Directors with additional experience on financial services company boards. This method to derive culture data from the way the work is done is reflective of a practice view of culture and the notion that culture is ‘the way we do things around here' (Bower, 1966). One Best Practice Guide (G5) had referred to process design questions for culture assessment but this was unusual amongst the Guides (ACCA, 2017). There is some evidence then from this study that the practice or toolkit view of culture can be usefully applied by boards for culture assessment (Weber and Dacin, 2011). The way that routines are established through new protocols has been established as reflective of culture (Rindova, Dalpiaz and Ravasi, 2011; Bertels, Howard-Grenville and Pek, 2016; Rindova and Srinivas, 2017).

In general, this toolkit approach to viewing culture was more weakly conceived amongst the study participants but still considered highly impactful. There are challenges to adopting the toolkit approach for boards which centre on whether boards have sufficient access to operational matters. This study found that the process analysis approach to assessing culture was more common in the study industry sectors when related to a health and safety incident or to a control breach spotted in an audit report. These occasions were clearly reactive, post-hoc, responses by the board when an incident was reported to them rather than the ex-ante exercises that some Directors with experience in financial services favoured. However, on these occasions the board could thoroughly and deliberately identify culture issues after the event. There is considerable scope for developing these toolkit approaches to culture assessment.

Boards were perceived to be impactful when they derive information on culture implied in other sets of company data. There may be implications about culture to be found in the other business reports that boards receive at their meetings. Reports on other business topics may reveal, for example, how work processes shape behaviours and create incentives to behave in particular ways. This type of data on culture is referred to in this study as 'integrated' data (section 4.3.3, p.195). Such 'integrated' data is seen by Directors to be more focused on how employees are likely to behave in typical work situations and may be timelier than annual engagement surveys. This type of culture data arises in ad-hoc ways and informally rather than through agenda items specifically addressing culture. 'Integrated' data helps boards develop a more grounded view of what the culture actually is in any part of the business at any point in time. It can be seen as the informal equivalent of the formal process analysis work that boards carry out.

‘Integrated’ data that arises informally may also be more revealing of the ‘way we do things around here’ (Bower, 1966). It is closer to a practice or toolkit view of culture as opposed to the values view (Weber and Dacin, 2011; Rindova and Srinivas, 2017). Culture data in ‘integrated’ business information was a distinctive data source for corporate culture which does not apply to other topics considered by boards. Hence an important distinctive approach to assessing culture was revealed in this study compared to information-processing for other board tasks such as strategy.

6.1.3. Shaping culture

This study shows that alongside assessment goes a second component to the board culture task on the ways that boards shape the culture. Shaping culture is therefore an important component of the task and understanding how this is achieved is important to answering the research question one: how do boards conceptualise their culture task in comparison to the executive task?

Shaping culture has the challenge that boards are primarily composed of non-executive directors, resulting in an agentic challenge complementary to the information asymmetry challenge that boards face in assessing corporate culture (section 6.1.2). The Code provision expects the culture desired by the board to be implemented by the management (FRC, 2017a). However, this study found that boards have a contribution to make in shaping culture beyond monitoring the managers. The ways in which boards were perceived to shape culture is therefore critical to a full conceptualisation of the board culture task. This study revealed evidence for mechanisms to shaping culture that fit with both the values and the toolkit views of culture (sections 4.4.2 and 4.4.3). In addition, two emergent approaches were identified which were referred to in this study as ‘bringing the outside in’ and ‘spotlighting’ (sections 4.4.4 and 4.4.5 respectively). These board shaping mechanisms are discussed in turn.

6.1.3.1. Setting values

The findings show that one mechanism that boards use to shape the culture is the setting of values statements to specify expected behaviours. This reflects the notion that culture must be set at the top of the organisation (Medcraft, 2016; ACCA, 2017; Iwasaki, 2018). Boards have accepted this view that they should set company values (section 4.4.2, p.179). However, boards' own use of corporate values was found to be patchy and partial (section 4.4.2, p.180). Advisers were in many cases sceptical as to whether directors even knew what the company values were as despite the near universality of the practice of setting values, boards tended not to use the corporate values themselves. The values approach to directing culture is considered a dominant paradigm (Giorgi, Lockwood and Glynn, 2015). Corporate values, in a UK context, have long been argued to be an important tool for managers to assert their leadership within the organisation (Klemm, Sanderson and Luffman, 1991; Lee, Fabish and McGraw, 2004; Thomsen, 2004). The setting of corporate values is a well-established activity (Knights and Willmott, 1987; Ogbonna and Harris, 2002; Ogbonna and Wilkinson, 2003). The poor use of values by boards was therefore an unexpected finding, suggesting dissatisfaction with the approach.

There were suggestions of scepticism amongst the Director sub-group which may be behind the lack of use of corporate values by boards. One reason was considered to be experiences of over-reliance of setting corporate values in cases where not much change had been achieved. Directors in this study cautioned about the over-use of values (section 4.4.2, p.180). Employee scepticism of top-down culture change programmes is well documented (Ogbonna and Harris, 1998; Turnbull, 2001; Ogbonna and Wilkinson, 2003; Fleming, 2013). There were also examples in the public domain where corporate values have been heavily used but with scepticism as to their impact (Gordon, 2013). The actual nature of the values has been shown to have little impact on company performance (Guiso, Sapienza and Zingales, 2015; Graham *et al.*, 2017). Hence a degree of scepticism about the impact of corporate values may have prompted the partial use of values by the boards in this study.

Another reason given by Advisers for the scepticism about the uses of values concerned the fact that many companies are known to have identical values (section 4.4.2, p.181). For example, the oft quoted value of 'integrity' in this study has also been found to be a value in 30% of all FTSE 100 companies (Maitland/AMO, 2015). Distinctiveness has been argued as important for cultures that are to create competitive advantage (Barney, 1986; Barney and Hesterly, 2018). So the board scepticism may reflect this view on the need for distinctive cultures and values. However, in this study a perceived reason for the culture responsibility in the Code has been shown to address societal needs with a focus on employees in particular. What has been shown to make a difference to company performance was the consistency and trustworthiness of (Guiso, Sapienza and Zingales, 2015). For the purpose of addressing societal needs, then, a commonly adopted value such as 'integrity' may be appropriate.

In spite of the poor use of values by boards, the setting of corporate values was seen by all three sub-groups as a mechanism for boards to shape culture. Corporate values were something that boards should use themselves to reinforce the tone from the top down into the company (section 4.4.2, p.181). There may be scepticism about the ways that values have been used in some companies, but it was a necessary mechanism. One Adviser noted what was felt to be a more effective way of looking at values such as *"if you can't go through the door, go round through the window"* (section 4.4.2, p.181). This may be akin to the notion of routines in the toolkit view (Bertels, Howard-Grenville and Pek, 2016; Wang and Lounsbury, 2021). Further exploration in future research, of the difference between managers' use of language in the toolkit view compared to the values view, would be useful.

Along with the setting of values, another mechanism was the role-modelling of the values by board directors (section 4.4.2, p.182). Role-modelling also reflects the 'tone from the top' principle advocated in Best Practice Guides G4 and G5 (ACCA and ecoDa, 2017; ACCA, 2017). There were clearly some directors who had not appreciated their role-modelling impact as previously non-executive directors were not highly visible. Similar to boards' under-use of values, role-modelling appeared underused by boards as, for example, only two companies referred to board role-modelling in their annual report disclosures (section 4.4.2, p.184).

Role-modelling is an established method within the values approach to embedding corporate culture in the literature. Schein (2017) emphasises the personal behaviour of leaders in embedding culture by signaling to employees how to behave. Due to their position power, leaders have a greater ability than most individuals to influence behaviours through role-modelling and so impacting the culture (Weaver, Trevino and Agle, 2005; Brown and Trevino, 2006). Whereas executive managers have long been expected to role model behaviours, board directors were shown in this study to be unaware of this opportunity. For both the use of values and their role-modelling, it can be concluded that boards need to adopt mechanisms which have traditionally been left to executives and managers.

6.1.3.2. Process design

There was some evidence of the need for boards to build culture through the design of work processes (section 4.4.3, p.184). This reflected a lesser consideration as opposed to the more ideational methods of communication and reinforcing values. Boards make a contribution by ensuring things are being done properly (section 4.4.3, p.186). As noted in relation to assessment, reviews of work processes for culture impacts were considered very useful when carried out. For similar reasons, boards could impact process design through their checking of the executives. Tsui et al (2006) found that culture leaders did not lead through charisma but were 'institution builders creating sustaining systems and processes' (p.133). New culture toolkits were needed for adopting new practices (Bertels, Howard-Grenville and Pek, 2016). In this study it has been shown that boards can contribute to highlighting the need to design processes for culture benefits. There may be limits to how much boards can shape culture through process design, as compared to executives. However, a more practice-related approach to considering culture in process design as well as process assessment is another contribution that boards can make.

6.1.3.3. Bringing the 'outside in'

An emergent mechanism that boards used to shape culture involved them bringing 'the outside in' (section 4.4.4, p.188). The evidence from the Directors interviews showed that boards can bring in external culture perspectives to board discussions and individual conversation. This mechanism is referred to in the study as bringing the 'outside in'. It is an important direction-setting contribution and shows that boards are not mere assessors of whether a culture is achieved or not; they become a driving participant as to what the culture of the company should be. Directors had particularly useful insights due to their influential contacts amongst regulators, policy makers, other directors, arguably members of a societal elite. Many authors, such as Schein (2017), on culture have tended to focus on the embedding processes rather than on how leaders decide what type of culture is needed. The literature offers findings on what cultures likely lead to greater chances of improved financial performance (Denison and Mishra, 1995; Kotrba *et al.*, 2012). However, this study has shown that the reasons for the board responsibility are not solely to improve financial performance. There were also trust and reputation reasons. Shaping culture through insight into external trends is an important mechanism for boards.

The rich external perspective of board directors is a consequence of the Code requirement for a majority of independent directors on a board. This 'outside in' contribution of directors may be in line with boards' bringing in resources in the resource dependence theory view of board governance (Hillman, Cannella and Paetzold, 2000; Hillman, Withers and Collins, 2009). Resource dependence theory views non-executive directors as boundary spanners, a role described as a communication channel between stakeholders and the company (Pfeffer and Salancik, 1978; Daily, Dalton and Cannella Jr, 2003). Boards have been found to assist strategy through boundary-spanning activities like providing external input (Bryant and Davis, 2012; Barroso-Castro, Villegas-Perinan and Cassilas-Bueno, 2016). Culture is seen as a resource that if appropriate can lead to competitive advantage (Barney, 1986; Barney and Hesterly, 2018). In this study, the resource brought in is the knowledge of external trends in societal culture that are relevant to the work of the company. This mechanism that boards use to shape culture helps to differentiate the board and executive culture tasks.

Aligning in-group culture with culture norms outside of the group is also more in keeping with toolkit views of culture (Weber and Dacin, 2011). Cultural material evolves through interactions between organisations (Rindova, Dalpiaz and Ravasi, 2011; Harrison and Corley, 2011). Weber and Dacin (2011) argue that cultural analysis is increasingly concerned not only with the private culture of the group but also with public culture. There are many other communities that impact internal culture such as customers, suppliers and employee peer groups but boards can offer a distinctive external input.

The 'outside in' contributions of boards confirms earlier notions that organisation culture should be viewed through an external lens such as national and regional cultures (Hofstede, 1980; House *et al.*, 2004). The examples Directors gave were to societal culture trends that were not referenced to specific countries but to wider trends such as in relation to attitudes to climate change and pollution, to diversity and identity matters, and to challenging elites and institutions (section 4.4.4, p.189). Wider societal trends are likely to feature differently nation by nation, but these phenomena were not referenced in relation to a specific country by the Directors. They were considered to be wider societal culture trends which should impact company culture.

From this study, the board is potentially a highly effective channel for the movement of cultural material, particularly as they bring an elite view. The 'outside in' contribution has therefore emerged from this study as an important mechanism that boards can use to shape culture as board members make successful boundary spanners. The earlier conclusion that surveys used by the board in its assessment of culture are predominantly focused on employee views shows that boards need to process both internal and external data to determine culture change. This is further evidence of the board information-processing challenge when it comes to culture.

6.1.3.4. 'Spotlighting'

Another emergent mechanism for shaping culture is referred to in this study as 'spotlighting' (section 4.4.5, p.191). The findings show that directors, regularly and routinely, point out and reinforce what is important with respect to culture so that executives maintain the appropriate focus. This 'spotlighting' approach therefore directs where executives should pay attention as this has been shown to not always be uniform (Rerup, 2009). Attention based theories of management have articulated attention as the noticing, interpreting and focusing of time and effort by decision-makers (Ocasio, 1997; Ocasio, Laamanen and Vaara, 2018). Decision-makers are not passive recipients of environmental signals but active creators of the mix of stimuli to which they will respond with the perceived environment enacted through the board's decision-making channels (Ocasio, 2011). Directors reported how they had a privileged position with the power to 'spotlight' issues to executives when others in the company might not (section 4.4.5, p.192). The board's 'spotlighting' approach will therefore frame the important culture matters to which executives must respond. This focusing of attention is shown in this study to be an important contribution of the board in respect to culture matters.

‘Spotlighting’ is a servicing role for boards with elements of an advice-giving activity. ‘Spotlighting’ showed the need, not only know what is important, but also to adopt appropriate ways to reinforce that with executives. Together with the assessment of ‘integrated’ data, bringing ‘the outside in’ and ‘spotlighting’ formed actions that board directors could use during any business conversation. Board directors need a good level of information processing capability, and also of behavioural acuity, to use these three mechanisms. The board mechanisms for shaping culture demonstrate its distinctiveness to the executive culture task.

6.1.4. Summary on conceptualisation of the board culture task

In addressing the research question one, on how do boards conceptualise their culture task in comparison to the executive task, it has been necessary to understand how boards have responded to the Code, performing both culture assessment and shaping. Boards have put in place a number of both formal and informal mechanisms to assess and shape culture. The extent of these mechanisms justify the proposal of a board task for culture. These informal mechanisms, in particular, demonstrate the distinctive challenges and nature of the board culture task, compared to the board strategy task for example (McNulty and Pettigrew, 1999; Hendry, Kiel and Nicholson, 2010). The use of both the values and the toolkit views of culture has revealed important aspects of assessment and shaping components of the board task and justifies this study’s adoption of both views, as advocated by Giorgi et al (2015). This study contributes to the theory on board task performance by offering a conceptualisation of the board culture task which can be differentiated from both the board strategy task and the executive culture task. This study has shown that board tasks should not be considered uniform in nature.

The board assessment of culture shows it is an important component of the board culture task. It reveals the particular challenges of asymmetric information in relation to culture, previously noted in general terms for boards (Lorsch and MacIver, 1989; Baysinger and Hoskisson, 1990). This study has shown that for culture the assessment mechanisms need to be extensive and both informal and formal. Formal mechanisms involved the assessment of ‘touchpoint’ data, of employee engagement surveys and of business processes. ‘Touchpoint’ data confirm the Schein (2017) values view conceptualisation of culture as multi-layered. Process analysis mechanisms demonstrate the applicability of toolkit views of culture (Weber and Dacin, 2011). Informal mechanisms involved director immersion in the business and the derivation of 'integrated' data. These informal mechanisms in particular demonstrate a main difference in the information processed by boards on strategy.

The assessment components of the culture task demonstrate important differences between the board and the executive culture task. This is primarily due to boards' need to find sources of data independent to the executive and the formal data presented at board meetings. The informal mechanisms for the assessment component of the board culture task show that board information-processing skills are particularly important. Information-processing for monitoring purposes is considered challenging compared to for advising executives (Khanna, Jones and Boivie, 2014; Boivie *et al.*, 2016). This study has shown that a sophisticated level of information-processing is also needed for spotting internal culture risks integrated into business information and discernable from conversations at site visits.

The internal and integrated nature of culture thus differentiates the board task for culture from the board task for strategy where data is primarily external in nature and potentially more accessible to non-executive directors. Some non-executive directors may be familiar with the external market issues for the company and are then in a position to guide the executives on strategy (McNulty and Pettigrew, 1999; Aberg, Kazemargi and Bankewitz, 2017). For culture matters, the non-executives cannot possess any specific insight and need to rely on their ability to immerse themselves and to surface 'integrated' data.

The second component of the board's culture task which emerged in this study was the shaping of culture. Shaping culture is a component which also benefits from formal and informal mechanisms. Formal mechanisms involved setting and role-modelling corporate values as in existing models of leadership behaviour (Schein, 2017). Checking business process design was the shaping equivalent of the assessment of business processes, adopting a toolkit view (Weber and Dacin, 2011). Informal mechanisms involved bringing the 'outside-in' to set the internal culture and 'spotlighting' culture issues to remind and reinforce important matters. Boards have a distinctive insight into external culture trends based on the nature of their external contacts, showing this specific boundary-spanning contribution (Hillman, Withers and Collins, 2009). They also focus attention through 'spotlighting' as they determine what is important (Ocasio, 2011). Boards' position in the hierarchy of the company has been shown in this study to offer them the power to 'spotlight' in ways others cannot. The informal mechanisms for shaping, as with assessment, proved particularly impactful. Boards can particularly offer a boundary-spanning contribution consisting of bringing the 'outside in' and shining 'spotlights' where needed. This externally oriented sense-making can be usefully complemented by internally 'integrated' data which can emerge in many situations.

The board culture task has been found to be performed in ways that appear to distinguish it from both the executive task for culture and the board task for strategy. The research question one, on how do boards conceptualise their culture task in comparison to the executive task, has been answered through the understanding of the components of the board task which have been revealed by this study. The conceptualisation is presented in figure 6.1 where the conceptual framework for the study has been updated as a result of the findings from this study. The culture task requires boards to consider a great many aspects of the work of the company and the multiplicity of departments and sites. Hence the task may be considered virtually boundary less. Finite task completion is unlikely and boards will not be able to be definitive in their satisfaction that an appropriate culture has been achieved. Hence, the multiplicity of approaches characterized in the conceptual framework for the task in figure 6.1 are needed to support board confidence that the culture is appropriate.

To complete the conceptualisation of the board task for culture in response to the Code, the next section considers the board processes and relationships that are important to the performance of the task.

6.2. How does the board culture task fit with the governance role?

The second research question asks: how does the culture task fit with boards' conceptualisation of their governance role? This section therefore relates how extant notions of the board processes needed for successful board task performance apply to the culture task (Forbes and Milliken, 1999; Aberg, Bankewitz and Knockaert, 2019). This is an important question as one way to define board effectiveness is through the successful performance of board tasks (Zona and Zattoni, 2007; Minichilli, Zattoni and Zona, 2009; Minichilli *et al.*, 2012; Jansen, 2021). There are claims that board processes are better predictors of board task performance than structures or composition (McNulty, 2013). Board task performance is considered to impact firm performance (Forbes and Milliken, 1999). In addition, this study found that there were relationship changes between executive and non-executive directors that were needed for successful performance of the culture task. This section therefore concludes how this study modifies existing notions of board processes and relationships. Section 6.2.1 considers board processes. Section 6.2.2 considers relationship changes.

6.2.1. Board processes

The board processes that would potentially be needed for effective performance of the culture task were identified from the board task performance literature as the most effective starting point, and the subject of a subsidiary research question (section 2.3.1, p.80). The need was to consider which processes could be most directly applicable to the task and in what way. The two processes of effort norms and use of knowledge and skills were considered most likely to be relevant based on foundational literature that continues to be used (Forbes and Milliken, 1999; Aberg, Bankewitz and Knockaert, 2019). In this study, the findings show that there were a number of ways in which these two processes needed to evolve to support the culture task; these are discussed next.

6.2.1.1. Effort norms must address the 'disconnect'

In this study effort norms were found to be more necessary than in some earlier studies in relation to other tasks and also changed in their nature. Particularly high levels of effort norms are needed as boards are delving into internal matters in a way they have rarely done before. Culture was not a topic that could be discussed briefly in the typical short board meetings due to the complexity of the topic and the time that it takes to change culture (section 5.2.1, p.203). If effort norms were not sufficiently high, there were seen to be real risks of 'disconnects' between the intent of the board and the reality in the company when it came to culture (section 5.2.1, p. 203). The 'disconnect' problem was reported as being particularly severe due the need to assess and shape the complex and slow-changing culture across dispersed multi-site operations. Effort norms have previously been positively associated with board task performance (Zona and Zattoni, 2007; Minichilli *et al.*, 2012; Zattoni, Gnan and Huse, 2015; Aberg, Bankewitz and Knockaert, 2019). However, the nature of impactful effort norms on task performance is not fully understood as not all studies have shown their importance (van Ees, van der Laan and Postma, 2008). This study has confirmed the findings that effort norms are important. However, the nature of the effort norms needed in this study appear to be different to those previously discussed due to the complexity of the culture task and the need for boards to overcome the *'disconnect'.* Particularly high levels of effort norms are needed and they need to be focussed on spotting 'disconnects'.

Boards' effort norms regarding culture need to go deeper into operational matters which have traditionally been left to the executives and so need to develop in inward-looking ways. Earlier studies on board effort norms have attempted to clarify the reasons for the positive association between effort norms and board task performance. Some propose that group effectiveness (Bankewitz, 2018) or group cohesiveness (Brown *et al.*, 2019) encourages the efforts of boards. Group-related factors may enhance the effort norms of boards, but do not deal with how the nature of the task might demand high effort norms. The culture task is perceived to be difficult with long lead times for change and the potential for a 'disconnect' between board intent and actual practice in the company. One reasoning for the importance of board effort norms has been related to significant information processing needs in complex situations such as in larger organisations (Federo and Saz-Carranza, 2018). Information processing needs on culture was potentially part of the need for effort norms due to the importance of assessment in the culture task. However, the board culture task has been shown in this study to require both assessment and shaping components. Hence although there may be information-processing challenges in spotting 'disconnect*s*' as boards make their assessments of the culture using multiple 'touchpoint' and 'integrated' data, this would only appear to be part of the need for high levels of effort norms. Board effort norms may also be needed in shaping the culture such as in their role-modelling or in 'spotlighting'. Hence the nature of the effort norms needed for the culture task have been found to be distinct to other findings from the board task performance literature.

