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**Power and influences on the
Board's agenda: Who
determines what
corporate directors
discuss?**

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2010.**

**A thesis presented in partial fulfilment of the
requirements for the degree
of
Doctor of Business and Administration**

Massey University, New Zealand.

ABSTRACT

Little is known about who controls the board agenda. The aim of this research is to learn how the board's agenda is set and who dictates what directors discuss. It seeks to understand if the agenda is controlled by those company directors who are charged with responsibility for the firm's governance, or, left to others (either inside or outside the corporate organisation) to shape the content, formally or informally, of what gets discussed in the boardroom. This research is designed to open the black box of board process described by Leighton and Thain (1997). It also continues to close the knowledge gap of in-depth understanding of boards as suggested by Le Blanc and Gillies (2001). The research focuses on the internal workings of the corporate board this time directed at board agenda-setting, examined through the contributions of the directors themselves. Adopting the concept of middle range theorising (Merton, 1968) it draws on the paradigm of agenda-setting developed in the field of communication studies by McCombs and Shaw (1972). It examines the power and influence on content and issues of inclusion or exclusion in the agenda. The study proposes a theory that directors have ignored this critical area of agenda process and, therefore, perhaps by abdication or omission, have allowed others to dominate this space and control the issues being debated and, as a consequence their influence over the corporate decisions being made. The study utilises a mixed methodology through a survey questionnaire of directors (specifically focussed at New Zealand publicly listed boards) and, from that same population, focus groups of directors drawing on representatives of each director category of chairman, executive director and non-executive director using a Delphi technique. The work attempts to provide information on the important first step of how boards actually work in practice. It utilised a unique opportunity provided by the researcher to access, first hand, publicly listed company directors.

The results showed that directors have a passive acceptance of established systems of agenda-setting and no formal accepted methodology on how this duty should be addressed. This passivity is discussed in terms of power cliques within the board under the concept of "the Olds' passive parsley syndrome" (Kristie, 2009). While there is generally a belief among directors that the agenda is not subverted or hijacked there was no trace of proactive audit to ensure against that outcome. Two of the most

interesting questions raised by the research for further thought are, firstly, how does the board select its chairman when so much seems to pivot around that role; and, secondly, what is the extent of director knowledge of the corporate (actual versus perceived), that is, what directors really know about the companies for which they are responsible. The study suggests that director independence and other factors such as age, experience, ability, ethnicity and gender all take second place to the most important feature of competent and transparent boardroom process.

Most studies on board process, including this, are limited in scope (Zahra & Pearce, 1989) so this research has a very specific focus aimed at a finite area of decision making to assist the process of future inquiry into corporate boards. The results identify who should take ultimate responsibility for a corporate's failure to perform and suggest these findings can be applied in other contexts such as among Crown companies, State Owned Enterprises and Crown Research Institutes in New Zealand as well as publicly listed companies offshore.

ACKNOWLEDGEMENTS

It is appropriate to acknowledge the significant wise counsel, advice and academic guidance from my lead supervisor James Lockhart who persevered with me in this project over a number of years. James contributed much in his focus on bridging the academic-practitioner divide and his contribution in time and thinking has been sizeable. I am also indebted to my other supervisor Associate Professor Frank Sligo. The paradigm I have relied on from McCoombs and Shaw (1972) he introduced and discussed with me in my cohort programme. He then directed my reading in that discipline and subsequently arranged for me to meet Professional Maxwell McCoombs at a communications conference in Wellington. That ensured a complete update on the development of the concept in broader areas of research. Again his input has been extensive. My thanks also to those who assisted, guided and were prepared to take part in the study and in particular the key directors who formed the focus groups and so freely gave of their time and expertise. Particular thanks go to those senior directors who not only participated in this study but made themselves available to critique and comment on the research issues.

I am also grateful to Prof Barry McDonald for early statistical advice, to Dr Claire Sinnema for her help and encouragement and to Dr Richard W. Leblanc for being so willing to share his doctoral material and research (prior to publication) with a person on the other side of the world he had never met.

To Dr Lynn Lavery of Academic Consulting I owe thanks for assisting me to reduce the complex to the readable and in particular for her assistance in data management and presentation. I also thank my personal assistants and research staff for their help, patience and word processing advice, particularly Claire Hooton who helped considerably in layout and final presentation. There are numerous others, many from Massey University, who have been totally supportive and encouraging and that has been a special feature of this project. My sincere thanks to all those individuals.

Finally, a special thank you to my wife Gillian for her great patience and understanding. On her I inflicted many boring weekends and holidays focusing on

nothing but the task. Without her unfailing support and encouragement I would never have started this and most certainly I would never have finished. I owe her much.

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