A typology of the theories of the roles of governing boards

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Introduction
The main focus of this paper is to analyze the mainstream academic thoughts on the roles of governing boards. Six major roles are identified: linking, coordinating, control, strategic, maintenance and support roles. These roles are consistent with, and at the same time reflecting one of the main arguments of six different schools of thoughts: resource dependency theory, stakeholder theory, agency theory, stewardship theory, institutional theory and managerial hegemony.

A classification of the relationship between these theories and the six identified roles is made by using a typological approach. The typological parameters used are extrinsic and intrinsic influences, the impact of external and internal environments, as well as functional and behavioural approaches. The typology gives rise to the need of a new theory on the roles and functions of governing boards.

Literature review
Although a considerable amount of efforts have been spent on studying governing boards, there is no single competent and integrative theory or model to explain the roles played by governing boards. From a legal perspective, the American Law Institute defines the functions of a governing board as follows:

1. Select, regularly evaluate, fix the compensation of, and, where appropriate, replace the principal senior executives.
2. Oversee the conduct of the corporation’s business to evaluate whether the business is being properly managed.
3. Review and, where appropriate, approve the corporation’s financial objectives and major corporate plans and actions.
4. Review and, where appropriate, approve major changes in, and determinations of, other major questions of choice in respect of the appropriate auditing and accounting principles and practices to be used in the preparation of the corporation’s financial statements.
5. Perform such other functions as are prescribed by law, or assigned to the board by the charter of the corporation.

Scholars comment that statements such as that of the American Law Institute, while “better capturing reality than those in traditional language”, are nevertheless vague. They do not provide much guidance as to what a governing board is actually supposed to do.

The Australian Independent Working Party into Corporate Governance recommends that the board’s key role is to ensure that the corporate management is continuously and effectively striving for above-average performance, taking account of risk. This is not to deny the board’s additional role with respect to shareholder protection. In this connection, the Working Party proposes that the functions of a governing board should cover the following:

1. The appointment of the CEO (chief executive officer) and human resources issues.
2. Formulation of strategies and policies.
3. Budgeting and planning.
4. Reporting to shareholders on regulatory compliance.
5. Ensuring the board’s own effectiveness.

This is somewhat different from that of the American Law Institute’s definition by
the attempt of operationalizing the functions into more observable action. In both cases, governing boards are considered to have the ultimate responsibility for corporate performance.

From an agency theory perspective, Fama and Jensen (1983) propose that the role of the governing boards is to act as a ratifier of the decision to be implemented and a controller in monitoring the implementation and performance of the decisions. According to Aram and Cowen (1986), the primary role of a corporate board of directors is to be the supporter of management in increasing the economic value of the firm. Mills (1981) argues convincingly that the outcomes of corporate performance responsibility should include the corporation’s impact on the society at large: the customers, the shareholders, and the creditors and lenders. While the targets of corporate performance seem slightly clearer than before, management scholars have not yet reached a general conclusion on the real roles and functions of a governing board. Mintzberg (1983) attempts to fill the gap by providing a comprehensive overview on the issue and thus identifying 7 roles of a governing board.

Role 1: Selecting the chief executive officer
Role 2: Exercising direct control during periods of crisis
Role 3: Reviewing managerial decisions and performance
Role 4: Co-opting external influences
Role 5: Establishing contacts (and raising funds) for the organization
Role 6: Enhancing the organization’s reputation
Role 7: Giving advice to the organization

These roles, according to Mintzberg, will depend on the situations and environments the boards are facing. He argues that boards are places where “internal and external coalitions” meet face to face. A board’s structure and functions are determined by power politics in the form of a complex network of power relations. This is consistent with his view on emergent and realized strategies. Zahra and Pearce (1989), having reviewed the relevant published research of the past 25 years, identify three sets of interrelated roles played by governing boards: strategy, control and service. The first role is to formulate and disseminate corporate goals and policies as well as the allocation of the resources necessary to implement the board’s strategies. The second role is corporate control which includes monitoring and rewarding executive action and performance. The last but not the least role is related to its institutional function which includes representing the organization’s interest in the society, linking the firm with its external environment, and securing critical resources. While acknowledging the multifunctional aspects of governing boards, scholars have yet to identify the inter-relationship among the diversity of these functions. An attempt is made in this paper to synthesize the various theories to explain the roles of governing boards.