Drawing the discussion together, the literature on board task performance has not addressed how boards' effort norms vary depending on the task in question. In this study, in relation to the culture task, the effort norms have been shown to need to be applied in a particular way. For a task that is inward-looking, complex and slow-changing, the effort norms need to be particularly high and to focus on 'disconnect' problems which are perceived to be a significant risk. Group cohesiveness has been shown to increase board effort norms which may apply to culture as to other tasks. However, the importance of high effort norms is related to information-processing complexity on culture and on culture shaping challenges. This study has demonstrated that board processes are not immutable but need to be modified for the culture task.

6.2.1.2. Application of director knowledge and attitudes

The second board process identified in the literature review was the application of director knowledge (Forbes and Milliken, 1999). This study has shown that the use of director knowledge extends to the management of organisation culture. The use of knowledge of culture management could come from a wide range of sources (section 5.2.2, p.208). The effective application of outside non-executive director knowledge has been shown to contribute to strategic decision-making (Rindova, 1999; Carpenter and Westphal, 2001; McDonald, Westphal and Graebner, 2008; Kor and Sundaramurthy, 2009). As well as specific knowledge, general indicators of director human capital such as executive experience and education levels helped firms create competitive advantage (Khanna, Jones and Boivie, 2014). One particular study on the Forbes and Milliken (1999) model identified the application of prior knowledge as the most important factor impacting board performance (van Ees, van der Laan and Postma, 2008). This study confirms the perceived importance of the application of non-executive director knowledge of culture management.

What differentiates the culture from the strategy task is that the application of knowledge about culture management can be derived from a wide range of organisation types and can be contributed by many non-executive directors, as opposed to being limited to a few with specific industry or market experience. Sometimes the Director experience of culture management was from very early in their careers and so many decades ago. Nevertheless Directors still felt it relevant (section 5.2.2, p.209). Although there were some instances where specific culture change experience was appointed to the board, more often Directors and Advisers felt that many non-executive directors could offer this kind of input to the board culture task. In board strategy studies, the contribution was more usually limited to a few individual non-executive directors with specific market or industry sector knowledge (McNulty and Pettigrew, 1999). In the digital era, more directors may be able to contribute on some strategy matters due to digitalisation in many organisations (Aberg, Kazemargi and Bankewitz, 2017). However, it may still be unrealistic to expect many directors to have sufficient knowledge to contribute to all strategy decisions (Boivie *et al.*, 2016). Application of strategy experience therefore tends to be focused on few directors. In contrast, a wide range of board directors' experiences on culture management are perceived to be applicable.

It has been argued that it is important to differentiate between director functional knowledge such as how to carry out an acquisition and firm knowledge such as in relation to the industry sector (Bankewitz, 2018). This is a distinction also highlighted by Forbes and Milliken (1999). In this study the knowledge about the culture and how to manage it may not fit easily into a functional or firm-specific categorisation. The nature of the culture itself can be considered firm-related as it would be impacted by company history and industry sector norms (Schein, 1983; Chatman and Jehn, 1994). How to change a company culture and avoid 'disconnects' could benefit from functional knowledge. Both types of knowledge contribution may be relevant to the culture task. The wide applicability of knowledge of culture management may, in contrast, point to one explanation for the finding that top executive experience can improve board effectiveness (Khanna, Jones and Boivie, 2014).

Another important aspect of director knowledge application emerged concerning their attitudes, expressed in personal behaviours. Directors bring attitudes which imbue their contributions (section 5.2.2, p.210). Evidence from both the Directors and Advisers sub-groups implied that if appropriate attitudes to culture change were not evident in their expressed behaviour, non-executive directors would be corrected and even removed from their positions (section 5.2.2, p.211). Inappropriate attitudes could disqualify a director regardless of their other useful knowledge. Examples of poor attitudes could include inappropriate views on diversity and inclusion matters, for example, which support the notion that the culture task is important for employee stakeholder reasons. Leaders have been known to force inappropriate behaviour in their shaping of organisation culture against employees' personal values, a form of emotional control (Moore, 2005; Gunz and Thorne, 2015). The tone at the top could be a tone which does not support the perceived reasons for the FRC including culture in the Code. This study has shown that the application of an appropriate attitude to societal culture changes is also an essential board process, needed from all directors. This emergent finding was central to the culture task and appeared distinctive from the strategy task.

The attitude requirement that emerged in this study is sufficiently distinct from the use of knowledge to be considered a separate board process. McNulty (2013), in advocating that board process matters, took a deliberately broad view of process included engaging in constructive conflict and avoiding destructive conflict; notions of working together, and the exercise of board power. However, these do not reflect the application of director attitudes on external trends. The application of director's attitudes to culture developments in the company seems a suitable addition to that list.

Role-modelling through expressing values has already been shown in this study to be an important mechanism for boards to shape culture. The application of appropriate attitudes could be achieved through role-modelling as well as input into board discussions on culture. The ability to bring 'the outside in' through a boundary-spanning capability has also been demonstrated in this study as a key contribution for boards in shaping culture so the appropriate attitudes to outside trends are important. There are studies of how the interplay between national and corporate cultures has evolved (Hofstede, Hofstede and Minkov, 2010; House *et al.*, 2013). However, this study has shown that it is not just national culture characteristics that are important. Global societal culture trends that may well play out differently nation by nation, are also important, such as on the environment or on unfairness in society. Studies from the toolkit view of culture have been argued to be more open to culture influences outside the organisation than the values view (Weber and Dacin, 2011). Strategic advantages have been found to having the ability to connect organisation culture to public culture (Harrison and Corley, 2011). This study has confirmed these perceived benefits as boards can be particularly impactful due to their influential contacts and experiences. However, with regard to culture, expressed director attitudes must also be appropriate.

6.2.2. Board relationships

This study noted relationship changes that emerged as important to the board culture task, specifically relationships between non-executive and executives. This was because confusion and blurring of their roles was seen as a risk. Directors often gave examples of joint working that revealed a partnering relationship such as in the private discussions between directors and managers where the director could ‘spotlight’ culture matters and in the joint-running of employee meetings to gather information on culture which were jointly reported back at board meetings (section 5.3.2., p.221).

The culture task has resulted in boards looking internally in more depth than before and in being more attentive to how business processes have encouraged behaviours. Boards have delved into areas that may previously have been the domain of the executives. Non-executive directors will have become more visible to employees due to their extensive immersion during site visits (section 4.3.2, p.169). Confusion on perceived roles has become more likely. Board and management roles have traditionally been seen as highly differentiated, such as in agency theory perspectives where there is a need for the separation of decision management and decision control (Fama and Jensen, 1983b). Monitoring of executives becomes the main board activity. Partnering appears to confound this. Assessment is an important component of the culture task, so monitoring can be achieved. However, the combined mechanisms of bringing the ‘outside in’, role-modelling appropriate attitudes, ‘spotlighting’ and using ‘integrated’ data give an impression of making an active contribution to solving problems, not merely seeking to check on the executives. These mechanisms show the importance of information-processing capability and behavioural acuity at board level; a service role may be implied although somewhat richer than mere bringing in of culture management knowledge, and so advising, as in resource-dependence theory (Hillman, Withers and Collins, 2009).

A small number of examples potentially implying board and management partnering can be found in the literature. Notions of shared or ‘socialised’ accountability have been advocated for boards where people of relatively equal power can create a sense of interdependence for the benefit of the company (Roberts, 2001). Shared accountability may set up the conditions for partnering activity, although not discussed by Roberts (2001). Board that were characterised as 'friendly' may be more effective than 'hostile' boards as the trust that builds up between non-executives and executives results in the executives sharing more information with their boards, thus reducing the information asymmetry problem (Adams and Ferreira, 2007). Hence, this 'friendliness' may set up the conditions from which partnering activity may result.

Partnering between non-executives and executives for the culture task has been found in this study as particularly important between meetings (section 5.3.2, p.226). This study, therefore, provides support for the importance of board relationships outside the formal meetings due to the immersive site visits and individual meetings with senior managers. There have been calls for more studies into interactions outside formal board meetings, as these are less studied (Concannon and Nordberg, 2018; Aberg, Bankewitz and Knockaert, 2019). One example of partnership working found outside board meeting, in venture capital firms, saw the CEO initiate dyads with other directors in developing strategy (Garg and Eisenhardt, 2017). However, in this study, partnerships outside the board meetings were often initiated by the non-executive directors, with multiple individual senior managers, and ongoing. These meetings were important to culture assessment and a major component of the work of a non-executive director.

One recent study, using grounded theory, has found that strategic partnering is the way that board directors articulate their implicit understanding of their role and duties (Boivie *et al.*, 2021). This notion of strategic partnering, as a generic role description, chimes with the partnering that emerged from this study to support the specific culture task. The Boivie et al (2021) paper has caused consternation amongst the UK corporate governance community for implying that directors don't believe it's their role to monitor (Spira, 2021). Yet, Boivie et al (2016) had already argued that it is implausible to expect boards to be able to monitor. In this study, there were no findings that implied that monitoring is not essential, just that a partnering activity also appeared necessary. The immersion, that emerged as needed, resembled a highly engaged task, requiring both sophisticated information-processing and behavioural awareness, closer to the resource-dependent view. Although monitoring, as predicted by agency theory, is possible through the extensive culture assessment carried out by boards, the partnering approach found in this study may be more reflective of stewardship theory (Donaldson and Davis, 1991; Davis, Schoorman and Donaldson, 1997; Clarke, 2004). In the stewardship view, executives are seen to be motivated and self-interested to act in the interests of the company such that boards of non-executives and executives can act as a group to govern the company. Although the partnering found in this study, reflects these aspects of stewardship theory of the board role, there was no argument made in this study for some of the commonly cited policy implications of stewardship theory, such as significant numbers of executives on the board or a combined chairman-CEO role. Partnering points to fundamental elements of stewardship theory applied to boards but not necessarily some of the commonly derived policy implications.

A specific issue with regard to role-blurring emerged in relation to who was primarily responsible for culture in the company. This emergent issue particularly affected the respective roles of the chairman and the CEO. This issue is effectively equivalent to the respective roles of the board and the executive team, and so of the boundary between the board (governance) and management. Which of the chairman and the CEO is ultimately responsible for corporate culture? Views diverged on this and for many it was an unresolved issue (section 5.3.1, p.217). From the evidence in this study, boards were shown to make a sizable contribution in their culture task through their role-modelling of appropriate behaviours, bringing the 'outside in', 'spotlighting' culture priorities to executives and making considerable efforts to avoid a 'disconnect'. Hence, the findings suggest that the board shapes, as well as assesses, culture and is not solely dependent on the executives' efforts. In revealing the need for partnering, confirming Boivie et al (2021), accountability would be shared (Roberts, 2001; Roberts, McNulty and Stiles, 2005).

The unresolved matter of ultimate accountability for culture may reveal issues of relative power between the chairman and the CEO. Boards that are relatively powerful compared to the CEO have been found to increase the likelihood of board impact on strategy change (Golden and Zajac, 2001). Equally, in situations where the chairman is less powerful relative to the CEO, due to lesser knowledge of the company, their impact on strategy was limited (McNulty *et al.*, 2011). The new culture task may have given boards the opportunity to get more involved in internal matters thereby enhancing board and chairman power relative to the CEO. Balanced power relationships, coupled with strong leadership skills of the chairman, have been shown to result in better procedural rationality with regard to strategy setting (Bailey and Peck, 2013). As the board becomes increasingly involved with and knowledgeable of internal matters, they may be better able to partner for the effective performance of the culture task.

There is some limited questioning in the literature as to whether boards could ever be over-involved. Boards could undermine executives if they impose their will (Adams and Ferreira, 2007). Up to half of all US Fortune 500 companies have at least one director who has a tendency to micromanage with detrimental effect, according to one study (Charan, Carey and Useem, 2013). However, the risk of over-involvement of boards in the strategy task is hardly researched, as the pressure has been for more involvement, automatically seen as beneficial (Judge Jr. and Talaulicar, 2017). There is therefore little insight into a potential adverse impact of increased involvement from the board on strategy. This study has pointed to potential confusion with respect to the board involvement in culture, although a partnering approach can mitigate.

6.2.3. Summary on the culture task fit with the governance role

In seeking to answer research question two, on how the culture task fits with the board governance role, this thesis has addressed how board processes and relationships have needed to evolve as these would help illustrate the fit. In considering how two established board processes support the task for culture, it has been shown here that these board processes need to be modified for the new task. Hence, the task is not just enhanced by these processes but has also changed their nature. The literature has proposed that high effort norms may be needed for board information-processing for complex situations in large organisations (Federo and Saz-Carranza, 2018). This thesis supports that particular argument in relation to the culture task. However, effort norms, which are more behavioural in nature, are also required for the shaping of culture. In relation to the application of director knowledge, which is widely supported as important to board task performance in the literature, the culture task has demonstrated the wide applicability of many prior experiences of culture management, unlike specialist functional knowledge which tends to be focused in few directors (McNulty and Pettigrew, 1999; Boivie *et al.*, 2016). Director top executive experience has been found to support board effectiveness (Khanna, Jones and Boivie, 2014); it may be that knowledge of culture management tends to be included in this top executive experience, although this has not be tested in this study. In addition, the application of board member attitudes has been demonstrated in this study as distinct to the application of knowledge, and so is proposed here as a new board process. The application of director attitudes are demonstrable through role-modelling and 'spotlighting' mechanisms which have been shown in this study to be important board member contributions to shaping culture. These mechanisms are more behavioural in nature, rather than dependent on information-processing. Which board process, of the two previously identified by Forbes and Milliken (1999) and the one proposed here on the application of attitudes, is more critical to the culture task has not been evaluated in this study. However, the views from some case study participants indicate that inappropriate attitudes may justify a director leaving a board and so may imply its fundamental importance. These three board processes demonstrate that the culture task has some commonality to other tasks but also some differences.

Relationships have also benefitted from partnership and potentially joint accountability. The boundary between the roles of the non-executives and the executives is perceived to be at risk of becoming blurred due to the ways boards are performing the culture task. Partnering between non-executive directors and executives may be one way to overcome confusions for the new task. There is some emergent evidence of the importance of similar partnering in the literature (Garg and Eisenhardt, 2017; Boivie *et al.*, 2021).

A subsidiary research question posed the extent to which the culture task contributes to board activities of monitoring, advising and mediating. Partnering between non-executive directors and managers, as found in this study, has not implied that the board activity of monitoring, from agency theory, has been abandoned. After all, boards assessed culture information from many sources, including independent of management, and so were well positioned to monitor executive action on culture. However, the board contribution on culture was characterised by partnering with the executives in assessing culture and by playing their part in shaping it. Boards' distinctive contribution in bringing the ‘outside in’, ‘spotlighting’ and using ‘integrated’ data showed the importance of board information-processing capability. Their attitudes and role-modelling showed the importance of their behavioural acuity. This could be characterised through resource-dependence theory as bringing in knowledge of culture into the company and advising on this (Hillman, Cannella Jr and Paetzold, 2000; Hillman, Withers and Collins, 2009). But it is more than just giving advice as board director personal behaviours need to be role-modelled and ways found to ‘spotlight’ effectively with the executives. Therefore, the board contribution on culture could certainly be characterised as an example of a board service role.

The UK Corporate Governance Code was intended to improve governance practices (Cadbury, 1992). With the new culture task, this study shows the challenges and the struggles but also aspects of high industry conformity such as in respect to the reliance on employee engagement scores. The Code, with its comply or explain principle, could encourage multiple approaches, as new alternatives might prove superior (Nordberg and McNulty, 2013; Nordberg, 2020). However, experience has shown that not much learning takes place from this, as opposed to a rather rigid, uniform compliance (Veldman and Willmott, 2015; Roberts *et al.*, 2020). This study only addresses the first year of implementation of the new responsibility and shows evidence of conformity but also considerable scope for improving current practice and for trialing new mechanisms.

In answering research question two, on how does the culture task fit with the conceptualisation of the board governance role, this study has gone into the granularity of selected board process and relationship changes. The process and relationship changes point to a partnering governance role, in which a control role is not lost but is accompanied by a service role that requires information-processing capability and behavioural awareness.

This study has shown the acceptance of the culture responsibility and argued for its consideration as a board task requiring full conceptualisation. A conceptualisation for the task is presented in section 6.3.

6.3. A conceptual framework for the board’s culture task

This section presents a revised conceptual framework for the board culture task. The conceptualisation from the literature was presented in section 2.3 and is amended in figures 6.1 and 6.2, based on the findings from this study. In figure 6.1, the framework is revised to show the specific changes to board processes and relationships due to the culture task. The framework is also revised for the expected outcomes. Figure 6.2 provides the conceptualisation of how boards perform the culture task, incorporating both the values and the toolkit view of culture.

The conceptualisation in Figure 6.1 confirms that boards have accepted a culture responsibility due to its inclusion in the Code. Boards had previously, in large part, complied with the Code provisions which had prompted them to develop strongly held norms (Sanderson *et al.*, 2010; Roberts *et al.*, 2020). The culture responsibility is found here to be no different to other Code provisions, with regard to high levels of apparent compliance.

This thesis has also confirmed that shaping culture is not straightforward for boards, as it is for executive leaders (Ogbonna and Harris, 1998; Fleming, 2013; O'Reilly *et al.*, 2014). Boards found it difficult to determine how their culture task impacts firm performance, confirming the challenges already found in the literature for executives (Sackmann, 2011; Wilderom, van den Berg and Wiersma, 2012). Boards, in this thesis, had a belief that their culture task would positively impact employee engagement which could motivate higher performance. In which case, the board culture task would confirm the importance of the effective management of an internal company resource, its culture (Barney and Hesterly, 2018). However, there was a much stronger sense that improved employee engagement would achieve a balancing of stakeholder interests, in favour in this case, of employee interests.

The board culture task is perceived to have a reputational benefit for the company, helping to legitimise it with stakeholders, particularly with employees. The link between that reputational benefit to public trust is weak. It is more likely that the reputation outcomes impact employees primarily. Shareholder primacy is not overturned through the culture task, but greater consideration of employee interests, and maybe occasionally other stakeholders, seems to be supported. There may then be a modest shift towards alternative visions of the board role (Freeman, Dunham and McVea, 2007; Tsoukas, 2018).

The new task was confirmed to be enabled by processes known to be associated with board task performance (Forbes and Milliken, 1999; Minichilli *et al.*, 2012; Aberg, Bankewitz and Knockaert, 2019). However, board processes had to be adapted to have effect, demonstrating that board processes need to be adapted for different tasks. Effort norms were confirmed, although not just due to previously identified information-processing challenges (Federo and Saz-Carranza, 2018). There was the attention needed for avoiding disconnects between the board intent and the reality in the company that were particular to the board culture task. Use of director knowledge was confirmed as an important board process but also as a contribution from many directors, showing how this process also had to be modified. The application of the attitudes that boards took to culture were also found to be of critical importance. Hence, a distinction to previously identified approaches to the application of functional and firm knowledge (Bankewitz, 2018). Board processes support board task performance but are also modified by the specific task.

Board activities that are considered essential to the board role would be achieved through the task (Fama and Jensen, 1983b; Johnson, Daily and Ellstrand, 1996; Blair and Stout, 1995; Blair, 2015; Aberg, Bankewitz and Knockaert, 2019). The activities on monitoring and advice-giving are certainly important activities reflected in the board culture task, as would be expected from agency and resource-dependence theories (Hillman and Dalziel, 2003; Nicholson, Pugliese and Bezemer, 2017). However, a partnering approach was found to be essential. A partnering approach to the task mitigates the perceived potential role-blurring as boards get involved with internal operational matters. Partnering does not necessarily obviate the need for monitoring, advising and mediating but becomes a primary consideration for culture task performance.

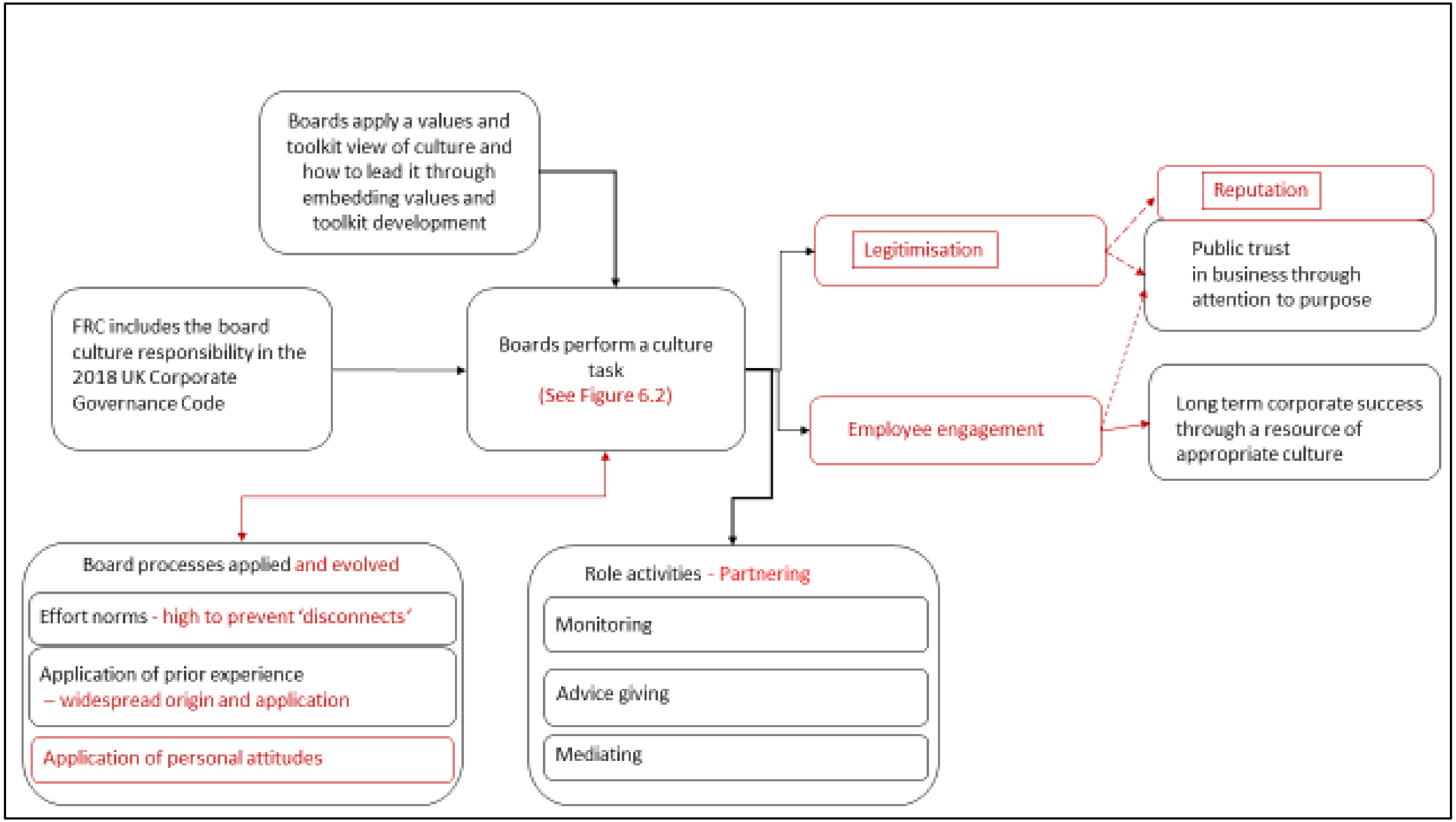

Figure 6.1 Conceptual framework for the board acceptance of the culture responsibility

Red text shows amendments to the framework from the literature in figure 2.1, based on the findings in this thesis.

