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

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## **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.

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