A typology in terms of contingency and institutional perspectives

Since board involvement is such a complex phenomenon, it is commonly suspected that no single theoretical perspective could adequately capture the entire process. This paper will attempt to provide a typology to classify six major theories on the roles of governing boards. A typological approach is adopted for the reason of its flexibility in allowing the movement beyond traditional linear or interaction theories. Doty and Glick (1994) point out that traditional theories are limited because they specify a consistent relationship between independent and dependent variables. In contrast, a typological approach theories explicitly define multiple patterns of the first-order constructs that determine the dependent variables so that they provide a mechanism for incorporating the holistic principle of inquiry into organizational research. For this reason, the typological approach is chosen as a methodology to discuss the current theories on roles of governing boards.

The basic parameter: institutional and strategic choice perspectives

The basic parameter of the typology to be used in this paper originates from Judge and Zeithaml (1992) who use two prominent theoretical perspectives in studying board functions: the institutional and strategic choice perspectives. The institutional perspective addresses the issue of how and why organizational structures and processes have been evolved as a result of socialization and institutionalization. The strategic choice perspective focuses on the actions organizational members take to adapt to the environment as an explanation for organizational outcomes. The institutional perspective, also known as intrinsic influence perspective, is a relatively deterministic theoretical framework that places great emphasis on environmental
norms and the social influence beyond the control of the organization as explanations of its action and outcomes. On the contrary, the strategic choice perspective, or extrinsic influence perspective, emphasizes nondeterministic explanations of organizational processes and outcomes. The extrinsic or intrinsic influence perspectives will be the primary parameter in grouping the various theories of roles of governing bodies.

This way of classification is confirmed by Gupta, Dirsmit and Fogarty (1994) who point out that two of the most prominent theories, contingency theory and institutional theory, take almost opposite approaches to understanding the factors that lead to the development of different formal structures. According to contingency theory, the work of a governing board is shaped by the task environment and the technical nature of the work they perform, while institutional theory proposes that an organization’s need to conform to institutionalized expectation of traditional practices and customs also influences its choice of control and coordination mechanism.

Contingency perspective (extrinsic influence)

The proponents of extrinsic influence perspective suggest that organizations have abound purposeful actions and the members of these organizations have much discretion in working in their own way. Contingency theory plays an important role in this approach to the understanding of the works of a governing board. It suggests that there are two sets of factors that are of significance: internal and external environments, which will assist in classifying the theories grouped under contingency perspective. Scott (1992) refers internal environment to the nature of the tasks in terms of task variability, task difficulty and task interdependency, as well as organizational structure in terms of its complexity, degree of centralization and communication network. External environment is described by Altman, Valenzi and Hodgetts (1985) to include effects of the degree of uncertainty, complexity and societal pressure. According to Zald (1969), the roles and functions of governing boards are dependent upon the impact of external groups and internal structure of the organization. He gives some examples. In a public company, the governing board may be used as a tool to control its external environment and in a private company, the board needs to closely monitor the operation of the company.

External environment from a contingency perspective: interlocking directorates and stakeholders

External environment is the basic element that determines the roles and functions of a governing board. Mintzberg (1983) considers that the “real problem is the need for external control of the organization, control independent of the management. It is not control by the board per se that matters, but control by the external coalition, the board being the merely the formal manifestation of it”. The impact of external environment on the functions of a governing board is described by scholars in two main aspects. First, there is the phenomenon of networking or interlocking directorates, which posits that directors serving on the governing boards of two or more corporations may act as the link between these organizations. Second, the rise of the ideology of pluralism has stimulated the need of an organization to consider reconsider the relationship with its stakeholders. Two roles are thus identified: a linking role as prescribed by the former and a coordinating role for the latter.

Internal environment from a contingency perspective: conformance role and performance role

According to Tricker (1994), a scholar who contends that the internal environment of governing boards should be the main focus of corporate governance, there are two major roles of governing boards: conformance role and performance role. The former is past and present orientated while the latter role is future orientated. He says:

Classical corporate governance, derived from the mid-nineteenth concept of the corporation is rooted in the philosophy that men can be trusted; that directors can be relied on to act in the best interests of the company. . . . Agency theory, on the other hand takes a less optimistic view of man, arguing essentially that man is self-interested rather than altruistic. . . .

The dilemma exists between the two roles of the governing boards, conformance role and performance role, is sometimes described as the Cadbury/Hilmer debate. In the well known report of the Committee on the Financial Aspects of Corporate Governance (The Cadbury Report), in which Cadbury was...
the chairman, it brings out the ways companies are supposed to be governed and on the importance of strong, independent non-executive participation at board level. These focuses are in line with agency theory that close monitoring is needed by a governing board to ensure that the management is conforming to the interest of the company. A governing board should therefore play a control role. Hilmer takes a completely different perspective. Using stewardship theory as the basis of argument, he proposes that the key role of a governing board is to ensure that corporate management is continuously and effectively striving for good and effective performance. Based on this strategic role of governing board, the need for close monitoring of the management therefore does not exist.