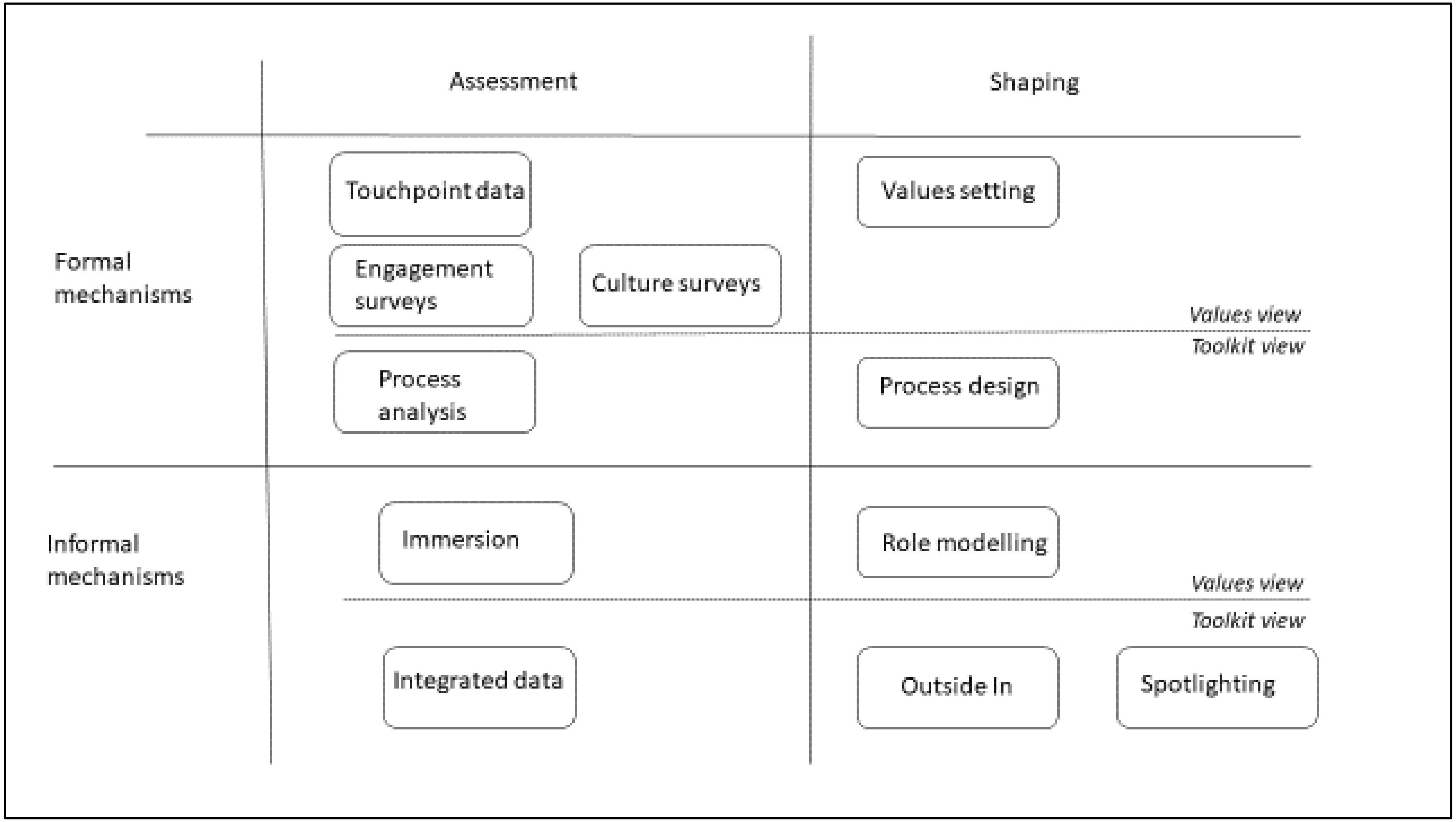

Figure 6.2 Conceptual framework for the board culture task

The actual performance of the culture task is conceptualised separately in figure 6.2, although the figures could be superimposed. Although assessment is a major component of the task, shaping is also important and not left to the executives, as could be implied from the Code.

Considerable attention is paid by boards to the assessment of culture. Assessment is known to be needed to overcome information asymmetries which make board monitoring difficult, particularly when disclosures are expected (Zhang, 2010; Li *et al.*, 2018). Assessment also needs to overcome the challenges of the intangibility of culture and of the uncertainty as to how it impacts business performance (Sackmann, 2011; O'Reilly *et al.*, 2014). Boards, in this thesis, have been shown to assess 'touchpoint' data which indicate underlying culture. This reflects Schein's (2017) notion of observable phenomena which reflect underlying values. Beyond these 'touchpoints', assessment of culture focuses on the attitudes of the company-bounded group that is the employees, reflecting the notion of culture pertaining to a distinct group (Hofstede, 1980). This is often done through readily available engagement surveys, rather than instruments specifically designed for culture assessment. Scepticism as to whether engagement surveys are sufficient to assess culture may prompt boards in future to carry out other types of culture survey, of which there are many (Jung *et al.*, 2009; Chatman and O'Reilly, 2016). Boards can also analyse business processes, both formally and informally, for the ways in which they encourage or discourage certain types of behaviour; this is closer to a toolkit view of culture (Weber and Dacin, 2011). This has been found to be a particularly effective approach to culture assessment. Boards may be able to switch between a values and a toolkit view of culture, as, for example, in the pendulum metaphor offered by Giorgi et al (2015). This study confirmed the complementarity of the different views, whether in the same or in different settings.

The assessment methods discussed above can be considered formal mechanisms as they are performed with the explicit purpose to assess culture. Informal mechanisms are also useful, when assessments of culture are made when it is not the deliberate focus. Boards immerse themselves in the business with employees and managers during site visits and individual meetings. Also informally, board directors derive culture information which is integrated into other business information. These are informal equivalents to the formal mechanisms that are impactful due to timeliness and specificity of data collected to spot the culture 'disconnects'. Boards require sophisticated information-processing skills to assess these multiple sources of data derived from both formal and informal mechanisms. Sophisticated information-processing skills have already been noted (Khanna, Jones and Boivie, 2014; Federo and Saz-Carranza, 2018); however, there are the distinctive informal mechanisms required for the culture task.

Boards also perform formal and informal mechanisms to shape culture. Formally, their mechanisms echo leadership actions to shape culture through setting and living the values (Schein, 2017). The values view to shaping culture is dominant as others have observed (Giorgi, Lockwood and Glynn, 2015). Scepticism about the use of values in culture change may be a reason behind inattention by boards to values (Ogbonna and Wilkinson, 2003; Harris and Ogbonna, 2013; Fleming, 2013). Toolkit views of culture where shaping is done through designing processes may primarily be left to managers (Ravasi, Rindova and Dalpiaz, 2012; Bertels, Howard-Grenville and Pek, 2016; Wang and Lounsbury, 2021). However, board often check new process designs with executives.

Informal mechanisms to shaping culture offer particularly useful contributions that boards make through bringing outside perspectives on culture matters into the company, bringing the 'outside in'. Board directors are an important channel for insights on societal culture, particularly from their elite contacts with regulators, policy-makers and other boards, that distinguishes their task from the executives'. This is reflective of a boundary spanning contribution with similarities to boundary spanning in resource dependence theory (Hillman and Dalziel, 2003; Hillman, Withers and Collins, 2009). Another informal mechanism for boards is 'spotlighting' on culture matters where they remind and reinforce culture priorities with the executives. This informal 'spotlighting' is a significant contribution by boards that also differentiates their culture task from the executives'.

Figure 6.2 illustrates this conceptualisation of the range of ways in which boards can perform their culture task to complete the conceptualisation for the research question one on how boards conceptualise the culture task in comparison to the executive task. The conceptualisation shows that there are a number of approaches which boards can draw on to perform the culture task. These mechanisms are a set of options that can be combined in many ways for effective task performance.

6.4. Contributions

This section draws out the contributions that this thesis has made to the theory and practice of board tasks and processes. Section 6.4.1 presents the contribution to theory. Section 6.4.2 proposes the lessons for board practice

6.4.1. Contributions to theory

This thesis has made contributions to theories on board tasks, board processes and the board role. The contributions are summarised in table 6.1 and discussed below.

Theory	Contribution	Extent of Contribution
Board tasks (Machold and Farquhar, 2013; Judge Jr. and Talaulicar, 2017)	Existence of a board culture task. Its conceptualisation, distinct from the executive task.	This thesis adds to board task theory by demonstrating the existence of a previously unidentified and characterised board culture task. The board culture task is shown to be differentiable to the executive culture task. Important features of the board culture task include specific approaches to information-processing and behavioural acuity.
Processes for board task performance (Forbes and Milliken, 1999)	Previously identified processes need to be modified for the culture task, not uniform for all tasks. A new process concerning the application of attitudes identified.	This thesis adds and extends understanding of extant work on board processes for task performance. Processes of effort norms, application of knowledge are shown to have particular characteristics for the culture task, hence extending existing notions of board processes and demonstrating that they need to be adapted for a specific task. The need to apply attitudes contributes an additional board process.
Board relationships and partnering (Garg and Eisenhardt, 2017; Boivie *et al.*, 2021)	Partnering is an important means to overcoming blurred boundaries between executive and non-executive roles prompted by the culture task.	This thesis adds to the ongoing debate on competing notions of the board role by extending the theory on strategic partnering as the key board role. This extends understanding of stewardship notions for board roles.
Table 6.1 Contributions to theory		

This thesis has shown how boards have accepted a responsibility for culture in response to a 2018 Code change. The extent of their engagement with the responsibility demonstrates the case for a board task on culture. The board task performance literature had not explicitly addressed a culture task, either as a distinct task or as a subset of some other task. There has been no definitive list of board tasks confirmed in the literature, and there remains some uncertainty as to what constitutes a board task (Machold and Farquhar, 2013; Judge Jr. and Talaulicar, 2017). Nevertheless, boards have performed a number of activities to assess and shape culture, which forms the basis of the case made here for a culture task; boards certainly have a contribution to make.

Effective board task performance is important due to its contribution to overall board effectiveness (Forbes and Milliken, 1999; Minichilli *et al.*, 2012; Jansen, 2021). Notions of board effectiveness had been dominated by demographic and human capital factors, so a rebalancing on process and task performance was advocated (McNulty, 2013; Johnson, Schnatterly and Hill, 2013; Zattoni and Pugliese, 2019). This thesis contributes to the growing literature on board processes and task performance by developing a conceptualisation of the board culture task. Previously identified processes have been extended and shown to need modification for the culture task, implying they are not uniform.

This thesis offers a conceptualisation of the board culture task which reveals important board contributions in terms of information-processing capability and in terms of behavioural acuity of culture sensitivity, influencing and role-modelling. Board processes have needed to be adapted for the culture task; effort norms to avoid poor implementation of culture intent and ensuring widespread experience of culture management is applied. Board processes have therefore been shown to require modification for a distinct task rather than assumed to be uniform. The application of attitudes into personal behaviour, as well as the application of knowledge has also been proposed as an additional important board process.

The culture task has been shown to involve a complex mix of information processing and behavioural acuity. Directors need to be able to detect culture information in 'integrated' business data and spot the culture implications of business process design. However, they also need to be able to bring in external perspective and culture trends from their wider contacts to inform company discussions, representing a boundary spanning contribution as characterised in resource dependence views of the board role. These information-processing contributions demonstrate the mix of internal and external awareness needed. Behaviourally, directors need to have the awareness of appropriate attitudes and how to apply these in their behaviour. They also need to know how to work with executives and senior managers in partnership to monitor and direct culture. Information-processing has previously been identified as important for other board tasks (Zhang, 2010; Boivie *et al.*, 2016; Federo and Saz-Carranza, 2018). However, the culture task requires the ability to detect culture information in informal and integrated ways from looking at other aspects of the business.

This thesis has also made a contribution to the literature that explores relationships between boards and executives. These relationships have needed to change for the culture task to be effective, placing a focus on partnering, particularly outside formal meetings. The boundary between executive and non-executive roles may have shifted due to the internal and operationally focused culture task where high effort norms are needed. This thesis has shown that the nature of this partnering is important to effective performance of the culture task and needs further consideration in the board role literature. Others are also beginning to identify partnering as an important role for boards, including outside board meetings (Sundaramurthy, Pukthuanthong and Kor, 2014; Garg and Eisenhardt, 2017; Boivie *et al.*, 2021). This thesis makes the specific observation that partnering is needed in the context of role-blurring between non-executives and executives. The ways in which boards partner effectively is shown here to be essential to the culture task.

Board partnering has been shown in this thesis to not obviate the need for boards to monitor management; their culture assessment enables this to occur. It has already been shown that boards are fluent at moving between monitoring and advice-giving or between control and service roles (Pugliese, Nicholson and Bezemer, 2015; Nicholson, Pugliese and Bezemer, 2017; Watson and Ireland, 2021). The monitoring and service dichotomy is not always a primary consideration of boards (Huse, 2005; Roberts, McNulty and Stiles, 2005). Monitoring has been challenged as an extremely demanding expectation of boards (Alces, 2011; Boivie *et al.*, 2016). This thesis has shown that can be particularly the case for the culture task. Nevertheless, it is a strong focus as boards put considerable effort into assessing culture. Monitoring can also be characterised as a means to stimulate management performance rather than an internal control measure (Boivie *et al.*, 2021). Mediating activity was not substantially revealed by this thesis, although the meeting of the needs of the employee stakeholder group was. Attention to stakeholder needs has been emphasised through the culture task. There may not be a power rebalancing towards the employee stakeholder group, but this thesis has contributed the finding that the board culture task can support the consideration of employee issues. The partnering that has been shown to be needed for the culture task points to a view of executives as individuals with whom non-executives on boards share joint accountability (Roberts, 2001; Roberts, McNulty and Stiles, 2005). This thesis therefore suggests a reconsideration of the view taken by stewardship theorists that executives are motivated to act in the interests of the company and that the role of the board is to steward the company jointly (Donaldson and Davis, 1991). Stewardship theory has been taken to support policy approaches such as the joint chairman-CEO role or many executive directors on boards. These policies were not advocated in this study so the partnering role extends notions of the board role from agency and stewardship theory.

The culture task in this thesis contributes a new board task in the literature which considers board tasks and roles. Board tasks, such as the culture task, should not be considered identical to the executive leadership task. Each board task may need modification in terms of how board processes contribute to its effective performance.

6.4.2. Contributions to practice

There are practical implications for boards that can be drawn from this thesis in order to perform their culture task, these would also include ways to disclose their actions in company annual reports. Firstly, the conceptualisation of the culture task as presented in section 6.3 offers a set of practical suggestions for boards on how to perform the culture task. Figure 6.2 illustrates the mechanisms for the performance of the task which was perceived to have the most impact on culture. The conceptualisation in figure 6.2 could be adapted as a practical guide for boards. Indeed, the researcher has been asked for this by some study participants. Boards would be advised to consider the mechanisms on both how they assess and shape corporate culture. They should consider their data collection sources for culture carefully and be cautious about the over-reliance on the employee engagement survey, a mix of 'touchpoint data', data from immersion in the business and attention to spotting culture information in 'integrated' data could be more effective. Informal and formal mechanisms to considering culture implications of the design of work processes could lead boards to find data on culture that would be most useful. Boards should also consider carefully how to detect the implications of external culture trends for their companies and how they can act as boundary spanners to assist the company in applying these internally. These are all important information-processing elements to the culture task which cannot be expected to be straightforward. As culture assessment includes a consideration of many 'touchpoint' measures, confidence that the culture is appropriate may depend on their selection by boards and may not be sufficient to reassure. This points to the importance of the multiplicity of approaches, formal and informal, for assessing and shaping culture.

Secondly, the performance of the culture task will require some behavioural acuity on the part of boards. Boards may be sceptical of the use of corporate values but should address their own use of the values in their general deliberations to signal their importance to the rest of the company. They could likely find many opportunities for role-modelling according to the values. Boards must realise the high level of efforts they need to apply to avoid culture disconnects and should consider carefully whether they are avoiding a 'disconnect' problem. Board members need to consider their own behaviour in relation to external culture trends and how they apply internally so that their role-modelling is particularly effective. They will be 'spotlighting' culture matters to the executives and senior managers and need to consider their own behaviour as to how best to achieve this.

Thirdly, boards will need to consider how they partner effectively with the executives and the senior leadership team. Boards' culture assessment will enable them to monitor executive action on culture, but the task does not stop there. There will be ways in which non-executive directors and executive leaders can partner together to collect culture data and review it, role-model and design processes as culture shaping actions. The employee stakeholder group will be the primary group for the culture task, but an external focus will also be needed.

Fourthly, this study reveals how company disclosures on culture could be improved. The culture of the company is expected in the Code to be aligned with the company purpose and strategy. Disclosures in annual reports should show how boards believe this has been achieved, as this seems to be a gap in reporting. There is also considerable scope for improving disclosures on what actions have been taken to make corrections and on how the culture is progressing. Disclosures have been limited to expressions of commitment to the responsibility and to some board meeting discussions undertaken; hence there has been little on the current state and expected progress of culture. These practical changes could benefit reputations and could inspire greater confidence from the wider stakeholder group.

Finally, the 2018 UK Code change provides a specific contextual setting for the study of a board task on culture. This thesis attempted an understanding of the expected outcomes of the task, in this context. The culture task was perceived to contribute to board legitimisation and reputation building, and to serving the needs of a wider stakeholder group, primarily of the employees. These outcomes may ultimately lead to long-term business success through such notions as competitive advantage or performance measures (Denison and Mishra, 1995; Boyce *et al.*, 2015; Barney and Hesterly, 2018). Equally, public trust may be enhanced, potentially through attention to employee concerns about how the work is done and the company is run (Moore, 2017a; Tsoukas, 2018). It may also result in a more purposeful corporation (Mayer, 2021). However, this thesis saw these associations to be weakly perceived indicating the need for continued assessment by the FRC on corporate governance practice in the UK.

6.5. Limitations of the thesis

Although this thesis has made its contributions, it has limitations. These limitations are noted prior to considering opportunities for future research. Methodological limitations were discussed in section 3.5. Here it was noted that this is a single qualitative, interpretivist case study. Individual, subjective perceptions from interviews and documents from three analytical sub-groups have been analysed and triangulated to create a conceptualisation of a previously under-researched board task. Several data sources and methods helped the authenticity of the culture task conceptualisation and how it fits with the board role. However, the final conceptualisation is clearly limited by the study parameters. Interpretive research depends upon the researcher to surface perceptions and create a conceptualisation; there is always the possibility of biases creeping in which must be acknowledged (McSweeney, 2021). Subjectivity may be an unavoidable limitation but with the balancing benefit that the richness of the conceptualisation offered would be hard to achieve otherwise.

As institutional practice varies from jurisdiction to jurisdiction, the applicability of the conceptualisation from this study to boards in other national systems with other governance codes is limited. This study only researched UK listed companies with UK head offices. Many of the companies had sites in other jurisdictions and so their boards had duties affecting employees outside the UK which were referenced in interviews and in documents. Nevertheless, the applicability to companies listed on other stock exchanges may well be limited.

The organisation cultures of different industries have been shown to have distinctive characteristics. This thesis explored a set of industry sectors with common business models, of business to business selling and employing technical and scientific employees. Nevertheless, there is considerable variation in the companies selected. They were found to have some commonalities in relation to culture, notably in their lack of prior experience in dealing with it, balanced by ample experience in dealing with culture aspects of health and safety policies. In particular, the study sample deliberately omitted companies with consumer sales such as: retailers, airlines, utilities. So transferability may be limited.

This thesis only considers one year of board experience and reporting for the first year of the 2018 Code. Board task performance is not considered to be static as boards have been shown to modify their task performance over time (Machold and Farquhar, 2013). This thesis then fails to address how boards may evolve their performance of the culture task over time. How boards learn and improve their processes may be important to their task performance, although this is not well studied (Schonning *et al.*, 2019). This thesis has shown the uncertainty about the board culture task in the first year of the 2018 code. Boards may well learn more about their task as time goes on.

This thesis adopted two paradigms for the conceptualisation of corporate culture. The practice or toolkit view of culture is more recently espoused in the literature than the values view (Weber and Dacin, 2011). The toolkit view has its advocates for its value in opening up the field of corporate culture research, but has had limited exposure in the business world (Rindova, Dalpiaz and Ravasi, 2011; Giorgi, Lockwood and Glynn, 2015). This study was not able to adopt practice research methods which are anyway under-applied in empirical studies (Gherardi, 2013; Nicolini, 2017). These practice methods tend to require an observational or interviewing approach that might not suit the natural preferences of elite participants who are acknowledged to be challenging (Ma, Seidl and McNulty, 2021). The semi-structured interview approach adopted here revealed strong perspectives and opinions. This study was able to detect some toolkit-related views on culture with which some members of the governance community could engage and which informed the conceptualisation of the culture task. However, there were limits to how much participants in this study could engage with toolkit views compared to the discussion of values. The theoretical perspectives being applied to organisation culture are evolving in the literature (Wang and Lounsbury, 2021; Chatman and Srivastava, 2021). This thesis makes a small but limited contribution on toolkit notions of culture.

This study was able to capture how the UK corporate governance community perceives the culture task should be performed. However, the study offered no means to assess how successful the perceived conceptualisation is in practice. Assessing the impact of culture management on performance is known to be challenging, although approaches have evolved (Sackmann, 2011; Mathew, Ogbonna and Harris, 2012). Whether the boards have achieved any of their own or the FRC's expectations would need to be evaluated in other studies.

6.6. Future research

The conceptualisation of the board culture task merits further research to follow on from this study of one national jurisdiction, a limited range of industry sectors and one year of implementation. Hence, studies extending sectors, countries and time-frames would be useful.

Studies looking at other national regulatory contexts would be beneficial, as other studies on board task performance have made comparisons between different national jurisdictions such as between Norway and Italy (Minichilli *et al.*, 2012). Codes reflect many national institutional differences (Zattoni and Cuomo, 2018). A comparison to the situation in the Netherlands and Japan, for example, could be useful as culture was included in these codes in 2016 and 2018, respectively. A comparative study on the response to the inclusion of culture in governance codes could address research questions on the degree to which different national codes' intents are achieved, offering greater understanding of how governance codes achieve changes to board practices.

Longitudinal studies would enable assessment of the extent to which boards learn and develop their task performance. The Code was introduced with a 'comply or explain' principle in order to enable alternative approaches to evolve (Veldman and Willmott, 2015). There may therefore be an opportunity for boards to learn and adapt their processes with regard to the culture task. For example, an absorptive capacity perspective, which considered boards' ability to recognise, assimilate and apply external information, has been used to understand how individual board directors apply their knowledge to support board involvement in strategy (Schonning *et al.*, 2019). Research questions concerning how external culture information is applied would be beneficial to notions of board task performance.

It has not been possible in this thesis to pursue, to any great extent, any specific examples of culture issues that boards have had to address. Hence, future case study research into actual, tangible culture issues that boards have addressed would make useful examples to test the conceptual framework derived in this study. This could be particularly revelatory if focused around examples where boards have had to address reputational and commercial issues where CEOs and even board members have had to resign. Ways in which boards have assessed and shaped culture may reveal strengths and weaknesses in various approaches to measurement, such as the nature of the 'touchpoint' data they assess, to values selection, and to preferred policies and practices for shaping culture. The conceptual framework could be tested in situations where the company has suffered an important scandal or incident concerning, for example, employee safety, human rights, corruption, product tampering, or other behavioural or conduct issue. Typical company policies and practices, such as codes of conduct, whistleblowing, disciplinary investigations, remuneration policies, even changes of executive leadership, could all be considered by boards to be useful methods to correct culture issues. Future studies could also address how boards make use of their committees, or of individual directors, to further their work on culture beyond the board meetings. There are many ways in which boards can ensure the appropriate culture, as this thesis has shown; hence evaluations of preferred mechanism would be useful and would support understanding of how the board role is evolving.

As well as boundary-spanning information-processing, behavioural acuity is proposed here to be needed for the board culture task. How this is best achieved by board directors in relation to their role-modelling would complement the studies on the impact of the CEO on culture (O'Reilly *et al.*, 2014; Chatman and Srivastava, 2021). This could be particularly important to considering how partnering works whilst continuing monitoring activity. This thesis showed the importance of the partnering relationship, an aspect of board working which is under-researched (Sundaramurthy, Pukthuanthong and Kor, 2014; Garg and Eisenhardt, 2017; Boivie *et al.*, 2021).

Practice perspectives have been useful for aspects of the board role (Hendry, Kiel and Nicholson, 2010; Nicholson, Pugliese and Bezemer, 2017). Practice theories and institutional theories have been applied to the management of culture in organisation settings (Wang and Lounsbury, 2021). Process approaches have a track record of research in organisations (Langley and Tsoukas, 2017; McNulty and Stewart, 2019). There is a case for further extension of practice and process research to boards. Future research questions could include how boards assess culture through the analysis of company processes and how this assessment compares to the values-related employee survey data.

The ways in which the boundary between governance and management roles may be shifting, as boards get involved in more internal items such as culture, merits further study in case of risks of over-involvement (Adams and Ferreira, 2007). Over-involvement of boards is under-researched (Judge Jr. and Talaulicar, 2017). Particularly lacking is research into board member contributions outside of board meetings which has been found in this thesis to be an important aspect of how boards perform the culture task (Concannon and Nordberg, 2018; Aberg, Bankewitz and

Knockaert, 2019).

This thesis showed that consideration of the employee stakeholder group was a reason for the board culture task. The impact of board interventions is rarely assessed directly; often opinion data is collected on board task performance (Zattoni and Pugliese, 2012; Pugliese, Minichilli and Zattoni, 2014). An assessment of the impact of the board culture task is needed, including through the ways in which employee perspectives are taken into account by boards. Such an assessment could include the extent to which the culture task may be perceived to result in purpose-led companies (EPIC, 2019; Veldman and Willmott, 2019; BritishAcademy, 2021). Future studies may explore the degree to which the culture task, and its alignment with company purpose, has resulted in perceived reprioritisation in favour of stakeholders. The virtue ethics perspective has been applied, in a limited way, as a theoretical interpretation of ethical management (Moore, 2015; Tsoukas, 2018).

The Code has remained an important component of the UK framework for corporate governance since the Cadbury report (1992) recommendation. This thesis confirms its ability to change practice norms amongst boards (Arcot, Bruno and Faure-Grimaud, 2010; Sanderson *et al.*, 2010; Roberts *et al.*, 2020). The Code itself continues to receive regular critique (Cheffins, 2022). However, its voluntary nature may have enabled reforms that could have been more difficult through other policy means (Moore, 2017b). The place of 'soft law' in corporate governance may be secure, as so widespread. Assessments on 'soft law' achievements will continue to be needed.

7. Bibliography

Aberg, C., Bankewitz, M. and Knockaert, M. (2019) 'Service tasks of board of directors: A literature review and research agenda in an era of new governance practices', *European Management Journal,* 37, pp. 648-663.

Aberg, C., Kazemargi, N. and Bankewitz, M. (2017) 'Strategists on the board in a digital era', *Business and Management Research,* 6(2), pp. 40-51.

Abrahamson, E. and Fombrun, C. J. (1994) 'Macrocultures: Determinants and consequences', *Academy of Management Review,* 19(4), pp. 728-755.

ACCA (2014) *Culture and Channelling Behaviour*. Available at: http://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2015/december/culture-results.html 25 Jan 2016).

ACCA (2017) *Culture Governance Tool*. Available at: http://www.accaglobal.com/uk/en/technical-activities/technical-resources-search/2017/january/acca-culture-governance-tool.html 1 Feb 2017).

ACCA and ecoDa (2017) *Aligning corporate governance and culture: What's in it for the board?*: ACCA. Available at: https://www.accaglobal.com/content/dam/ACCA_Global/Technical/Governance/Aligning%20Corporate%20governance%20and%20Culture%2011%20January%202017%20event%20REPORT%20FINAL.pdf 24 Sep 2021).

Adams, R. B. and Ferreira, D. (2007) 'A Theory of Friendly Boards', *The Journal of finance (New York),* 62(1), pp. 217-250.

Adams, R. B., Hermalin, B. E. and Weisbach, M. S. (2010) 'The role of boards of directors in corporate governance: a conceptual framework and survey', *Journal of economic literature,* 48(1), pp. 58-107.

Adelberg, A. H. (1979) 'Narrative disclosures contained in annual reports: means of communication or manipulation?', *Journal of Accounting and Business Research,* 9(35), pp. 179-190.

Aguilera, R. V. and Cuervo-Cazurra, A. (2004) 'Codes of Good Governance Worldwide: What is the Trigger?', *Organization Studies,* 25(3), pp. 415-443.

Aguilera, R. V., Florackis, C. and Kim, H. (2016) 'Advancing the corporate governance research agenda', *Corporate Governance: An International Review,* 24(3), pp. 172-180.

Alces, K. A. (2011) 'Beyond the Board of Directors', *Wake Forest Law Review,* 46(4), pp. 783-836.

Alchian, A. and Demsetz, H. (1972) 'Producation, Information Costs, and Economic Organization', *American Economic Review,* 62(5), pp. 777-795.

Alvesson, M. (2013) Understanding Organizational Culture. 2nd edn.: Sage.

Alvesson, M., Hardy, C. and Harley, B. (2008) 'Reflecting on Reflexivity: Reflexive Textual Practices in Organization and Management Theory', *Journal of Management Studies,* 45(3), pp. 480-501.

Alvesson, M., Karreman, D. and Ybema, S. (2017) 'Studying Culture in Organizations: Not Taking for Granted the Taken-for-Granted', in Wilkinson, A., Armstrong, S.J. and Lounsbury, M. (eds.) *The Oxford Handbook of Management*. Oxford: Oxford University Press, pp. 103-126.

Alvesson, M. and Sveningsson, S. (2015) Changing Organizational Culture: Cultural Change Work in Progress. Second edn.: Routledge.

Andrews, K. R. (1981) 'Corporate strategy as a vital function of the board', *Harvard Business Review,* (November/December), pp. 174-184.

Arcot, S., Bruno, V. and Faure-Grimaud, A. (2010) 'Corporate governance in the UK: Is the comply or explain approach working?', *International Review of Law and Economics Volume 30, Issue 2, June 2010, Pages 193–201,* 30(2), pp. 193-201.

Armour, J., Deakin, S. and Konzelmann, S. J. (2003) 'Shareholder Primacy and the Trajectory of UK Corporate Governance', *British Journal of Industrial Relations,* 41(3), pp. 531-555.

Arnold, M. (2014) 'A banking grandee's rethink on the rules of the game', *Financial Times* (10th December 2014 edn). Available at: https://www.ft.com/content/e6cf88ac-7fa4-11e4-b4f5-

00144feabdc0 (Accessed: 21 November 2021).

Bachmann, R., Gillespie, N. and Triem, R. (2015) 'Repairing Trust in Organizations and Institutions: Toward a Conceptual Framework', *Organization Studies,* 36(9), pp. 1123-1142.

Bailey, A. (2016) *Culture in financial services - a regulator's perspective*. Available at: https://www.cms-lawnow.com/regzone/search?page=10&countries_sm=e9a308a0-2fd5-468b-bf19-6bd4b2294ddb&_language=en&q=culture (Accessed: 1 September 2021).

Bailey, B. C. and Peck, S. I. (2013) 'Boardroom Strategic Decision-Making Style:Understanding the Antecedents', *Corporate Governance: An International Review,* 21(2), pp. 131-146.

Bainbridge, S. M. (2020) 'Making Sense of The Business Roundtable's Reversal on Corporate Purpose', *UCLA Law & Economics Research Paper,* 20(03), pp. 1-56.

Bair, S. (2011) 'Lessons of the Financial Crisis: The Dangers of Short-Termism', *Harvard Law School Forum on Corporate Governance*. Available at: https://corpgov.law.harvard.edu/2011/07/04/lessons-of-the-financial-crisis-the-dangers-of-short-termism/ (Accessed 10th December 2021.

Banerjee, N. and Barbosa, D. (2002) 'Enron's many strands: Corporate Culture: At Enron, Lavish Excess Often Came Before Success', *New York Times*, Februrary 26th. Available at: http://www.nytimes.com/2002/02/26/business/enron-s-many-strands-corporate-culture-enron-lavish-excess-often-came-before.html.

Bankewitz, M. (2017) 'Board advisory tasks: The importance to differentiate between functional and firm-specific advice', *European Management Review,* 15(4), pp. 521-539.

Bankewitz, M. (2018) 'Board advisory tasks: The importance to differentiate between functional and firm-specific advice', *European Management Review,* 15(4), pp. 521-539.

BankofEngland (2016) *Strenghening Accountability: Senior Managers Regime*: Bank of England. Available at: https://www.bankofengland.co.uk/prudential-regulation/key-initiatives/strengthening-accountability (Accessed: 20 September 2020.

BankofEngland (2021) *Strengthening accountability*. Available at: https://www.bankofengland.co.uk/prudential-regulation/key-initiatives/strengthening-accountability (Accessed: 14 Dec 2021.

Bansal, P. (2013) 'Inducing Frame-Breaking Insights through Qualitative Research', *Corporate Governance: An International Review,* 21(2), pp. 127-130.

Bansal, P. and Corley, K. G. (2012) 'Publishing in AMJ - Part 7: What's Different about Qualitative Research?', *Academy of Management Journal,* 55(3), pp. 509-513.

Barney, J. B. (1986) 'Organizational Culture: Can It Be a Source of Sustained Competitive Advantage?', *The Academy of Management Review,* 11(3), pp. 656-665.

Barney, J. B. (1995) 'Looking inside for competitive advantage', *Academy of Management Executive,* 9(4), pp. 49-61.

Barney, J. B. and Hesterly, W. (2018) *Strategic Management and Competitive Advantage: Concepts and Cases.* 6th edn.: Pearson Education.

Barroso-Castro, C., Villegas-Perinan, M. d. M. and Cassilas-Bueno, J. C. (2016) 'How boards' internal and external social capital interact to affect firm performance', *Strategic Organization,* 14(1), pp. 6-31.

Bass, B. M. (1990) 'From transactional to transformational leadership: Learning to share the vision', *Organizational dynamics,* 18(3), pp. 19-31.

Bass, B. M. and Avolio, B. J. (1993) 'Transformational Leadership and Organizational Culture', *Public Administration Quarterly,* 17(1), pp. 112-121.

Baysinger, B. D. and Hoskisson, R. E. (1990) 'The Composition of Boards of Directors and Strategic Control: Effects on Corporate Strategy.', *Academy of Management Review,* 15(1), pp. 72-87.

Bebchuk, L. A. and Tallarita, R. (2021) 'The illusory promise of stakeholder governance', *Cornell Law Review,* 106(1).

BEIS (2016) *Corporate governance reform*: Department for Business, Energy and Industrial Strategy. Available at: https://www.gov.uk/government/consultations/corporate-governance-reform (Accessed:

22 November 2021 2021).

BEIS (2021) *Restoring trust in audit and corporate governance*. Available at: https://www.gov.uk/government/consultations/restoring-trust-in-audit-and-corporate-governance-proposals-on-reforms (Accessed: 3 Jan 2022).

Bell, E., Bryman, A. and Harley, B. (2018) *Business Research Methods.* 5th edn.: Oxford University Press.

Berle, A. A. and Means, G. C. (1932) *The Modern Corporation and Private Property.* Transaction Publishers.

Berson, Y., Oreg, S. and Dvir, T. (2008) 'CEO values, organizational culture and firm outcomes', *Journal of Organizational Behavior,* 29(5), pp. 615-633.

Bertels, S., Howard-Grenville, J. and Pek, S. (2016) 'Cultural molding, shielding and shoring at Oilco: The role of culture in the integration of routines', *Organization Science,* 27(3), pp. 573-593.

Bischoff, W. (2015a) *Culture Within Organisations.*, London: Financial Reporting Council. Available at: https://www.frc.org.uk/news/may-2015/speech-by-sir-winfried-bischoff-at-grant-thornton (Accessed: 30 Sept 2018).

Bischoff, W. (2015b) 'Why it is time boards faced corporate culture challenge', *City AM*, 12th January 2015. Available at: http://www.cityam.com/206870/why-it-s-time-boards-faced-corporate-culture-challenge.

Bischoff, W. (2016) *Quality of corporate governance in the UK remains high*: Financial Reporting Council. Available at: https://www.frc.org.uk/news/january-2016/quality-of-corporate-governance-in-the-uk-remains (Accessed: 6 January 2022.

Black, O. (2014) 'The bottom line is Tesco's culture needs to change', *Telegraph* (4th October 2014 edn). Available at: http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/11141259/The-bottom-line-is-Tescos-culture-needs-to-change.html (Accessed: 20th Jan 2016).

Blair, M. M. (1995) 'Rethinking Assumptions Behind Corporate Governance', *Challenge,* 38(6), pp. 12-17.

Blair, M. M. (2015) 'Boards of Directors as Mediating Hierarchs', *Seattle University law review,* 38(2), pp. 297.

Blair, M. M. and Stout, L. (1995) 'A Team Production Theory of Corporate Law', *Virginia Law Review,* 85(2), pp. 247 - 328.

Bluhm, D. J., Harman, W., Lee, T. W. and Mitchell, T. R. (2011) 'Qualitative Research in Management: A Decade of Progress', *Journal of Management Studies,* Volume 48(8), pp. 1866-1891.

Boivie, S., Bednar, M. K., Aguilera, R. V. and Andrus, J. L. (2016) 'Are Boards Designed to Fail? The Implausibility of Effective Board Monitoring', *The Academy of Management Annals,* 10(1), pp. 319-407.

Boivie, S., Withers, M. C., Graffin, S. D. and Corley, K. G. (2021) 'Corporate directors' implicit theories of the roles and duties of boards', *Strategic Management Journal,* 42(1662-1695).

Bosse, D. A. and Phillips, R. A. (2016) 'Agency theory and bounded self-interest', *Academy of Management Review,* 41(2), pp. 276-297.

Bower, M. (1966) The will to manage: Corporate success through programmed management. MacGraw-Hill.

Boyce, A. S., Nieminez, L. R. G., Gillespie, M. A., Ryan, A. M. and Denison, D. R. (2015) 'Which comes first, organizational culture or performance? A longitudinal study of causal priority with automobile dealerships', *Journal of Organizational Behavior, J. Organiz. Behav. 36, 339–359 (2015),* 36, pp. 339-359.

Boyd, B. (1990) 'Corporate Linkages and Organizational Environment: A Test of the Resource Dependence Model.', *Strategic Management Journal,* 11, pp. 419-430.

Brennan, N. M. (2018) 'True Transparency', *Accountacy Ireland,* 50(4), pp. 19.

Brennan, N. M. and McDermott, M. (2004) 'Alternative perspectives on independence of directors', *Corporate Governance: An International Review,* 12(3), pp. 325-336.

Brennan, N. M. and Merkl-Davies, D. M. (2013) 'Accounting narratives and impression management', in Jack, L., Davison, J. and Craig, R. (eds.) *The Routledge Companion to Communication in Accounting*:

Routledge.

Brinkmann, S. and Kvale, S. (2014) InterViews: Learning the Craft of Qualitative Research Interviewing. 3rd edn.: Sage.

BritishAcademy (2021) *Policy & Practice for Purposeful Business: The final report of the Future of the Corporation programme*, London: The British Academy. Available at: https://www.thebritishacademy.ac.uk/publications/policy-and-practice-for-purposeful-business/ (Accessed: 1st December 2021).

Brooks, J., McCluskey, S., Turley, E. and King, N. (2015) 'The Utility of Template Analysis in Qualitative Psychology Research', *Qualitative Research in Psychology,* 12(2), pp. 202-222.

Brown, J. A., Buchholtz, A., Butts, M. M. and Ward, A. J. (2019) 'Board socio-cognitive decision-making and task performance under heightened expectations of accountability.', *Business and Society,* 58(3), pp. 574-611.

Brown, M. E. and Trevino, L. K. (2006) 'Ethical leadership: A review and future directions', *The Leadership Quarterly,* 17, pp. 595-616.

Bryant, P. and Davis, C. (2012) 'Regulated change effects on boards of directors: a look at agency theory and resource dependency theory', *Academy of Strategic Management Journal,* 11(2), pp. 1-15.

Bryman, A. and Buchanan, D. A. (2018) Unconventional Methodology in Organization and Management Research. Oxford University Press.

Burgelman, R. A., Floyd, S. W., Laamanen, T., Mantere, S., Vaara, E. and Whittington, R. (2018) 'Strategy processes and practices: Dialogues and intersections', 39(3), pp. 531-558.

Burrell, G. and Morgan, G. (1979) Sociological Paradigms and Organizational Analysis. Heinemann.

BusinessRoundtable (2019) *Statement on the Purpose of a Corporation*. Available at: https://www.businessroundtable.org/purposeanniversary (Accessed: 3 Jan 2020).

Byrne, D. (2009) 'Case-based methods: why we need them, what they are, how to do them', in Byrne, D. and Ragin, C.C. (eds.) *The Sage Handbook of Case-Based Methods*: Sage.

Cadbury, A. (1992) *Report of the Committee on the financial aspects of corporate governance*: Financial Reporting Council, London Stock Exchange, ICAEW. Available at: http://www.icaew.com/en/library/subject-gateways/corporate-governance/codes-and-reports/cadbury-report (Accessed: 13 May 2015.

Cai, J., Liu, Y., Yiming, Q. and Yu, M. (2015) 'Information Asymmetry and Corporate Governance', *The Quarterly Journal of Finance,* 5(3).

Cameron, K. S. and Quinn, R. E. (1999) Diagnosing and changing organizational culture: Based on the competing values framework. First edn. San Francisco: Addison-Wiley.

Canato, A., Ravasi, D. and Phillips, N. (2013) 'Coerced practice implementation in cases of low cultural fit: cultural change and practice adaptation during the implementation of six sigma at 3M', *Academy of Management Journal,* 56(6), pp. 1724-1753.

Carpenter, M. A. and Westphal, J. D. (2001) 'The strategic context of external network ties: examining the impact of director appointments on board involvement in strategic decision making', *Academy of Management Journal,* 4(4), pp. 639-660.

Carr, R. (2012) *Adherence to the spirit*, London: FRC. Available at: https://www.frc.org.uk/news/november-2012/frc-celebrates-20-years-of-the-uk-corporate-govern (Accessed: 2 Jan 2020).

Charan, R., Carey, D. and Useem, M. (2013) Boards that lead: When to Take Charge, When to Partner, and When to Stay Out of the Way. Harvard Business Review Press.

Chatman, J. A. and Jehn, K. A. (1994) 'Assessing the relationship between industry characteristics and organizational culture: how different can you be?', *Academy of Management Journal,* 37(3), pp. 522-553.

Chatman, J. A. and O'Reilly, C. A. (2016) 'Paradigm lost: Reinvigorating the study of organizational culture', *Research in Organizational Behavior,* 36, pp. 199-224.