Institutional perspective (intrinsic influence)

The essence of an institutional perspective resides on the premises of focusing on the cognitive and normative frameworks that provide meaning and stability to social organizations. Tolbert and Zucker (1983) emphasize that the frameworks external to organizations provide models of organizational arrangement to which organizational participants are subjected. A governing board can only act to maintain the relationship between the organization and the environment. This maintenance role of governance is evolved in the light of the “powerful forces emerged” which are in line with the “nature of social order”. The new institutional economists such as Williamson (1975) view top and senior managers as designers of the governance structure with the ultimate aim to reduce transaction costs. The governing boards themselves simply act as supporting or legitimating bodies in respect of the decisions of the management. Their ceremonial function, which serves to preserve the institutionalized managerial hegemony, can be labelled as a support role.

A typology of the roles of governing boards

With the veil of the six roles of governing boards having been lifted, they can now be classified accordingly. The first parameter used is the distinction between extrinsic influence and intrinsic influence perspectives. Under the category of extrinsic influence perspective, there is the question of the contingency factor in terms of whether it is originated from external environment (interlocking directorates or pluralistic organizations) or internal environment (conformance function or performance function). For the intrinsic influence, the institutionalization may be from external pressure (Institutional theory) or internal pressure (managerialism or managerial hegemony). Figure 1 shows a typology of the theories relating to the roles of governing boards. Each theory will also be discussed briefly.

Linking role and resource dependency theory

Under the influence of the external business-based contingent factor, the linking role of a governing board is most convincingly explained by resource dependency theory which assumes that corporations depend upon one another for access to valuable resources and therefore seek to establish links in an attempt to regulate their interdependence. An interlocking directorship is one form of links in that complex chain of connections among organizations. An interlock is the social relation that is created between two corporations when one person is a member of the governing boards of both organizations. Sitting on the boards of companies provides access to the details of their finance and operations, as well as specific corporate information and this may ensure that the required resources will be allocated in favour of the interlocking corporations. Since governing boards help the organization deal with its environment, enhance its legitimacy and assist in achieving its goals of efficiency and performance, they are seen as a critical link, or an important linking instrument of the organization, to the external environment.

According to Ornstein (1984), governing boards are viewed as vehicles that corporations use to control other organizations; to co-opt threats in their environment from competitors, suppliers, customers, and regulatory agencies; and generally, to co-ordinate their business activities with other corporations. Interlocking directorates are thus seen as media or channels for transmitting and communicating general information about the industrial sectors in which they are operating. Interlock ties may also allow the organizations to influence the board-level policies of each other, providing the basis for interorganizational coordination.

Pfeffer and Salancik (1978) argue that interlocking directorates facilitate corporations to
cope with the need for obtaining valuable resources and at the same time control other organizations through manipulation of the available resources. 30 This is why resource dependency theory is used to explain interlocking directorates. Useem (1978) observes that through offering directorship to other organizations which may cause threats or uncertainties, corporations are able to “co-opt” these threats and uncertainties to their advantages.31

Besides the perspective of inter-organizational resource dependency, interlocking directorates may sometimes be studied from another perspective: the intraclass or class solidarity approach. According to this approach, individuals within the capitalist class have a unified interest. In pursuit of their interests, capitalists build up relationships with each other and interlocking directorates are among the major means.32 By so doing, the capitalist class forms a powerful pressure through the interlocking and according to Mizruchi (1983), they may influence the state policies in their favour.33 The coalition through interlocking directorship is therefore one of the major means to preserve class interest. This is confirmed by Mace (1971) who observes that there is some form of “Roundtable” being set up by a group of top executives and directors from the largest American corporations. The primary role of the group is to discuss and propose suggestions to facilitate the “effective and efficient operations for corporations”.34 Interlocking directorates therefore provide opportunities

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**Figure 1.** A typology of the theories relating to roles of governing boards
for the capitalist class to effectively liaise and coordinate their influence with an aim to preserving class interest.

**Coordinating role and stakeholder theory**

*Stakeholder theory* of governing boards adopts a pluralistic approach to organizations. According to Freeman (1984), a stakeholder is “any group or individual who can affect, or is affected by, the achievement of a corporation’s purpose.” Stakeholders include employees, customers, suppliers, stockholders, banks, environmentalists, government and other groups who can help or hurt the corporation. The stakeholder theory of governing boards is based on the notion that there are many groups in society besides owners and employees to whom the corporation is responsible. The objectives of a corporation should only be achieved by balancing the often conflicting interests of these different groups. By incorporating the participation of stakeholders in the governing boards, corporations are likely to respond to the interests of society as a whole. The stakeholder approach to the role of the governing board expects the board to negotiate and compromise with stakeholders in the interest of the corporation. It recognizes that this involves setting overall direction and it supports a coordinating role of the governing board.