Chatman, J. A. and Srivastava, S. B. (2021) 'A Psychologist and Sociologist Join Strategists for Breakfast: Building a Framework to Understand Culture and Its Relationship to Strategy', *Strategy Science,* 6(2), pp. 119-123.

Cheffins, B. (2022) *Don't strengthen the UK corporate governance code — abolish it*: Financial Times. Available at: https://www.ft.com/content/057accea-5135-4a26-a5ed-e428184bc209 (Accessed: 27 Jul 2022 2022).

CIPD (2016) *A duty to care? Evidence of the importance of organisational culture to effective governance and leadership*. Available at: https://www.cipd.co.uk/knowledge/culture/behaviour/governance-impact-report (Accessed: 1 Feb 2017).

Clarke, T. (1998) 'The stakeholder corporation: a business philosophy for the information age.', *Long Range Planning,* 31, pp. 182-94.

Clarke, T. (2004) 'Cycles of Crisis and Regulation: the enduring agency and stewardship problems of corporate governance', *Corporate Governance: An International Review,* 12(2), pp. 153-161.

Clarke, T. (2013) 'Deconstructing the Mythology of Shareholder Value: A Comment on Lynn Stout's "The Shareholder Value Myth"', *Accounting, Economics and Law,* 3(1), pp. 15-42.

Clarkson, M. B. E. (1995) 'A stakeholder framework for analyzing and evaluating corporate social performance', *Academy of management review,* 20, pp. 92-117.

Coase, R. H. (1937) 'The Nature of the Firm', *Economica,* 4, pp. 386-405.

Cohn, A., Fehr, E. and Marechal, M. A. (2014) 'Business culture and dishonesty in the banking industry', *Nature (London),* 516, pp. 86-89.

CommissiononBankingStandards (2013) *Parliamentary Commission on Banking Standards: Changing Banking for Good*, London: UK Parliament Joint Select Committee on Banking Standards. Available at: http://www.parliament.uk/bankingstandards (Accessed: 25 Jan 2016).

CompaniesAct (2006) *Companies Act (2006) Chapter 46*. London, United Kingdom: The National Archives. Available at: https://www.legislation.gov.uk/ukpga/2006/46/part/10/chapter/2 2019).

Concannon, M. and Nordberg, D. (2018) 'Boards strategizing in liminal spaces: Process and practice, formal and informal', *European Management Journal,* 36(1), pp. 71-82.

Corley, K. G. (2005) 'Examining the Non-Executive Director's Role from a Non-Agency Theory Perspective: Implications Arising from the Higgs Report', *British Journal of Management,* 16, pp. S1-S4.

Corritore, M., Goldberg, A. and Srivastava, S. B. (2020) 'Duality in Diversity: How Intrapersonal and Interpersonal Cultural Heterogeneity Relate to Firm Performance', *Administrative Science Quarterly,* 65(2), pp. 359-394.

Courtis, J. K. (2004) 'Corporate report obfuscation: artefact or phenomenon?', *The British Accounting Review,* 36(3), pp. 291-312.

Creswell, J. W. and Miller, D. L. (2000) 'Determining validity in qualitative methodology', *Theory into practice,* 39(3), pp. 124-130.

Creswell, J. W. and Poth, C. N. (2018) *Qualitative Inquiry and Research Design; Choosing amoung 5 Approaches.* 4th edn. Thousand Oaks, California: Sage.

Cuomo, F., Mallin, C. and Zattoni, A. (2010) 'Corporate governance codes: a review and research agenda', *Corporate Governance:an international review,* 24(3), pp. 222-241.

Daily, C. M. and Dalton, D. R. (1994) 'Corporate governance and the bankrupt firm: An empirical assessment', *Strategic management journal,* 15(8), pp. 643-654.

Daily, C. M., Dalton, D. R. and Cannella Jr, A. A. (2003) 'Corporate Governance: Decades of Dialogue and Data', *Academy of Management Review,* 28(3), pp. 371-382.

Dallas, L. L. (2011) 'Short-termism, the financial crisis, and corporate governance', *The Journal of corporation law,* 37, pp. 265-358.

Dalton, D. R., Daily, C. M., Ellstrand, A. E. and Johnson, J. L. (1998) 'Meta-analytic reviews of board composition, leadership structure, and financial importance', *Strategic Management Journal,* 19(3), pp. 269-290.

Dalton, D. R. and Dalton, C. M. (2011) 'Integration of Micro and Macro Studies in Governance Research: CEO Duality, Board Composition, and Financial Performance', *Journal of Management,* 37(2), pp. 404-411.

Davies, R., Haldane, A. G., Nielsen, M. and Pezzini, S. (2014) 'Measuring the costs of short-termism', *Journal of Financial Stability,* 12, pp. 16-25.

Davis, J. H., Schoorman, F. D. and Donaldson, L. (1997) 'Toward a Stewardship Theory of Management', *Academy of Management Review,* 22(1), pp. 20-47.

Deakin, S. (2010) 'Corporate Governance and Financial Crisis in the Long Run', *Centre for Business Research,* 417.

Deakin, S. and Konzelmann, S. J. (2004) 'Learning from Enron', *Corporate Governance: An International Review,* 12(2), pp. 134-142.

Deal, T. E. and Kennedy, A. A. (1982) *Corporate Cultures: The Rites and Rituals of Organizational Life.* Reading, MA: Addison-Wesley.

Demb, A. and Neubauer, F.-F. (1992) 'The Corporate Board: confronting the paradoxes', *Long Range Planning,* 25(3), pp. 9-20.

Demsetz, H. and Lehn, K. (1985) 'The structure of corporate ownership:causes and consequences', *Journal of Political Economy,* 93(6), pp. 1155-1177.

Denison, D., Nieminen, L. and Kotrba, L. (2014) 'Diagnosing organizational cultures: A conceptual and empirical review of culture effectiveness surveys', *European Journal of Work and Organizational Psychology,* 23(1), pp. 145-161.

Denison, D. R. (1990) Corporate culture and organizational effectiveness. Wiley series on organizational assessment and change Oxford, England: John Wiley & Sons.

Denison, D. R. and Mishra, A. K. (1995) 'Toward a theory of organizational culture and effectiveness', *Organization Science,* 6(2), pp. 204-223.

Denzin, N. K. (2009) The Research Act: A Theoretical Introduction to Sociological Methods. Aldine Transaction.

DiMaggio, P. J. and Powell, W. W. (1983) 'The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields', *American Sociological Review,* 48(2), pp. 147-160.

Donaldson, L. and Davis, J. H. (1991) 'Stewardship Theory or Agency Theory: CEO Governance and Shareholder Returns', *Australian Journal of Management,* 16(1), pp. 49-64.

ECGI (2022) *Database of corporate governance codes*. Available at: https://ecgi.global/content/codes (Accessed: 21 November 2021 2022).

Economist (2018) 'Noseda and the National Symphony Orchestra: An Italian maestro makes magic in Washington DC', *The Economist* (August 4-10th edn). Available at: https://www.economist.com/books-and-arts/2018/08/02/noseda-and-the-national-symphony-orchestra (Accessed: 3 Sep 2018).

Economist (2019) 'I'm from a company, and I'm here to help', *The Economist* (24 August 2019 edn), pp. 14-16. Available at: ttps://www.economist.com/weeklyedition/2019-08-24 (Accessed: 18 Nov 2021).

Edelman (2018) *Edelman Trust Barometer*: Edelman. Available at: https://www.edelman.com/trust-barometer (Accessed: 28 November 2018).

EdgeCliffe-Johnson, A. (2019) 'Beyond the bottom line: should business put purpose before profit?', *Financial Times* (4 Jan 2019 edn), 4 January 2019. Available at: https://www.ft.com/content/a84647f8-0d0b-11e9-a3aa-118c761d2745 (Accessed: 18 Nov 2021).

Eisenhardt, K. M. (1989) 'Building theories from case study research', *Academy of Management Review,* 14, pp. 532-50.

Eisenhardt, K. M. and Graebner, M. E. (2007) 'Theory building from cases: opportunities and challenges', *Academy of Management Journal,* 50(25-32).

Eisenhardt, K. M., Graebner, M. E. and Soneshein, S. (2016) 'Grand challenges and inductive methods: rigor without rigor mortis', *Academy of Management Journal,* 59(4), pp. 1113-1123.

EPIC (2019) *Embankment Project for Inclusive Capitalism*. Available at: https://www.coalitionforinclusivecapitalism.com/epic/.

ETUI (2016) *Worker participation: board level participation (UK)*. Brussels: European Trade Union Institute. Available at: https://www.worker-participation.eu/National-Industrial-Relations (Accessed: 22 Nov 2021 2021).

Ewing, J. (2017) Faster, Higher, Farther: The Inside Story of the Volkswagen Scandal. London: Bantam Press.

Fama, E. F. (1980) 'Agency Problems and The Theory of The Firm', *Journal of Political Economy,* 88(2), pp. 288-307.

Fama, E. F. and Jensen, M. C. (1983a) 'Agency Problems and Residual Claims', *Journal of Law & Economics,* 26(2), pp. 327-350.

Fama, E. F. and Jensen, M. C. (1983b) 'Separation of ownership and control', *Journal of Law & Economics,* 26(2), pp. 301-326.

FCA (2018) *Main Official List*, London: FCA. Available at: http://www.fsa.gov.uk/ukla/officialMainList.do?view=true (Accessed: 19th July 2018).

FCA (2021) *Primary Markets Regulatory Disclosures*. London. Available at: https://www.fca.org.uk/markets/primary-markets (Accessed: 16th September 2021.

Federo, R. and Saz-Carranza, A. (2018) 'A configurational analysis of board involvement in intergovernmental organizations', *Corporate Governance: An International Review,* 26(6), pp. 414-428.

Feldman, M. and Orlikowski, W. (2011) 'Theorizing Practice and Practicing Theory', *Organization Science,* 22(5), pp. 1240-1253.

Filatotchev, I. and Nakajima, C. (2014) 'Corporate Governance, Responsible Managerial Behavior, and Corporate Social Responsibility: Organizational Efficiency Versus Organizational Legitimacy?', *Academy of Management perspectives,* 28(3), pp. 289-306.

Filatotchev, I., Poulsen, A. and Bell, R. G. (2019) 'Corporate governance of a multinational enterprise: Firm, industry and institutional perspectives', *Journal of Corporate Finance,* 57(August), pp. 1-8.

Finkelstein, S., Hambrick, D. C. and Cannella, A. A. (2009) Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards. Oxford University Press.

Finkelstein, S. and Mooney, A. C. (2003) 'Not the usual suspects: How to use board process to make boards better', *Academy of Management Executive,* 17(2), pp. 102-113.

Flamholtz, E. G. and Randle, Y. (2012) 'Corporate culture, business models, competitive advantage, strategic assets and the bottom line: Theoretical and measurement issues', *Journal of Human Resource Costing and Accounting,* 16(2), pp. 76-94.

Fleming, P. (2013) '‘Down with Big Brother!’ The End of ‘Corporate Culturalism’?', *Journal of management studies,* 50(3), pp. 474-495.

Fleming, P. and Sewell, G. (2002) 'Looking for the Good Soldier, Švejk: Alternative Modalities of Resistance in the Contemporary Workplace', *Sociology,* 36(4), pp. 857-873.

Fleming, P. and Spicer, A. (2003) 'Working at a Cynical Distance: Implications for Power, Subjectivity and Resistance', *Organization,* 10(1), pp. 157-179.

Flyvbjerg, B. (2006) 'Five Misunderstandings About Case-study research', *Qualitative Inquiry,* 12(2), pp. 219-245.

Forbes, D. P. and Milliken, F. J. (1999) 'Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups', *Academy of Management Review,* 24(3), pp. 489-505.

FRC (2003) *The Combined Code on Corporate Governance*. London: FRC. Available at: https://www.frc.org.uk/search?searchtext=Combined+Code+2003&t=0&p=0&b=0&ct=0&df=&dt=&page=3 (Accessed: 1 Sep 2021.

FRC (2010) *The UK Corporate Governance Code*. Available at: https://www.icaew.com/technical/corporate-governance/codes-and-reports/uk-corporate-governance-code/history (Accessed: 21 Nov 2021.

FRC (2011) *Guide to Board Effectiveness*. Available at: https://www.frc.org.uk/Our-Work/Corporate-Governance-Reporting/Corporate-governance/UK-Corporate-Governance-Code/Guidance-for-boards-and-board-committees.aspx#biscuit1 (Accessed: 11 May 2016.

FRC (2014) *UK Corporate Governance Code*. Available at: https://www.frc.org.uk/news/september-2014/frc-updates-uk-corporate-governance-code (Accessed: 21 November 2021.

FRC (2015) *Culture Project*. Available at: https://www.frc.org.uk/Our-Work/Codes-Standards/Corporate-governance/Culture-Project.aspx (Accessed: 25th January 2016).

FRC (2016) *Culture Report: Corporate Culture and the Role of Boards. Report of Observations*. Available at: https://www.frc.org.uk/News-and-Events/FRC-Press/Press/2016/July/Corporate-culture-key-to-sustainable-growth.aspx (Accessed: 22 Jul 2016.

FRC (2017a) *A sharper UK Corporate Governance Code to achieve long-term success and trust in business*. Available at: http://frc.org.uk/news/december-2017/a-sharper-uk-corporate-governance-code-to-achieve (Accessed: 13 March 2018).

FRC (2017b) *Press Release: FRC to review UK Corporate Governance Code*. Available at: https://www.frc.org.uk/News-and-Events/FRC-Press/Press/2017/February/FRC-to-review-the-UK-Corporate-Governance-Code.aspx (Accessed: 1 June 2017).

FRC (2017c) The FRC Mission.

FRC (2018) *The UK Corporate Governance Code*: Financial Reporting Council. Available at: https://www.frc.org.uk/news/july-2018/a-uk-corporate-governance-code-that-is-fit-for-the (Accessed: 16th July 2018).

FRC 2020. The UK Stewardship Code.

FRC (2021) *Annual Review of Corporate Governance Reporting 2021*: Financial Reporting Council. Available at: https://www.frc.org.uk/directors/corporate-governance-and-stewardship/developments-in-corporate-governance-and-stewardsh (Accessed: 1 December 2021 2021).

Freeman, R. E. (1984) Strategic management: A stakeholder approach. Boston: Pitman.

Freeman, R. E., Dunham, L. and McVea, J. (2007) 'Strategic ethics-Strategy, wisdom, and stakeholder theory: A pragmatic and entrepreneurial view of stakeholder strategy.', in Kessler, E. and Bailey, J. (eds.) *Handbook of Organizational and Mangerial Wisdom*: Sage, pp. 151-177.

Freeman, R. E. and Reed, D. L. (1983) 'Stockholders and stakeholders: A new perspective on corporate governance', *California management review,* 25(3), pp. 88-106.

Fried, J. M. (2015) 'The Uneasy Case for Favoring Long-Term Shareholders', *The Yale Law Journal,* 124(5), pp. 1554-1627.

Froud, J., Nilsson, A., Moran, M. and Williams, K. (2012) 'Stories and Interests in Finance: Agendas of Governance before and after the Financial Crisis', *Governance,* 25(1), pp. 35-59.

FTBoardDirectorProgramme *FT Board Director Programme*. Available at: https://bdp.ft.com/ (Accessed: 3 Sep 2019.

FTMarketsEquities *Financial Times Markets Database - Equities UK*. London: Financial Times. Available at: https://markets.ft.com/data/equities (Accessed: 21st September 2021.

FTSERussell (2019) *FTSE UK Index Series*: FTSE Russell. Available at: https://www.ftserussell.com/products/indices/uk 3 Sep 2019).

FTView (2016) *A secular trend away from public markets*: Financial Times 16th November 2016. Available at: https://www.ft.com/content/2369d71a-abf7-11e6-ba7d-76378e4fef24 (Accessed: 19 September 2019.

G20/OECD (2015) *G20/OECD Principles of Corporate Governance*: OECD. Available at: https://www.oecd-ilibrary.org/governance/g20-oecd-principles-of-corporate-governance-2015_9789264236882-en (Accessed: 1st October 2021).

Gabrielsson, J. and Huse, M. (2004) 'Context, Behavior, and Evolution: Challenges in Research on Boards and Governance', *International Studies of Management and Organization,* 34(2), pp. 11-36.

Garg, S. and Eisenhardt, K. M. (2017) 'Unpacking the CEO–Board Relationship: How Strategy Making

Happens in Entrepreneurial Firms', *Academy of Management Journal,* 60(5), pp. 1828-1858.

George, A. L. and Bennett, A. (2005) *Case Studies and Theory Development in the Social Sciences.* Cambridge, Mass.: MIT Press.

Gherardi, S. (2013) *How to conduct a practice-based study: Problems and Methods.* Cheltenham, UK: Edward Elgar Publishing.

Ghoshal, S. (2005) 'Bad management theories are destroying good management practices', *Academy of Management Learning & Education,* 4, pp. 75-91.

Gibbons, R., Siegel, J. and Weber, R. A. (2021) 'Strategy Meets Culture (for Breakfast): Understanding the Relationship and Highlighting Its Potential', *Strategy Science,* 6(2), pp. 111-118.

Gill, M. (2013) '"Uncomfortable reading": 7 key extracts from the Salz report into Barclays' culture', *New Statesman*. Available at: https://www.newstatesman.com/politics /2013/04/uncomfortable-reading-7-key-extracts-salz-report-barclays-culture (Accessed: 3 Sep 2018).

Giorgi, S., Lockwood, C. and Glynn, M. A. (2015) 'The Many Faces of Culture: Making Sense of 30 Years of Research on Culture in Organization Studies', *The Academy of Management annals,* 9(1), pp. 1-54.

Goffee, R. and Jones, G. (1996) *What Holds the Modern Company Together?* Harvard Business Review. Available at: https://hbr.org/1996/11/what-holds-the-modern-company-together (Accessed: 3 Sep 2018 November-December).

Golden, B. R. and Zajac, E. J. (2001) 'When will boards influence strategy? Inclination x Power = Strategic Change', *Strategic Management Journal,* 22, pp. 1087-1111.

Goran, J., BaBerge, L. and Srinivasan, R. (2017) 'Culture for a digital age', *McKinsey Quarterly*. Available at: https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/culture-for-a-digital-age (Accessed: 12 Feb 2020).

Gordon, S. (2013) 'Barclays spring-clean is only surface deep', *Financial Times* (April 19th, 2013 edn). Available at: https://www.ft.com/content/d30e2fc4-a8ed-11e2-a096-00144feabdc0 (Accessed: 3 November 2021).

Graham, J. R., Harvey, C. R., Popadak, J. and Rajgopal, S. (2017) 'Corporate Culture: Evidence from the Field', *NBER Working Paper,* 23255.

GrantThornton (2017) *Corporate Governance Review 2017*. Available at: https://www.grantthornton.co.uk/en/news-centre/findings-from-our-2017-corporate-governance-review/ (Accessed: 13th March 2018).

GrantThornton (2020) *Corporate Governance Review 2020*. Available at: https://www2.grantthornton.co.uk/corporate-governance-review-2020.html?_ga=2.219568793.1858315815.1605520465-221054369.1602605107 (Accessed: 5th April 2021).

Greenham, T. and Lewis, B. (2014) 'Barclays' Transform programme: culture change or window dressing?', *The Guardian* (Mon 4 Aug 2014 edn). Available at: https://www.theguardian.com/sustainable-business/barclays-transform-programme-culture-change-window-dressing (Accessed: 9 Sept 2021).

Grint, K., Smolovic Jones, O. and Holt, C. (2016) 'What Is Leadership: Person, Result, Position or Process, or All or None of These?', in Storey, J., Hartley, J., Denis, J.-L., Hart, P.t. and Ulrich, D. (eds.) *The Routledge Companion to Leadership*. New York and London: Routledge, pp. 3-20.

Groysberg, B., Lee, J., Price, J. and Cheng, J. Y. J. (2018) 'The Leader's Guide to Corporate Culture', *Harvard Business Review,* 96(1), pp. 44-52.

Guba, E. G. and Lincoln, Y. S. (2005) 'Paradigmatic Controversies, Contradictions, and Emerging Confluences', in Denzin, N.K. and Lincoln, Y., S. (eds.) *The Sage Handbook of Qualitative Research*: Sage, pp. 191-215.

Guiso, L., Sapienza, P. and Zingales, L. (2015) 'The value of corporate culture', *Journal of Financial Economics,* 117(1), pp. 60-67.

Gunz, S. and Thorne, L. (2015) 'Introduction to the Special Issue on Tone at the Top', *Journal of Business Ethics,* 126, pp. 1-2.

Hadrill, S. (2017) 'Speech to AIRMIC conference. Corporate Culture and the Role of Boards', https://www.frc.org.uk/News-and-Events/FRC-Press/Press/2017/February/Speech-by-Stephen-Haddrill,-CEO,-FRC,-Airmic-Eveni.aspx, 31st January 2017.

Hall, E. T. (1976) *Beyond Culture.* New York: Doubleday.

Hambrick, D. C. and Finkelstein, S. (1987) 'Managerial discretion: A bridge between polar views of organizational outcomes.', *Research in Organizational Behavior,* 9, pp. 369-406.

Hambrick, D. C., von Werder, A. and Zajac, E. J. (2008) 'New Directions in Corporate Governance Research', *Organization Science,* 19(3), pp. 381-385.

Harris, L. C. and Ogbonna, E. (2013) 'Forms of employee negative word-of-mouth: a study of front-line workers', *Employee Relations,* 35(1), pp. 39-60.

Harrison, G. L. and McKinnon, J. L. (1999) 'Cross-cultural research in management control systems design: a review of the current state', *Accounting, Organizations and Society,* 24(5-6), pp. 483-506.

Harrison, S. H. and Corley, K. G. (2011) 'Clean Climbing, Carabiners, and Cultural Cultivation: Developing an Open-Systems Perspective of Culture', *Organization Science,* 22(2), pp. 391-412.

Hassard, J. and Cox, J. W. (2013) 'Can sociological paradigms still inform organizational analysis? A paradigm model for post-paradigm times.', *Organization Studies,* 34(11), pp. 1701-1728.

Hatch, M. J., Schultz, M. and Skov, A. M. (2015) 'Organizational identity and culture in the context of managed change: Transformation in the Carlsberg Group, 2009–2013.', *Academy of Management Discoveries,* 1(1), pp. 56-68.

Hendry, J. (2005) 'Beyond Self-Interest: Agency Theory and the Board in a Satisficing World', *British Journal of Management,* 16, pp. 55-63.

Hendry, K. P. and Kiel, G. C. (2004) 'The Role of the Board in Firm Strategy: integrating agency and organisational control perspectives', *Corporate Governance: An International Review,* 12(4), pp. 500-520.

Hendry, K. P., Kiel, G. C. and Nicholson, G. (2010) 'How Boards Strategise: A Strategy as Practice View', *Long Range Planning,* 43(1), pp. 33-56.

Hermalin, B. E. and Weisbach, M. S. (1988) 'The Determinants of Board Composition', *The RAND Journal of Economics,* 19(4), pp. 589-606.

Hermalin, B. E. and Weisbach, M. S. (2003) 'Board of Directors as an Endogenously Determined Institution: A Survey of the Economic Literature', *FRBNY Economic Policy Review,* (April), pp. 7 - 26.

Higgs, D. (2003) *Review of the role and effectiveness of non-executive directors*: Department of Trade and Industry London. Available at: https://www.icaew.com/technical/corporate-governance/codes-and-reports/higgs-report (Accessed: 21 Nov 2019.

Hillman, A. J., Cannella, J. A. A. and Paetzold, R. L. (2000) 'The Resource Dependence role of Corporate Directors: Strategic Adaptation of Board Composition in Response to Environmental Change.', *Journal of Management Studies,* 37(2), pp. 235-255.

Hillman, A. J., Cannella Jr, A. A. and Paetzold, R. L. (2000) 'The Resource Dependence role of Corporate Directors: Strategic Adaptation of Board Composition in Response to Environmental Change.', *Journal of Management Studies,* 37(2), pp. 235-255.

Hillman, A. J. and Dalziel, T. (2003) 'Boards of directors and firm performance: integtrating agency and resource dependence perspectives', *Academy of Management Review,* 28(3), pp. 383-396.

Hillman, A. J. and Keim, G. D. (2001) 'Shareholder value, stakeholder management, and social issues: what's the bottom line?', *Strategic management journal,* 22(2), pp. 125-139.

Hillman, A. J., Withers, M. C. and Collins, B. J. (2009) 'Resource Dependence Theory: A Review', *Journal of Management,* 35(6), pp. 1404-1427.

Hofstede, G. (1980) 'Culture and Organizations', *International Studies of Management and Organisation,* 10(4), pp. 15-41.

Hofstede, G. (1984) Culture's Consequences: International Differences in Work-Related Values. 2nd edn.: Sage.

Hofstede, G. (1993) 'Cultural constraints in management theories', *The Academy of Management Executive,* 7(1), pp. 81-94.

Hofstede, G. (1994) 'The business of international business is culture', *International Business Review,* 3(1), pp. 1-14.

Hofstede, G. (1998) 'Identifying Organizational Subcultures: An Empirical Approach', *Journal of Management Studies,* 35(1), pp. 1-12.

Hofstede, G., Hofstede, G. J. and Minkov, M. (2010) *Cultures and organizations: software of the mind.* 3rd edn.: McGraw-Hill.

House, R. J., Dorfman, P. W., Javidan, M., Hanges, P. J. and Sully de Luque, M. E. (2013) Strategic Leadership across Cultures: The GLOBE study of CEO Leadership Behaviour and Effectiveness in 24 countries. Sage.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W. and Gupta, V. (2004) *Culture, leadership and organizations: The GLOBE study of 62 societies.* Sage.

Hung, H. (1998) 'A typology of the theories of the roles of governing boards', *Corporate Governance: An International Review,* 6(2), pp. 101-111.

Huse, M. (2005) 'Accountability and Creating Accountability: a Framework for Exploring Behavioural Perspectives of Corporate Governance', *British Journal of Management,* 16, pp. 65-79.

Huse, M., Hoskisson, R. E., Zattoni, A. and Viganò, R. (2011) 'New perspectives on board research: changing the research agenda', *Journal of Management & Governance,* 15(1), pp. 5-28.

Huse, M., Minichilli, A. and Schoning, M. (2005) 'Corporate Boards as Assets for Operating in the New Europe: The Value of Process-Oriented Boardroom Dynamics', *Organizational Dynamics,* 34(3), pp. 285-297.

IBE, ICGN and ICSA (2016) *Report of a senior practitioners' workshop on identifying indicators of culture*: IBE. Available at: https://www.ibe.org.uk/resource/ibe-icsa-icgn-report-red-flags-2016-pdf.html (Accessed: 24 Sep 2021.

IBE and ICSA (2016) *Culture by Committee: the pros and cons*. London: IBE. Available at: https://www.ibe.org.uk/resource/ibe-icsa-mazars-survey-report-culture-by-committee-the-pros-and-cons-pdf.html (Accessed: 24 Sep 2021.

ICAEW (2021) *The Cadbury Report*. Available at: https://www.icaew.com/technical/corporate-governance/codes-and-reports/cadbury-report (Accessed: 20 November 2021 2021).

ICGN (2022) *Global stewardship codes network*. London: International Corporate Governance Network. Available at: https://www.icgn.org/global-stewardship-codes-network (Accessed: 1 June 2022 2022).

InvestmentAssociation (2017) *Long Term Reporting Guidance*: The Investment Association. Available at: https://www.theia.org/media/press-releases/new-guidance-urges-ftse-companies-demonstrate-how-they-act-long-term-get (Accessed: 17 May 2017.

Ireland, P. (1999) 'Company Law and the Myth of Shareholder Ownership', *Modern Law Review,* 62(1), pp. 32-57.

Ireland, P. (2005) 'Shareholder Primacy and the Distribution of Wealth', *Modern Law Review,* 68(1), pp. 49-81.

IRM (2012) *Risk Culture: Under the Microscope Guidance for Boards*. Available at: https://www.theirm.org/knowledge-and-resources/thought-leadership/risk-culture/ (Accessed: 25 Jan 2016.

Iwasaki, J. (2018) *Tone at the Top*. Ethical Boardroom: ACCA. Available at: https://ethicalboardroom.com/tone-at-the-top/ (Accessed: 20 Aug 2018.

Jansen, P. A. M. (2021) 'Board processes revisited: an exploration of the relationship between board processes, board role performance and board effectiveness in comparable European listed companies', *Corporate governance: the international journal of business in society,* Vol. 21(7), pp. 1337-1361.

Jensen, M. C. (1993) 'The Modern Industrial Revolution, Exit, and the Failure of Internal Control Systems', *Journal of Finance,* 48(3), pp. 831-880.

Jensen, M. C. and Meckling, W. H. (1976) 'Theory of the firm: managerial behavior, agency costs and ownership structure', *Journal of Financial Economics,* 3(4), pp. 305-360.

Jermier, J. M. (1998) 'Introduction: Critical Perspective on Organizational Control', *Administrative Science Quarterly,* 43(2), pp. 235-256.

Jermier, J. M., Slocum Jr, J. W., Fry, L. W. and Gaines, J. (1991) 'Organizational Subcultures in a Soft Bureaucracy: Resistance Behind the Myth and Facade of an Official Culture', *Organization science,* 2(2), pp. 170-194.

Johnson, J. L., Daily, C. M. and Ellstrand, A. E. (1996) 'Boards of directors: A review and research agenda', *Journal of Management,* 22(3), pp. 409-438.

Johnson, S. G., Schnatterly, K. and Hill, A. D. (2013) 'Board Composition Beyond Independence: Social Capital, Human Capital, and Demographics', *Journal of Management,* 39(1), pp. 232-262.

Jones, I. and Pollitt, M. (2004) 'Understanding how issues in corporate governance develop: Cadbury Report to Higgs Review', *Corporate Governance: An International Review,* 12(2), pp. 162-171.

Jubb, G. R. (2014) *Comply or explain': can it survive in a global market place?*: Tomorrow's Company: Tomorrow's Finance Lecture. Available at: https://www.tomorrowscompany.com/publication/tomorrows-finance/ (Accessed: 21 Oct 2016 2016).

Judge Jr., W. Q. and Talaulicar, T. (2017) 'Board Involvement in the Strategic Decision Making Process: A Comprehensive Review', *Annals of Corporate Governance,* 2(2), pp. 51-169.

Judge Jr., W. Q. and Zeithaml, C. P. (1992) 'Institutional and Strategic Choice Perspectives on Board Involvement in the Strategic Decision Process.', *Academy of Management Journal,* 35(4), pp. 766-794.

Jung, T., Scott, T., Davies, H. T. O., Bower, P., Whalley, D., McNally, R. and Mannion, R. (2009) 'Instruments for Exploring Organizational Culture: A Review of the Literature', *Public Administration Review,* 69(6), pp. 1087-1096.

Kaczmarek, S., Kimino, S. and Pye, A. (2012) 'Board Task-related Faultlines and Firm Performance: A Decade of Evidence', *Corporate Governance: An International Review,* 20(4), pp. 337-351.

Kakabadse, A., Ward, K., Korac-Kakabadse, N. and Bowman, C. (2001) 'Role and Contribution of Non-Executive Directors', *Corporate Governance: An International Review,* 1(1), pp. pp.4 - 8.

Kanter, R. M. (2008) 'Transforming Giants', *Harvard Business Review,* 86(1), pp. 43-52.

Kanter, R. M. (2011) 'How Great Companies Think Differently', *Harvard Business Review,* 89(11), pp. 66-78.

Kapoor, M. (2013) *A crisis of culture: Valuing ethics and knowledge in financial services*: Economist Intelligence Unit Limited. Available at: www.cfainstitute.org/media/documents/survey/crisis-of-culture-report.ash (Accessed: 12 May 2014 2014).

Kaptein, M. (2008) 'Developing and Testing a Measure for the Ethical Culture of Organizations: The Corporate Ethical Virtues Model', *Journal of Organizational Behavior,* 29(7), pp. 923-947.

Kaufman, A. and Englander, E. (2005) 'A team production model of corporate governance', *The Academy of Management executive (1993),* 19(3), pp. 9-22.

Kay, J. (2013) *The Kay Review of UK Equity Markets and Long-Term Decision Making*. London: Department of Business Energy and Industrial Strategy. Available at: https://publications.parliament.uk/pa/cm201314/cmselect/cmbis/603/60302.htm (Accessed: 19 Nov 2018.

Kay, J. (2015) 'Is it meaningful to talk about the ownership of companies?', *Financial Times*. Available at: http://www.johnkay.com/2015/11/11/is-it-meaningful-to-talk-about-the-ownership-of-companies.

Keay, A. (2007) 'Tackling the Issue of the Corporate Objective: An Analysis of the United Kingdom's Enlightened Shareholder Value Approach', *Sydney Law Review,* 29(4), pp. 577-612.

Keay, A. (2013) The Enlightened Shareholder Value Principle and Corporate Governance. Abingdon: Routledge.

Keay, A. (2014a) 'Comply or explain in corporate governance codes: in need of greater regulatory oversight?', *Legal Studies,* 34(2), pp. 279-304.

Keay, A. (2014b) 'The Public Enforcement of Directors' Duties: A Normative Inquiry', *Common Law World Review,* 43(2), pp. 89-119.

Keay, A. and Loughrey, J. (2019) 'The concept of business judgment', *Legal Studies,* 39, pp. 36-55.

Khanna, P., Jones, C. D. and Boivie, S. (2014) 'Director Human Capital, Information Processing Demands, and Board Effectiveness', *Journal of Management,* 40(2), pp. 557-585.

Kingman, J. (2018) *Independent review of the Financial Reporting Council (FRC) 2018 Final Report*: Department for Business, Energy and Industrial Strategy. Available at: https://www.gov.uk/government/publications/financial-reporting-council-review-2018 (Accessed: 3 Nov 2021.

Kirkbride, J. and Letza, S. (2005) 'Can the Non-executive Director be an Effective Gatekeeper? The Possible Development of a Legal Framework of Accountability', *Corporate Governance: An International Review,* 13(4), pp. 542-550.

Klarner, P., Probst, G. and Useem, M. (2020) 'Opening the black box: Unpacking board involvement in innovation', *Strategic Organization,* 18(4), pp. 487-519.

Klemm, M., Sanderson, S. and Luffman, G. (1991) 'Mission statements: Selling corporate values to employees', *Long Range Planning,* 24(3), pp. 73-78.

Knights, D. and Willmott, H. C. (1987) 'Organizational Culture as Management Strategy: A Critique and Illustration from the Financial Services Industry', *International Studies of Management & Organization,* 17(3), pp. 40-63.

Konzelmann, S. J., Chick, V. and Fovargue-Davies, M. (2022) 'Shareholder value or public purpose? from John Maynard Keynes and Adolf Berle to the modern debate', in Meyer, R.E., Leixnering, S. and Veldman, J. (eds.) *The corporation: Rethinking the iconic form of business organization Research in the sociology of organizations*: Emerald.

Kor, Y. Y. and Sundaramurthy, C. (2009) 'Experience-Based Human Capital and Social Capital of Outside Directors', *Journal of Management,* 35(4), pp. 981-1006.

KornFerry (2015) *Real World Leadership: Part three: Create an engaging culture for greater impact*. New York: Korn Ferry Institute. Available at: https://www.kornferry.com/insights/this-week-in-leadership/real-world-leadership-part-three-create-an-engaging-culture-for-greater-impact (Accessed: 29 Apr 2021.

Kosnik, R. D. (1987) 'Greenmail: A Study of Board Performance in Corporate Governance', *Administrative Science Quarterly,* 32(2), pp. 163-185.

Kotrba, L. M., Gillespie, M. A., Schmidt, A. M., Smerek, R. E., Ritchie, S. A. and Denison, D. R. (2012) 'Do consistent corporate cultures have better business performance? Exploring the interaction effects', *Human Relations,* 65(2), pp. 241-262.

Kotter, J. P. and Heskett, J. L. (1992) *Corporate Culture and Performance.* New York: Free Press.

Kunda, G. (2006) *Engineering culture: Control and commitment in a High-Tech Corporation.* Second edn. Philadelphia, PA: Temple University Press.

Kvale, S. (1996) Interviews: An Introduction to Qualitative Research Interviewing. Sage.

Langley, A. and Tsoukas, H. (2017) ' Introduction: Process Thinking, Process Theorizing and Process Researching', in Langley, A. and Tsoukas, H. (eds.) *The Sage Handbook of Process Organization Studies*. London: Sage.

Learmonth, M. and Morrell, K. (2017) 'Is critical leadership studies 'critical'?', *Leadership,* 13(3), pp. 257-271.

Leblanc, R. W. and Gillies, J. (2005) Inside the Boadroom: How boards really work and the coming revolution in corporate governance. Canada: John Wiley.

LeBlanc, R. W. and Schwartz, M. S. (2007) 'The black box of board process: Gaining access to a difficult subject', *Corporate Governance: An International Review,* 15, pp. 843-851.

Lee, R. V., Fabish, L. and McGraw, N. (2004) 'The Value of Corporate Values', Available at: Booz Allen and Aspen Institute Business & Society Program.

Lewin, K. (1947) 'Frontiers in Group Dynamics Concept, Method and Reality in Social Science; Social Equilibria and Social Change', *Human Relations,* 1(1), pp. 5-41.

Li, W., Krause, R., Qin, X., Zhang, J., Zhu, H., Lin, S. and Xu, Y. (2018) 'Under the microscope: An experimental look at board transaprency and director monitoring behaviour', *Strategic Management Journal,* 39, pp. 1216-1236.

Long, T. (2018) *BoardRoom Review Ltd: Response to Consultation on the Revised Corporate Governance Code*. Available at: https://www.frc.org.uk/consultation-list/2017/consulting-on-a-revised-uk-corporate-governance-co (Accessed: 20 Apr 2018.

Lorsch, J. W. and Clark, R. C. (2008) 'Leading from the Boardroom', *Harvard Business Review,* 86(4), pp. 104-111.

Lorsch, J. W. and MacIver, E. (1989) Pawns or Potentates: the Reality of America's Corporate Boards. HBR Press.

Lounsbury, M. and Glynn, M. A. (2001) 'Cultural entrepreneurship: Stories, legitimacy,and the acquisition of resources', *Strategic Management Journal,* 22(6), pp. 545-564.

Lune, H. and Berg, B. (2016) Qualitative Research Methods for the Social Sciences. Pearson Education.

Ma, S., Seidl, D. and McNulty, T. (2021) 'Challenges and practices of interviewing business elites', *Strategic Organization,* 19(1), pp. 81-96.

Mace, M. L. (1972) 'Functions of directors under the existing system', The Business Lawyer. Proceedings: ABA National Institute: Officers and Directors responsibilities and liabilities, 27(23-46).

Machold, S. and Farquhar, S. (2013) 'Board Task Evolution: A Longitudinal Field Study in the UK Board task evolution', *Corporate governance : an international review,* 21(2), pp. 147-164.

Machold, S., Huse, M., Minichilli, A. and Nordqvist, M. (2011) 'Board Leadership and Strategy Involvement in Small Firms: A Team Production Approach', *Corporate Governance: An International Review,* 19(4), pp. 368-383.

MacIntyre, A. (2007) *After Virtue: A Study in Moral Theory.* 3rd edn.: University of Notre Dame Press.

Maitland/AMO (2015) *The values most valued by UKplc*. London: Maitland/AMO. Available at: https://www.maitland.co.uk/insights/article/the-values-most-valued-by-uk-plc/ (Accessed: 26/09/21.

Maitlis, S. (2004) 'Taking it from the top: How CEOs influence and fail to influence their boards', *Organization Studies,* 25(8), pp. 1275-1311.

Mallin, C. A. (2011) 'Corporate governance developments in the UK', in Mallin, C.A. (ed.) *Handbook on International Corporate Governance: Country Analyses*. Cheltenham: Edward Elgar Publishing.

Marginson, D. and McAulay, L. (2008) 'Exploring the Debate on Short-Termism: A Theoretical and Empirical Analysis', *Strategic Management Journal,* 29(3), pp. 273-292.

Martin, J. (1992) *Cultures in Organizations: Three Perspectives.* New York: Oxford University Press.

Martin, J. (2001) Organizational Culture: Mapping the Terrain. Sage.

Martin, J. and Frost, P. (2011) 'The Organizational Culture War Games: A Struggle for Intellectual Dominance', in Godwyn, M.E. and Gittell, J.H. (eds.) *Sociology of Organizations: Structures and Relationships*: Sage.

Martin, J., Frost, P. J. and O'Neill, O. (2004) 'Organizational Culture: Beyond Struggles for Intellectual Dominance', in Clegg, S., Hardy, C., Nord, W. and Lawrence, T. (eds.) *Handbook of Organization Studies.* Second ed. London: Sage.

Martin, J. and Siehl, C. (1983) 'Organizational Culture and Counterculture: An Uneasy Symbiosis', *Organizational Dynamics,* 12(2), pp. 52-64.

Mathew, J., Ogbonna, E. and Harris, L. C. (2012) 'Culture, employee work outcomes and performance: An empirical analysis of Indian software firms', *Journal of World Business 47 (2012) 194–203,* 47, pp. 194-203.

Mathison, S. (1988) 'Why triangulate?', *Educational Researcher,* 17(2), pp. 13-17.

Mayer, C. (2013) 'How to avoid implementing today's wrong policies to solve yesterday's corporate governance problems', *University of Pennsylvania Law Review,* 161.

Mayer, C. (2018) 'The Future of the Corporation: Towards humane business', *Journal of the British Academy,* 6(s1).

Mayer, C. (2021) 'The Future of the Corporation and the Economics of Purpose', *Journal of Management Studies,* 58(3), pp. 887-901.

McDonald, M. L., Westphal, J. D. and Graebner, M. E. (2008) 'What do they know? The effects of outside director acquisition experience on firm acquistion performance.', *Strategic Management Journal,* 29, pp. 1155-1177.

McLaren, M. (2016) *Speech to the Internal Audit Leaders' Conference*. FRC. Available at: https://frc.org.uk/News-and-Events/FRC-Press/Press/2016/March/Speech-by-Melanie-McLaren,-Executive-Director,-Cod.aspx (Accessed: 3 Nov 2016.

McLean, B. (2017) *Wells Fargo's cutthroat culture*. Squawk on the Street. New York: CNBC. Available at: https://www.cnbc.com/video/2017/06/01/wells-fargos-cutthroat-culture.html 27 Oct 2017).

McNulty, T. (2013) 'Process Matters: Understanding Board Behaviour and Effectiveness', in Wright, M., Siegel, D.S., Keasey, K. and Filatotchev, I. (eds.) *Oxford Handbook of Corporate Governance*: Oxford University Press, pp. 163-176.

McNulty, T. and Pettigrew, A. M. (1996) 'The Contribution, Power and Influence of Part-time Board Members', *Corporate Governance: An International Review,* 4(3), pp. 160-179.

McNulty, T. and Pettigrew, A. M. (1999) 'Strategists on the board', *Organization Studies,* 20(1), pp. 47-74.

McNulty, T., Pettigrew, A. M., Jobome, G. and Morris, C. (2011) 'The role, power and influence of company chairs', *Journal of Management and Governance,* 15(1), pp. 91-121.

McNulty, T., Roberts, J. and Stiles, P. (2005) 'Undertaking Governance Reform and Research: Further Reflections on the Higgs Review', *British Journal of Management,* 16, pp. S99-S107.

McNulty, T. and Stewart, A. (2015) 'Developing the Governance Space: A Study of the Role and Potential of the Company Secretary in and around the Board of Directors', *Organization studies,* 36(4), pp. 513-535.

McNulty, T. and Stewart, A. (2019) 'Making and Regulating Business Judgment: Judical Practice, Logics and Orders', in Reay, T., Zilber, T.B., Langley, A. and Tsoukas, H. (eds.) *Institutions and Organizations: A Process View*: Oxford University Press.

McNulty, T., Stewart, A., Loughrey, J., Keay, A. and Okanigbuan, F. (2020) 'The Courts' Evaluation of Directors' Business Judgment', *Academy of Management Proceedings,* 2020(1).

McNulty, T., Zattoni, A. and Douglas, T. (2013) 'Developing Corporate Governance Research through Qualitative Methods: A Review of Previous Studies', *Corporate Governance: An International Review,* 21(2), pp. 183-198.

McSweeney, B. (2002) 'Hofstede's model of national cultural differences and their consequences: A triumph of faith – A failure of analysis.', *Human Relations,* 55, pp. 89-118.