Wang and Dewhirst (1992) consider that stakeholder theory can best explain how members of governing boards think about the interests of corporate constituencies and thus how organizations are actually managed. The view is shared by Brenner and Cochran (1991) who consider that the theory can offer explanation to describe how organizations operate and to help predict organizational behaviour. By such a way the theory is used to account for the functions of the corporation by identifying moral and philosophical guidelines for the management of corporations.

As a descriptive theory, stakeholder theory has been used to describe the nature of the firm (Brenner and Cochran, 1991), the way managers think about managing (Brenner and Molander, 1977), how board members think about the interests of corporate constituencies (Wang and Dewhirst, 1992) and how corporations are actually managed (Halal, 1990). From an instrumental perspective, Kotter and Heskett (1992) observe that the theory is used to identify the connection between stakeholder management and the achievement of corporate social responsibility. Normative concerns are raised by Marcus (1993) who identifies moral or philosophical guidelines for the operations and management of corporations. Sternberg (1997) however comments that the theory is “fundamentally misguided, incapable of providing better corporate governance, business performance or business conduct” although she admits that it may be valuable as a “convenient reminder” and the key to “social responsibility.”

**Control role and agency theory**

The conformance function, or the control role of a governing board resides its rationale on *agency theory*. Eisenhardt (1989) describes the domain of agency theory as the relationship that mirrors the basic agency structure of two major parties, a principal and an agent, who are engaged in cooperative behaviour, but have divergent interests and attitude toward risk. Accordingly, she considers that agency theory is concerned with resolving problems in the contract governing the relationship between the principal and the agent. Jensen (1983) proposes that agency theory is about identifying and describing the governance mechanism that limits the agent’s self-interest behaviour in situations which the principal and agent have conflict goals. In other words, it attempts to reduce agent opportunism. These mechanisms may be ownership structure (Jensen and Meckling, 1976), efficient capital and labour markets (Fama, 1980), and the *board of directors* (Fama and Jensen, 1983) as an information system to control the agent’s behaviour.

The focus on the diversity of interest between owners and management may however lead to the over-emphasis of the control role of governing boards. According to Trickter (1994), agency theory, by assuming that governance can be captured as a principal and agent relationship, ignores group interactions, corporate and ethnic cultures and the entire “panoply of inter-personal relationships and power”. There are indeed other important functions which should be attended on.

**Strategic role and stewardship theory**

The *stewardship theory*, which emphasizes the performance function or the strategic role of a governing board, may trace its origin to the human relations school of management the-
ories. According to Donaldson (1990), unlike agency theory which takes managers as opportunistic shirkers, stewardship theory assumes that they essentially want to do a good job. It follows that there is no motivation problem or non-alignment of interest between management and ownership and the governing board will then be mainly responsible for the setting of strategies. Andrews (1981) proposes that boards’ involvement should be restricted to reviewing strategies that have been formulated by management. In fact, as Henke (1986) points out, in many cases, governing boards may influence numerous strategy-related decisions, very often without realizing their involvement. The role of the governing board in this theory will be involved in the dominant coalition in guiding the management to achieve corporate mission and objectives. Lynch (1979) suggests that it is important and beneficial to have an active and participative board. The existence of this relation will make the management analyze and articulate their plans, proposals and suggestions in greater depth because of the high quality of discussion generated by the active and participative governing boards on any submission for decisions.

Stewardship theory has received some criticism. According to Tricker (1994), stewardship theory, by assuming rational and legal behaviours, “ignores the dynamics of boards, inter-personal perceptions of roles and the effect of board leadership”. It fails to provide a casual explanation or to add much to our knowledge of organizational life. It does not reflect the interplay of power, conflict and ideology.