McSweeney, B. (2021) 'Fooling ourselves and others: confirmation bias and the trustworthiness of qualitative research – Part 1 (the threats)', *Journal of Organizational Change Management,* 34(5), pp. 1063-1075.

Medcraft, G. (2016) 'Tone from the top: influencing conduct and culture', *Law and Financial Markets Review,* 10(3), pp. 156-158.

Merendino, A. and Sarens, G. (2020) 'Crisis? What Crisis? Exploring the cognitive constraints on boards of directors in times of uncertainty.', *Journal of Business Research,* 118, pp. 415-430.

Miles, M. B. and Huberman, A. M. (1994) *Qualitative Data Analysis: A Methods Sourcebook.* 2nd edn.: Sage.

Minichilli, A., Zattoni, A., Nielsen, S. and Huse, M. (2012) 'Board task performance: An exploration of micro- and macro-level determinants of board effectiveness', *Journal of Organizational Behavior,* 33(2), pp. 193-215.

Minichilli, A., Zattoni, A. and Zona, F. (2009) 'Making Boards Effective: An Empirical Examination of Board Task Performance', *British Journal of Management,* 20, pp. 55-74.

Moore, G. (2005) 'Corporate character : modern virtue ethics and the virtuous corporation', *Business Ethics Quarterly,* 15(4), pp. 659-685.

Moore, G. (2012) 'The Virtue of Governance, the Governance of Virtue', *Business Ethics Quarterly,* 22(2), pp. 293-318.

Moore, G. (2015) 'Corporate character, corporate virtues', *Business Ethics: A European Review,* 24(2), pp. 99-114.

Moore, G. (2017a) Virtue at Work: Ethics for Individuals, Managers and Organizations. Oxford University Press.

Moore, M. T. (2017b) 'The de-privatisation of Anglo-American corporate law?', in Tomasic, R. (ed.) *Routledge Handbook of Corporate Law*: Routledge.

Morais, F., Kakabadse, A. and Kakabadse, N. (2020) 'Leading through discontinuous change: A typology of problems and leadership approaches in UK boards', *Long Range Planning,* 53(2).

Naor, M., Goldstein, S. M., Linderman, K. W. and Schroeder, R. G. (2008) 'The Role of Culture as Driver of Quality Management and Performance: Infrastructure Versus Core Quality Practices', *Decision Sciences,* 39(4), pp. 671-702.

Neu, D., Warsame, H. and Pedwell, K. (1998) 'Managing public impressions: Environmental disclosures in annual reports.', *Accounting Organizations and Society,* 23(3), pp. 265-282.

Neville, L. and Schneider, B. (2021) 'Why is it so hard to change a culture? Its the people', *Organization Development Review,* 53(1), pp. 41-46.

NewCityAgenda (2014) *Culture of Banking Report*: New City Agenda. Available at: http://newcityagenda.co.uk/?p=494 (Accessed: 25 Jan 2016.

NextGenerationNEDNetwork *Next Generation NED Network*. Available at: https://nextgennednetwork.com/ (Accessed: 23 Jan 2020.

Nicholson, G. J., Pugliese, A. and Bezemer, P.-J. (2017) 'Habitual accountability routines in the boardroom: How boards balance control and collaboration', *Accounting, Auditing & Accountability Journal,* 30(2), pp. 222-246.

Nicolini, D. (2017) 'Practice Theory as a Package of Theory, Method and Vocabulary: Affordances and Limitations', in Jonas, M., Littig, B. and Wroblewski, A. (eds.) *Methodological Reflections on Practice Oriented Theories*: Springer.

Nilsson, P. (2018) *Banks are on the hunt for tech veterans*. Financial Times. London. Available at: https://www.ft.com/content/919b29a2-f460-11e7-8715-e94187b3017e (Accessed: 16 Jan 2018.

NonExecutiveDirectorsAssociation *Non Executive Directors Association*. Available at: https://www.nedaglobal.com/ (Accessed: 23 Jan 2020.

Nordberg, D. (2020) The Cadbury Code and Recurrent Crisis: A Model for Corporate Governance?: Palgrave Macmillan.

Nordberg, D. and McNulty, T. (2013) 'Creating better boards through codification: Possibilities and limitations in UK corporate governance, 1992–2010', *Business History,* 55(3), pp. 348-374.

Northouse, P. G. (2021) *Leadership: Theory and Practice.* 9th edn. Thousand Oaks: Sage.

O'Leary, Z. (2021) The Essential Guide to Doing Your Research Project. 4th edn. London: Sage.

O'Reilly, C. A., Caldwell, D. F., Chatman, J. A. and Doerr, B. (2014) 'The Promise and Problems of Organizational Culture: CEO Personality, Culture, and Firm Performance', *Group & Organization Management,* 39(6), pp. 595-625.

Ocasio, W. (1997) 'Towards an attention-based view of the firm', *Strategic management journal,* 18(1), pp. 187-206.

Ocasio, W. (2011) 'Attention to Attention.', *Organization Science,* 22(5), pp. 1286-1296.

Ocasio, W., Laamanen, T. and Vaara, E. (2018) 'Communication and attention dynamics: An attention-based view of strategic change', *Strategic Management Journal,* 39(1), pp. 155-167.

OECD (2009) *Corporate Governance and the Financial Crisis: Key findings and main messages*. Paris: OECD. Available at: https://www.oecd.org/daf/ca/corporategovernanceprinciples/corporategovernanceandthefinancialcrisis.htm (Accessed: September 2019 2019).

OECD (2021) *Soft law*. Paris. Available at: https://www.oecd.org/gov/regulatory-policy/irc10.htm (Accessed: 22 November 2021.

Ogbonna, E. (1993) 'Managing Organizational Culture: Fantasy or Reality?', *Human Resource Management Journal,* 3(2), pp. 42-54.

Ogbonna, E. and Harris, L. C. (1998) 'Managing Organizational Culture: Compliance or Genuine Change?', *British Journal of Management,* 9(4), pp. 273-288.

Ogbonna, E. and Harris, L. C. (2000) 'Leadership style, organizational culture and performance: empirical evidence from UK companies', *International journal of human resource management,* 11(4), pp. 766-788.

Ogbonna, E. and Harris, L. C. (2002) 'Organizational Culture: A ten Year, Two-phase Study of Change in the UK Food Retailing Sector', *Journal of management studies,* 39(5), pp. 673-706.

Ogbonna, E. and Wilkinson, B. (1990) 'Corporate Strategy and Corporate Culture: The View from the Checkout', *Personnel Review,* 19(4), pp. 9-15.

Ogbonna, E. and Wilkinson, B. (2003) 'The False Promise of Organizational Culture Change: A Case Study of Middle Managers in Grocery Retailing', *Journal of management studies,* 40(5), pp. 1151-1178.

Orlikowski, W. J. and Baroudi, J. J. (1991) 'Studying Information Technology in Organizations: Research Approaches and Assumptions', *Information Systems Research,* 2(1), pp. 1-28.

Parker, L. D. (2008) 'Boardroom Operational and Financial Control: An Insider View.', *British Journal of Management,* 19, pp. 65-88.

Peters, T. J. and Waterman Jr, R. H. (1982) *In Search of Excellence: Lessons from America's Best-Run Companies.* New York: Harper and Row.

Peterson, R. S., Smith, D. B., Martorana, P. V. and Owens, P. D. (2003) 'The Impact of Chief Executive Officer Personality on Top Management Team Dynamics: One Mechanism by Which Leadership Affects Organizational Performance', *Journal of Applied Psychology,* 88(5), pp. 795-808.

Pettigrew, A. M. (1979) 'On Studying Organizational Cultures', *Administrative Science Quarterly,* 24(4), pp. 570-581.

Pettigrew, A. M. (1990) 'Organizational climate and culture: Two constructs in search of a role', in Schneider, B. (ed.) *Organization and Culture*. San Francisco: Jossey-Bass.

Pettigrew, A. M. (1992) 'On studying managerial elites', *Strategic Management Journal,* 13, pp. 163-182.

Pettigrew, A. M. (2013) 'The Conduct of Qualitative Research in Organizational Settings', *Corporate Governance: An International Review,* 21(2), pp. 123-126.

Pettigrew, A. M. and McNulty, T. (1995) 'Power and Influence in and Around the Boardroom', *Human Relations,* 48, pp. 845-73.

Pfeffer, J. (1972) 'Size and Composition of Corporate Boards of Directors: The Organization and its Environment', *Administrative Science Quarterly,* 17(2), pp. 218-228.

Pfeffer, J. and Salancik, G. R. (1978) The External Control of Organizations: A Resource Dependency Perspective. Harper and Row.

Phillips, N. and Hardy, C. (2002) Discourse Analysis: Investigating Processes of Social Construction. Sage.

Piekkari, R. and Welch, C. (2018) 'The case study in management research: beyond the positivist legacy of Eisenhardt and Yin?', in Cassell, C., Cunliffe, A.L. and Grandy, G. (eds.) *The Sage Handbook of Qualitative Business and Management Research methods: History and Traditions*: Sage.

Powell, W. W. (1996) 'Trust-based forms of governance', in Kramer, R. and Tyler, T. (eds.) *Trust in organizations: Frontiers of theory and research*.

Power, M., Ashby, S. and Palermo, T. (2013) *Risk culture in financial organisations: a research report.* http://www.lse.ac.uk/researchAndExpertise/Experts/profile.aspx?KeyValue=m.k.power@lse.ac.uk: LSE Centre for Analysis of Risk and Regulation.

Prasad, A. and Prasad, P. (2002) 'The coming of age of interpretive organizational research', *Organizational Research Methods,* 5(1), pp. 4-11.

Prior, L. (2008) 'Repositioning documents in social research', *Sociology,* 42(5), pp. 821-826.

Pugliese, A., Bezemer, P.-J., Zattoni, A., Huse, M., A.J., V. d. B. F. and Voberda, H. (2009) 'Boards of Directors' Contribution to Strategy: A Literature and Research Agenda', *Corporate Governance: An International Review,* 17(3), pp. 292-306.

Pugliese, A., Minichilli, A. and Zattoni, A. (2014) 'Integrating agency and resource dependence theory: Firm profitability, industry regulation, and board task performance', *Journal of Business Research,* 67(6), pp. 1189-1299.

Pugliese, A., Nicholson, G. J. and Bezemer, P.-J. (2015) 'An Observational Analysis of the Impact of Board Dynamics and Directors' Participation on Perceived Board Effectiveness', *British Journal of Management,* 26(1), pp. 1-25.

Pye, A. (2002) 'The changing power of 'explanations': directors, academics and their sensemaking from 1989 to 2000', *Journal of Management Studies,* 39(7), pp. 907-925.

Pye, A. and Camm, G. (2003) 'Non-executive directors: Moving beyond the "one size fits-all view"', *Journal of General Management,* 28(3), pp. 52-70.

Pye, A. and Pettigrew, A. M. (2005) 'Studying board context, process and dynamics: Some challenges for the future', *British Journal of Management,* 16, pp. S27-S38.

Quinn, R. E. and Rohrbaugh, J. (1983) 'A competing values approach to organizational effectiveness', *Management Science,* 29(3), pp. 363-377.

Rao, H., Monin, P. and Durand, R. (2005) 'Border Crossing: Bricolage and the Erosion of Categorical Boundaries in French Gastronomy', *American Sociological Review,* 70(6), pp. 968-991.

Ravasi, D., Rindova, V. and Dalpiaz, E. (2012) 'The cultural side of value creation', *Strategic Organization,* 10(3), pp. 231-239.

Ravasi, D. and Zattoni, A. (2006) 'Exploring the Political Side of Board Involvement in Strategy: A Study of Mixed-Ownership Institutions', *Journal of Management Studies,* 43(8), pp. 1671-1702.

Redmond, L. (2014) 'Risk culture: A view from the board', in Jackson, P. (ed.) *Risk Culture and Effective Risk Governance*. London: Risk Books, pp. 47-80.

Rerup, C. (2009) 'Attentional triangulation: learning from exceptional rare cases', *Organization Science,* 20(5), pp. 876-893.

Rindova, V. (1999) 'What corporate boards have to do with strategy: a cognitive perspective', *Journal of Management Studies,* 36(7), pp. 953.

Rindova, V., Dalpiaz, E. and Ravasi, D. (2011) 'A Cultural Quest: A Study of Organizational Use of New Cultural Resources in Strategy Formation', *Organization science,* 22(2), pp. 413-431.

Rindova, V. and Srinivas, S. (2017) 'Managing Meaning - Culture', in Wilkinson, A., Armstrong, S.J. and Lounsbury, M. (eds.) *The Oxford Handbook of Management*. Oxford: Oxford University Press.

Roberts, J. (2001) 'Trust and control in Anglo-American systems of corporate governance: The individualizing and socializing effects of processes of accountability', *Human Relations,* 54(12), pp. 1547-1572.

Roberts, J. (2012) 'Between the Letter and the Spirit: Defensive and Extensive Modes of Compliance with the UK Code of Corporate Governance', in Clarke, T. and Branson, D. (eds.) *The SAGE Handbook of Corporate Governance*: SAGE.

Roberts, J., McNulty, T. and Stiles, P. (2005) 'Beyond Agency Conceptions of the Work of the Non-Executive Director: Creating Accountability in the Boardroom', *British Journal of Management,* 16, pp. S5-S26.

Roberts, J., Sanderson, P., Seidl, D. and Krivokapic, A. (2020) 'The UK Corporate Governance Code

Principle of 'Comply or Explain': Understanding Code Compliance as 'Subjection'.', *Abacus,* 56(4), pp. 602-626.

Rousseau, D. M., Sitkin, S. B., Burt, R. S. and Camerer, C. (1998) 'Not so different after all: A cross-discipline view of trust', *Academy of Management Review,* 23(3), pp. 393-404.

Rowe, O. (2018) *How can large businesses behave to increase trust?* London: YouGov. Available at: https://yougov.co.uk/topics/consumer/articles-reports/2018/03/13/how-can-large-businesses-behave-increase-trust (Accessed: 13 March 2018.

Rutherford, B. A. (2005) 'Genre analysis of corporate annual report narratives.', *Journal of Business Communication,* 42(4), pp. 349-378.

Sackmann, S. A. (2011) 'Culture and Performance', in Ashkenasy, N.M., Wilderom, C.P.M. and Peterson, M.F. (eds.) *The Handbook of Organization Culture and Climate*: Sage.

Samra-Fredericks, D. (2000) 'An Analysis of the Behavioural Dynamics of Corporate Governance: A Talk-Based Ethnography of a UK-based board in action', *Corporate Governance: An International Review,* 8(4), pp. 311-327.

Sanderson, P., Seidl, D., Roberts, J. and Krieger, B. (2010) 'Flexible or not? The comply or explain principle in UK and German corporate governance', *Centre for Business Research University of Cambridge Working Paper,* 47.

Sants, H. (2010) *City culture can be regulated*, London. Available at: https://webarchive.nationalarchives.gov.uk/ukgwa/20101011103655/http://www.fsa.gov.uk/pages/Library/Communication/Speeches/2010/1004_hs.shtml (Accessed: 1 September 2021).

Sapienza, P. and Zingales, L. (2012) 'A trust crisis.', *International Review of Finance,* 12, pp. 123-131.

Sarantakos, S. (2013) *Social Research.* 4th edn.: Palgrave macmillan.

Schatzki, T. R. (2001) 'Practice mind-ed orders', in Schatzki, T., Knorr-Cetina, K. and Von Saviny, E. (eds.) *The Practice Turn in Contemporary Theory*. London: Routledge.

Schatzki, T. R., Knorr Cetina, K. and Von Savigny, E. (2001) *The Practice Turn in Contemporary Theory.* Cambridge: Routledge.

Schein, E. H. (1963) 'Organizational socialization in the early career of industrial managers', *Working Paper. School of Industrial Management, Massachussets Institute of Technology,* 63(39).

Schein, E. H. (1983) 'The Role of the Founder in Creating Organizational Culture', *Organizational Dynamics,* 12(1), pp. 13-28.

Schein, E. H. (1984) 'Coming to a New Awareness of Organizational Culture.', *Sloan Management Review,* 25(2), pp. 3-16.

Schein, E. H. (2011) 'Preface', in Ashkenasy, N.M., Wilderom, C.P.M. and Peterson, M.F. (eds.) *The Handbook of Organizational Culture and Climate.* Second ed: Sage, pp. xi - xiii.

Schein, E. H. (2015) 'Some thoughts about the Uses and Misuses of the Concept of Culture', *Journal of Business Anthropology,* 4(1), pp. 106-113.

Schein, E. H. (2017) *Organizational Culture & Leadership.* 5th edn. New Jersey: John Wiley.

Schneider, B. and Barbera, K. M. (2014) 'Introduction', in Schneider, B. and Barbera, K.M. (eds.) *The Oxford Handbook of Organizational Climate and Culture*. Oxford: Oxford University Press, pp. 2-20.

Schneider, B., Ehrhart, M. G. and Macey, W., H. (2013) 'Organizational Climate and Culture', *Annual review of psychology,* 64(1), pp. 361-388.

Schonning, A., Walther, A., Machold, S. and Huse, M. (2019) 'The Effects of Directors' Exploratory, Transformative and Exploitative Learning on Boards' Strategic Involvement: An Absorptive Capacity Perspective', *European Management Review,* 16(3), pp. 683-698.

Schultz, M. (2015) 'All About Culture: Time for Culture', *Journal of Business Anthropology,* 4(1), pp. 106-150.

Schwartz, M. S., Dunfee, T. W. and Kline, M. (2005) 'Tone at the Top: An Ethics Code for Directors?', *Journal of Business Ethics,* 58(1), pp. 79-100.

Schwartz-Shea, P. and Yanow, D. (2009) 'Reading and writing as method: In search of trustworthy texts', in Ybema, S., Yanow, D., Wels, H. and Kamsteeg, F. (eds.) *Organizational Ethnography: Studying the Complexities of Everyday Life*: Sage.

Shrives, P. J. and Brennan, N. M. (2017) 'Explanations for corporate governance non-compliance: A rhetorical analysis', *Critical Perspectives on Accounting,* 49, pp. 31-56.

Siehl, C. and Martin, J. (1990) 'Organizational culture: A key to financial performance?', in Schneider, B. (ed.) *Organizational climate and culture*. San Francisco, CA: Jossey-Bass, pp. 241-281.

Sims, R. R. (2000) 'Changing an organizations's culture under new leadership', *Journal of Business Ethics,* 25(1), pp. 65-78.

Smircich, L. (1983) 'Concepts of Culture and Organizational Analysis', *Administrative Science Quarterly,* 28(3), pp. 339-358.

Sorensen, J. B. (2002) 'The Strength of Corporate Culture and the Reliability of Firm Performance', *Administrative science quarterly,* 47(1), pp. 70.

Spira, L. F. (2021) 'What do directors say they do? New insights?', *So what does a professor do all day?* Available at: https://whatdoesaprofessordoallday.blogspot.com/2021/09/what-do-directors-say-they-do-new.html (Accessed 14th October 2021.

Spira, L. F. and Slinn, J. (2013) *The Cadbury Committee: A History.* Oxford University Press.

Stiles, P. (2001) 'The Impact of the Board on Strategy: An Empirical Examination', *Journal of Management Studies,* 38(5), pp. 627-650.

Stiles, P. and Taylor, B. (2001) Boards at work: How directors view their roles and responsibilities. Oxford University Press, USA.

Stout, L. A. (2012) The Shareholder Value Myth: How Putting Shareholders First Harms Investors, Corporations, and the Public. Berrett-Kochler.

Stout, L. A. (2013) 'The Troubling Question of Corporate Purpose', *Accounting, Economics and Law,* 3(1), pp. 61-70.

Strine Jr., L. E. (2007) 'Human Freedom and Two Friedmen: Musings on the Implications of Globalization for the Effective Regulation of Corporate Behavior', *University of Pennsylvania Institute for Law & Economics Research Paper,* (07-26).

Strine Jr., L. E. (2014) 'Making it Easier for Directors to "Do the Right Thing"?', *Harvard Business Law Review,* 4, pp. 235-253.

Sundaramurthy, C. and Lewis, M. (2003) 'Control and Collaboration: Paradoxes of Governance', *The Academy of Management Review,* 28(3), pp. 397-415.

Sundaramurthy, C., Pukthuanthong, K. and Kor, Y., Y. (2014) 'Positive and negative synergies between the CEO's and the corporate board's human and social capital: A study of biotechnology firms', *Strategic management journal,* 35(6), pp. 845-868.

Swidler, A. (1986) 'Culture in Action: Symbols and Strategies', *American Sociological Review,* 51(2), pp. 273-286.

Swidler, A. (2001) 'What anchors cultural practices', in Knorr Cetina, K., Schatzki, T.R. and vonSavigny, E. (eds.) *The Practice Turn in Contemporary Theory*: Taylor and Francis.

Symon, G. and Cassell, C. (2012) Qualitative Organizational Research: Core Methods and Current Challenges. London: Sage.

Tayan, B. (2019) *The Wells Fargo Cross-Selling Scandal*: Harvard Law School Forum on Corporate Governance. Available at: https://corpgov.law.harvard.edu/2019/02/06/the-wells-fargo-cross-selling-scandal-2/ (Accessed: 20 Sep 2020.

ThePurposefulCompanyTaskForce (2016) *The Purposeful Company - Interim Report*: The Purposeful Company. Available at: https://thepurposefulcompany.org/reports/ (Accessed: 21 November 2021).

ThePurposefulCompanyTaskForce (2017) *The Purposeful Company - Policy Report*: The Purposeful Company. Available at: https://thepurposefulcompany.org/reports/ (Accessed: 21 November 2021).

Thomas, G. (2016) *How to Do Your Case Study.* 2nd edn.: Sage.

Thomsen, S. (2004) 'Corporate values and corporate governance', *Corporate Governance: The international journal of business in society,* 4(4), pp. 29-46.

Tian, M., Deng, P., Zhang, Y. and Salmador, M. P. (2018) 'How does culture influence innovation? A systematic literature review', *Management Decision,* 56(5), pp. 1088-1107.

Tierney, W. G. (1986) 'Review: Organizational Culture and Leadership by Edgar H. Schein', *Academy of Management Review,* 11(3), pp. 677-680.

TreadwayCommission (1987) *Tone at the Top: Report of the National Commission on Fraudulent Financial Reporting (U.S), Treadway Commission*. US: Committee of Sponsoring Organisations of the Treadway Commission. Available at: https://www.worldcat.org/title/report-of-the-national-commission-on-fraudulent-financial-reporting/oclc/17879012 (Accessed: 3 Dec 2021.

TreasuryCommittee (2008) *The Run on the Rock: Fifth Report of Session 2007-08*. London: HM Treasury. Available at: https://publications.parliament.uk/pa/cm200708/cmselect/cmtreasy/56/5602.htm (Accessed: 3 Sep 2018.

Trice, H. M. and Beyer, J. M. (1991) 'Cultural Leadership in Organizations', *Organization Science,* 2(2), pp. 149-169.

Tricker, R. I. (2019) Corporate Governance: Principles, Policies, and Practices. 4th edn.: Oxford.

Trompenaars, F. and Hampden-Turner, C. (1997) *Riding the waves of culture: Understanding cultural diversity in business.* 2nd edn.: Nicholas Brealey.

Tsoukas, H. (2018) 'Strategy and virtue: Developing strategy-as- practice through virtue ethics', *Strategic Organization,* 16(3), pp. 323-351.

Tsui, A. S., Zhang, Z.-X., Wang, H., Xin, K. R. and Wu, J. B. (2006) 'Unpacking the relationship between CEO leadership behavior and organizational culture', *The Leadership quarterly,* 17(2), pp. 113-137.

Tuggle, C. S., Schnatterly, K. and Johnson, R. A. (2010) 'Attention Patterns in the Boardroom: How Board Composition and Processes Affect Discussion of Entrepreneurial Issues', *Academy of Management journal,* 53(3), pp. 550-571.

Turnbull, S. (2001) 'Corporate Ideology – Meanings and Contradictions for Middle Managers', *British Journal of Management,* 12, pp. 231-242.

Useem, M. and Zelleke, A. (2006) 'Oversight and Delegation in Corporate Governance: deciding what the board should decide', *Corporate Governance: An international review,* Volume 14(1), pp. 2-12.

Vaara, E. and Whittington, R. (2012) 'Strategy-as-Practice: Taking Social Practices Seriously', *Academy of Management Annals,* 6(1), pp. 285-336.

van Ees, H., van der Laan, G. and Postma, T. J. B. M. (2008) 'Effective board behavior in The Netherlands', *European Management Journal,* 26(2), pp. 84-93.

van Maanen, J. (1978) 'People processing: Strategies of organizational socialization', *Organizational Dynamics,* 7(1), pp. 19-36.

van Maanen, J. (1991) 'The Smile Factory: Work at Disneyland', in Frost, P., Moore, L., Louis, M., Lundberg, C. and Martin, J. (eds.) *Reframing Organization Culture*: Sage.

van Maanen, J. and Barley, S. R. (1985) 'Cultural Organization: Fragments of a Theory', in Frost, P.J.e.a. (ed.) *Organizational Culture*: Sage, pp. 31-54.

van Maanen, J. and Kunda, G. (1989) '"Real feelings”: Emotional expres sion and organizational culture', in Staw, B.M. and L.L., C. (eds.) *Research in Organizational Behaviour*: JAI Press, pp. 43-105.

Veldman, J. (2019) 'Inequality, Inc', *Critical Perspectives in Accounting,* 63(102039).

Veldman, J. and Willmott, H. (2019) *The Modern Corporation Project*: The Modern Corporation Project. Available at: https://themoderncorporation.wordpress.com/ (Accessed: 6th November 2021 2021).

Veldman, J. and Willmott, H. C. (2015) 'The cultural grammar of governance: The UK Code of Corporate Governance, reflexivity, and the limits of ‘soft’ regulation', *Human Relations*, pp. 1-23.

Vermaelen, T. (2009) 'Maximizing Shareholder Value: An Ethical Responsibility?', in Smith, N.C. and

Lenssen, G. (eds.) *Mainstreaming Corporate Responsibility*: Wiley.

Walker, D. (2009) *A Review of Corporate Governance in UK Banks and other Financial Industry Entities.* London: HM Treasury. Available at: www.nationalarchives.gov.uk (Accessed: 12 May 2015.

Walters, A. (2021) *How leaders can master the art of culture change*. London: EY Consulting. Available at: https://www.ey.com/en_uk/workforce/how-leaders-can-master-the-art-of-culture-change 3 Dec 2021).

Wang, M. S. and Lounsbury, M. (2021) 'Cultural Encounters: A Practice-Driven Institutional Approach to the Study of Organizational Culture', in Lounsbury, M., Anderson, D.A. and Spee, P. (eds.) *On Practice and Institution: New Empirical Directions.Research in the Sociology of Organizations*: Emerald Publishing Limited, pp. 165-198.

Ward, A. and Waldmeir, P. (2015) 'GlaxoSmithKline navigates difficult path in China after scandal', *Financial Times* (26 November 2015 edn). Available at: https://www.ft.com/content/7bcaa5de-93c9-11e5-9e3e-eb48769cecab (Accessed: 5 September 2019).

Watson, C. and Ireland, A. (2021) 'Boards in action: processes and practices of ‘strategising’ in the Boardroom', *Journal of Management and Governance,* 25, pp. 933-966.

Weaver, G. R., Trevino, L. K. and Agle, B. (2005) '"Somebody I look up to:" Ethical role models in organizations', *Organizational Dynamics,* 34(4), pp. 313-330.

Weber, K. and Dacin, M. T. (2011) 'The Cultural Construction of Organizational Life: Introduction to the Special Issue', *Organization science,* 22(2), pp. 287-298.

Westphal, J. D. (1999) 'Collaboration in the Boardroom: Behavioral and Performance, Consequences of CEO-Board Social Ties', *Academy of Management Journal,* 42(1), pp. 7-24.

Westphal, J. D. and Bednar, M. K. (2005) 'Pluralistic ignorance in corporate boards and firms' strategic persistence in response to low firm performance', *Administrative science quarterly,* 50(2), pp. 262.

Westphal, J. D. and Garg, S. (2021) 'Boards of directors and strategic management in public firms and new ventures', in Duhaime, I.M., Hitt, M.A. and Lyles, M.A. (eds.) *Strategic Management: State of the Field and its Future*: Oxford University Press, pp. 411-427.

Westphal, J. D. and Khanna, P. (2003) 'Keeping Directors in Line: Social Distancing as a Control Mechanism in the Corporate Elite', *Administrative science quarterly,* 48(3), pp. 361-398.

Westphal, J. D. and Stern, I. (2006) 'The Other Pathway to the Boardroom: Interpersonal Influence Behavior as a Substitute for Elite Credentials and Majority Status in Obtaining Board Appointments', *Administrative science quarterly,* 51(2), pp. 169-204.

Westphal, J. D. and Zajac, E. J. (2013) 'A Behavioral Theory of Corporate Governance: Explicating the Mechanisms of Socially Situated and Socially Constituted Agency', *The Academy of Management annals,* 7(1), pp. 607-661.

Whipp, R., Rosenfeld, R. and Pettigrew, A. M. (1989) 'Culture and competitiveness: evidence from two mature UK industries', *Journal of Management Studies,* 26(6), pp. 561-585.

Wilderom, C. P. M., Glunk, U. and Mazlowski, R. (2000) 'Organizational culture as a predictor of organizational performance', in Ashkanasy, N., Wilderom, C. and Peterson, M. (eds.) *Handbook of Organizational Culture and Climate.* Thousand Oaks: Sage, pp. 193-209.

Wilderom, C. P. M., van den Berg, P. T. and Wiersma, U. J. (2012) 'A longitudinal study of the effects of charismatic leadership and organizational culture on objective and perceived corporate performance', *The Leadership Quarterly,* 23, pp. 835-848.

Wilkins, A. L. and Ouchi, W. G. (1983) 'Efficient Cultures: Exploring the Relationship Between Culture and Organizational Performance', *Administrative Science Quarterly,* 28(3), pp. 468-481.

Williamson, D. (2002) 'Forward from a critique of Hofstede’s model of national culture', *Human Relations,* 55(11), pp. 1373-1395.

Willmott, H. (1993) 'Strength is ignorance; slavery is freedom: Managing culture in modern organizations', *Journal of Management Studies,* 30(4), pp. 515-552.

Willmott, H. and Veldman, J. (2016) 'Reimagining the Corporation: The Relevance of Legal, Economic and Political Imaginaries', in Haslam, J. and Sikka, P. (eds.) *Pioneers of Critical Accounting*. London: Palgrave Macmillan.

Wilmott, H. (1993) 'Strength is ignorance; freedom is slavery: Managing culture in modern organizations'', *Journal of management studies,* 30(4), pp. 515-552.

Yin, R. K. (2018) *Case Study Research: Design and Methods.* 6th edn. Thousand Oaks, California: Sage.

Yukl, G. and Gardner III, W. L. (2020) *Leadership in Organizations.* 9th edn. Harlow, Essex: Pearson.

Zahra, S. A. and Pearce, J. A. (1989) 'Boards of Directors and Corporate Financial Performance: A Review and Integrative Model', *Journal of management,* 15(2), pp. 291-334.

Zattoni, A. and Cuomo, F. (2008) 'Why adopt Codes of Good Governance? A comparison of instituional and efficiency perspectives', *Corporate Governance: an international review,* 16(1), pp. 1-16.

Zattoni, A. and Cuomo, F. (2018) 'Understanding differences across governance models around the world: boards of directors, independent directors and large shareholders', *ICGN Academic/Italian Day 2018*.

Zattoni, A., Gnan, L. and Huse, M. (2015) 'Does family involvement influence firm performance? Exploring the mediating effects of board processes and tasks?', *Journal of Management,* 41(4), pp. 1214-1243.

Zattoni, A. and Pugliese, A. (2012) 'Boards' contribution to strategy and innovation', in Clarke, T. and M., B.D. (eds.) *The SAGE Handbook of Corporate Governance*. UK: Sage, pp. 217-232.

Zattoni, A. and Pugliese, A. (2019) 'Opening the black box of boards of directors: taking stock of recent studies on board dynamics', in Gabrielsson, J., Khlif, W. and Yamak, S. (eds.) *Research Handbook on Boards of Directors*: Edward Elgar.

Zhang, P. (2010) 'Board Information and Strategic Tasks Performance', *Corporate Governance: An International Review,* 18(5), pp. 473-487.

Ziehn, O. (2016) 'The board's role in determining culture', *Governance,* 270, pp. 10-11.

Zilber, T. B. (2006) 'The work of the symbolic in institutional processes: translations of rational myths in Israeli High Tech', *Academy of Management Journal,* 49(2), pp. 281-303.

Zona, F. and Zattoni, A. (2007) 'Beyond the black box of demography: board processes and task effectiveness within Italian firms.', *Corporate governance: An International Review,* 15(5), pp. 852-864.

8. Appendices

Appendix A Semi-structured interview framework for the three case study analytical sub-groups

1. Interview framework for Directors

Area	Main intent	Opening	Examples of prompts	Checks
What is culture?	What do they consider corporate culture is and what it links to	What sort of things do you discuss with respect to culture?	Do you use a specific definition (tell me what)? How do you know if you're having a discussion on culture (what gets discussed)? Do you have a set of values you use (tell me how)?	Have they revealed what they believe corporate culture to be?
What do boards do with regard to culture?	How they see boards getting involved with culture	How active is your board when it comes to culture?	Can you give me an example of when the board got involved with culture (tell me what the board did)? How do different board members contribute (tell me what they did)? Are there particular challenges or issues for the board members (tell me what?). Specifics on chairman vs CEO role (who does what?) How much does the board get involved in the practices in the organisation (do they know about this?). How has the work of the board changed (tell me how)?	Have they revealed how they see boards getting involved? Have they given me a sense of how boards are changing in this context?
How does culture impact performance?	What results do they expect to get if they get involved with culture	How do you see culture impacting company performance?	What impacts do you expect (tell me what)? Have you seen these impacts (tell me how much)? Any links to sustained performance or public trust (tell me if so)?	Have they revealed what they see to be benefits?
What is the significance of regulation?	How significant is regulation in prompting board changes	How important do you see the influence of the regulator, the FRC?	Are you informed on the work of the regulator (tell me how much)? How important is this aspect of the regulator's work (tell me how much)? How do you rate the regulator generally (tell me how much)?	Have they revealed the relative impact of the regulator in this instance, other instances?

Appendix A continued				
2. Interview framework for Advisers				
Area	**Main intent**	**Opening**	**Examples of prompts**	**Checks**
What is culture?	What do they consider corporate culture is and what it links to	What sort of things do they expect boards to discuss with respect to culture?	Do they use a specific definition (tell me what)? How do they know if they're having a discussion on culture (what gets discussed)? Do they have a set of values you use (tell me how)?	Have they revealed what they believe boards typically believe corporate culture to be?
What do boards do with regard to culture?	How they see boards getting involved with culture	How active are boards when it comes to culture?	Can you give me an example of when the board got involved with culture (tell me what the board did)? How do different board members contribute (tell me what they did)? Are there particular challenges or issues for the board members (tell me what?). Specifics on chairman vs CEO role (who does what?) How much does the board get involved in the practices in the organisation (do they know about this?). How has the work of the board changed (tell me how)?	Have they revealed how they see boards getting involved? Have they given me a sense of how boards are changing in this context?
How does culture impact performance?	What results do boards expect to get if they get involved with culture	How do boards see culture impacting company performance (tell me how)? How do you expect boards can impact performance through culture (give me examples)?	What impacts do you expect (tell me what)? Have you seen these impacts (tell me how much)? Any links to sustained performance or public trust (tell me if so)?	Have they revealed what they expect the benefits to be?
What is the significance of regulation?	How significant is regulation in prompting board changes	How important do you see the influence of the regulator, the FRC?	Are you informed on the work of the regulator (tell me how much)? How important is this aspect of the regulator's work (tell me how much)? How do you rate the regulator generally (tell me how much)? Are there other parties who influence boards' work on culture (tell me who)?	Have they revealed the relative impact of the regulator in this instance, other instances? Have they revealed other influences?

Appendix A continued

3. Interview framework for Institutional Specialists

Area	Main intent	Opening	Examples of prompts	Checks
What is culture?	What do they consider corporate culture is and what it links to	What sort of things do you expect to see in reports on culture?	Are there specific sets of data you expect to see (tell me what)? Do you expect to see comments or descriptions of culture (what would these look like)?	Have they revealed what they believe corporate culture to be?
What do boards do with regard to culture?	How they see boards getting involved with culture	How active do you expect a board to be on culture?	How do you assess how active the board has been on culture (give me examples)? What characteristics of boards lead you to believe they are able to deal with corporate culture (tell me what)?	Have they revealed how they see boards getting involved? Have they given me a sense of how boards are changing in this context?
How does culture impact performance?	What results do they expect to get if boards get involved with culture	How do you see culture impacting company performance?	What impacts do you expect (tell me what)? Have you seen these impacts (tell me how much)? Any links to sustained performance or public trust (tell me if so)?	Have they revealed what they see to be benefits?
What is the significance of regulation?	How significant is regulation in prompting board changes	How important do you see the influence of the regulator, the FRC?	How important is this aspect of the regulator's work (tell me how much)? How do you rate the regulator generally (tell me how much)? How much sway do shareholders or their representatives have on the boards' work on culture (tell me how much)?	Have they revealed the relative impact of the regulator in this instance, other instances? Have they revealed their own impact on boards in relation to corporate culture?

Appendix B Company annual reports for document analysis						
Data as at 19 Jul 2018. FCA Primary Markets Division, FT-Russell Indices, FT Markets						
Company Name	**Listing number**	**Listing sector**	**FTSE-Russell Index**	**Market Cap if All-Small £**	**Publication date**	**Download date**
ASTRAZENECA PLC	GB0009895292	Pharmaceuticals and Biotech	100		14-Feb-20	01-May-20
BABCOCK INTERNATIONAL PLC	GB0009697037	Aerospace and Defence	250		01-Jul-20	15-Sep-20
BAE SYSTEMS PLC	GB0002634946	Aerospace and Defence	100		03-Apr-20	01-May-20
BALFOUR BEATTY PLC	GB0000961622	Construction and materials	250		08-Apr-20	01-May-20
BODYCOTE PLC	GB00B3FLWH99	Industrial engineering	250		12-Mar-20	01-May-20
BOOT (HENRY) PLC	GB0001110096	Construction and materials	All-Small	445m	03-Jun-20	01-May-20
CLARKSON PLC	GB0002018363	Industrial transportation	250		06-Mar-20	01-May-20
COATS GROUP PLC	GB00B4YZN328	General industrials	250		10-Mar-20	01-May-20
CONVATEC GROUP PLC	GB00BD3VFW73	Healthcare equipment and services	250		16-Mar-20	01-May-20
CRODA INTERNATIONAL PLC	GB00BYZWX769	Chemicals	100		16-Mar-20	01-May-20
DECHRA PHARMACEUTICALS PLC	GB0009633180	Pharmaceuticals and Biotech	250		08-Sep-20	15-Sep-20
DISCOVERIE GROUP PLC	GB0000055888	Electronic and Electrical Equipment	All-Small	505m	15-Jul-20	15-Sep-20
DS SMITH PLC	GB0008220112	General industrials	100		02-Jul-20	15-Sep-20
ELEMENTIS PLC	GB0002418548	Chemicals	250		25-Mar-20	01-May-20
EQUINITI GROUP PLC	GB00BYWWHR75	Support Services	250		02-Apr-20	01-May-20
ESSENTRA PLC	GB00B0744359	Support Services	250		14-Apr-20	01-May-20
FISHER (JAMES) & SONS PLC	GB0003395000	Industrial transportation	250		23-Mar-20	01-May-20
FORTERRA PLC	GB00BYYW3C20	Construction and materials	All-Small	711m	15-Apr-20	01-May-20
GLAXOSMITHKLINE PLC	GB0009252882	Pharmaceuticals and Biotech	100		04-Mar-20	01-May-20
HALMA PLC	GB0004052071	Electronic and Electrical Equipment	100		24-Jul-20	15-Sep-20
HIKMA PHARMACEUTICALS PLC	GB00B0LCW083	Pharmaceuticals and Biotech	100		19-Mar-20	01-May-20
						Continued...

Appendix B continued

Company Name	Listing number	Listing sector	FTSE-Russell Index	Market Cap if All-Small £	Publication date	Download date
HUNTING PLC	GB0004478896	Oil equipment	250		27-Feb-20	01-May-20
IBSTOCK PLC	GB00BYXJC278	Construction and materials	250		05-Apr-20	01-May-20
IMI PLC	GB00BGLP8L22	Industrial engineering	250		31-Mar-20	01-May-20
JOHN WOOD GROUP PLC	GB00B5N0P849	Oil equipment	250		02-Apr-20	01-May-20
JOHNSON MATTHEY PLC	GB00BZ4BQC70	Chemicals	100		23-Jun-20	15-Sep-20
KELLER GROUP PLC	GB0004866223	Construction and materials	All-Small	607m	15-Apr-20	01-May-20
MARSHALLS PLC	GB00B012BV22	Construction and materials	250		08-Apr-20	01-May-20
MEGGITT PLC	GB0005758098	Aerospace and Defence	100		27-Mar-20	01-May-20
MITIE GROUP PLC	GB0004657408	Support Services	250		26-Jun-20	15-Sep-20
MORGAN ADVANCED MATERIALS PLC	GB0006027295	Electronic and Electrical Equipment	250		01-Apr-20	01-May-20
OXFORD BIOMEDICA PLC	GB00BDFBVT43	Pharmaceuticals and Biotech	All-Small	511m	25-May-20	15-Sep-20
OXFORD INSTRUMENTS PLC	GB0006650450	Electronic and Electrical Equipment	All-Small	908m	09-Jun-20	15-Sep-20
PETROFAC PLC	GB00B0H2K534	Oil equipment	250		25-Feb-20	01-May-20
POLYPIPE GROUP PLC	GB00BKRC5K31	Construction and materials	250		07-Apr-20	01-May-20
QINETIQ GROUP PLC	GB00B0WMWD03	Aerospace and Defence	250		21-May-20	15-Sep-20
RENISHAW PLC	GB0007323586	Electronic and Electrical Equipment	250		18-Aug-20	15-Sep-20
ROLLS-ROYCE HOLDINGS PLC	GB00B63H8491	Aerospace and Defence	100		26-Mar-20	01-May-20
ROTORK PLC	GB00BVFNZH21	Industrial engineering	250		20-Mar-20	01-May-20
SENIOR PLC	GB0007958233	Aerospace and Defence	250		13-Mar-20	01-May-20
SEVERFIELD PLC	GB00B27YGJ97	Industrial engineering	All-Small	257m	17-Jun-20	15-Sep-20
SMITH & NEPHEW PLC	GB0009223206	Healthcare equipment and services	100		02-Mar-20	01-May-20
SPECTRIS PLC	GB0003308607	Electronic and Electrical Equipment	250		25-Mar-20	01-May-20

Continued...

Appendix B continued						
Company Name	**Listing number**	**Listing sector**	**FTSE-Russell Index**	**Market Cap if All-Small £**	**Publication date**	**Download date**
SPIRENT COMMUNICATIONS PLC	GB0004726096	Technology hardware	250		24-Mar-20	01-May-20
SYNTHOMER PLC	GB0009887422	Chemicals	250		01-Apr-20	01-May-20
TRIFAST PLC	GB0008883927	Industrial engineering	All-Small	235m	14-Aug-20	15-Sep-20
TT ELECTRONICS PLC	GB0008711763	Electronic and Electrical Equipment	All-Small	426m	27-Mar-20	01-May-20
TYMAN PLC	GB00B29H4253	Construction and materials	All-Small	293m	05-Mar-20	01-May-20
ULTRA ELECTRONICS HOLDINGS PLC	GB0009123323	Aerospace and Defence	250		07-Apr-20	01-May-20
VECTURA GROUP PLC	GB00B01D1K48	Pharmaceuticals and Biotech	All-Small	557m	20-Apr-20	01-May-20
VESUVIUS PLC	GB00B82YXW83	General industrials	250		01-Apr-20	01-May-20
WEIR GROUP PLC	GB0009465807	Industrial engineering	250		31-Mar-20	01-May-20