Maintenance role and institutional theory

The impact of institutionalization from pressure outside a governing board is best explained by institutional theory. Such pressure restricts and limits the action of the governing board to do things other than maintaining the status quo of the organization. The key argument of institutional theory, according to Ingram and Simons (1995), is that organizations are constrained by social rules and follow taken-for-granted conventions that shape their form and practice. The maintenance role of a governing board in response to institutional pressure focuses on indoctrinating the organization by understanding and analyzing the external environment. Meyer and Rowan (1977) observe that organizations use relatively formalized control practices for symbolic purposes while actually exercising control over their members by more social and idiosyncratic measures. Selznick (1957) argues that by instilling value, institutionalization promotes organizational stability and persistence of the organizational structure over time. According to his analysis, the “natural history” of the evolution of organizations is important in the value-instilling process. Applying to the context of corporate governance, governing boards are partly technical instruments, designed as means to definite goals and partly adaptive vehicles shaped in reaction to the influences and constraints from the external environment. The main influence however is quite abstract and cannot be measured effectively. Berger and Luckmann (1967) propose that society is a human product and is an objective reality through the processes of externalization, objectivation and internalization. Corporate governance is an act performed by a governing board as “highly objectified and exterior” process in conformity with the norms which are rooted in the socialization of members of the board. Regarding the institutional impact on governing boards, Scott and Meyer (1983) consider that it includes all social rules and requirements to which individual organizations must conform if they are to receive support and legitimacy.

Some scholars criticize institutional theory for the lack of explicit attention to strategic behaviour that organizations employ in direct response to the institutional processes that affect them. They argue that the theory provides an “over-socialized” view of explanation of organization behaviour. In this connection Drazin and Van de Ven (1985) recognize that many internal coordination and control practices may become institutionalized over time and may not be responsive to the nature of organizational tasks and technology.

Support role and managerial hegemony

Institutional force exerted on a governing board from within the organization can be explained in terms of managerial hegemony. Modern organizations are now run by a class of professional managers. Managerial hegemony refers to the situation when the governing board of an organization serves simply as a “rubber stamp” and all its strategic decisions are dominated and preempted by the professional managers. Proponents of managerial hegemony argue that organizations will inevitably resist increased
board involvement in strategic decisions. Whisler (1984) reports that one of the universal “rules of the game” is that boards do not get too involved in setting strategies. Lorsch (1989) observes that although directors want to get more involved but are constrained from doing so. Mace (1971) published a study showing that boards never get involved in strategic decisions unless faced with a crisis. This is confirmed by Clendenin (1972) who observes that most boards make effective performance evaluation only during periods of crisis and at all other times, the boards make only superficial review.

Boards used to support decisions of the management

Boulton (1978) also reports that the role of governing boards in company performance evaluation can only barely meet the minimal legal requirement. The minimal role of governing boards is pointed out by Drucker (1974) who considers that “the board of directors is an impotent ceremonial and legal fiction.”

According to Mace (1971), it is a common practice that governing boards are being used as a managerial tool to support the decisions of professional managers. The support role of governing boards is a result of both objective and subjective factors. The subjective factors suggest that directors of governing boards decline to involve in making decisions independent of management due to three major reasons. First, most directors are appointed by the management and thus subject to managerial discretion if they want continuation of their appointment. Second, directors are coopted into the organization and third, they have accrued benefits from directorship which act as an incentive to their compliance. As for objective factors which leads to managerial hegemony, governing boards are constrained from making independent decisions because they have to rely on information supplied by the management and in many cases, the directors have a relative lack of required knowledge to make effective decisions.

Conclusion and implications of the typology

The discussion of the roles of governing boards resembles the well known story of the blind men and the elephant. Each theory seems to focus on only one small part and no one is able to perceive the whole picture of corporate governance. Take the agency theory as an illustration. While most management researchers agree that the control role is important for a board, there are other equally if not more important roles and functions as prescribed by other theories awaiting for the board’s action. Furthermore, the six theories are not primarily intended to explain the issue of corporate governance. Resource dependency theory is used to explain the inter-relationship, in the form of resources provision, among organizations and in some cases individuals. Stakeholder theory and institutional theory are sociological paradigms which are used essentially to describe the interaction between organizations and their environments. Agency theory is the economists’ effort to analyze the problem of diversity of interests when there is a separation of ownership and management in an organization. Managerial hegemony, like agency theory, focuses on the modern trend of the dominance of management-based organizations. Stewardship theory is a metaphor of human relations school of organization studies, which portrays a harmonious picture in respect of the management of organizations. Corporate governance scholars adopt as well as modify these theories to suit their own purposes. In doing so, they are likely to be forced into a situation when they have to ignore some important roles of governing boards which are not compatible with the induction or deduction of any one of the theories they have chosen as their theoretical base.

The typology in this paper points out the limitations of adopting a particular theory to explain the functions of a governing board. Acknowledging the fact that a board can have multiple roles, the typology shows that each theory can only explain the significance of a particular role. For example, it is proposed that if an organization has purposeful action and its members have much discretion in working in their own way (contingency perspective) while at the same time its internal environment requires strict conformance of its staff, the governing board will likely be expected to play a control role to ensure that the organization will achieve its objectives. However, the board may have other important functions, for instance, acting as a link between the organization and external resources providers, which cannot be extensively explained by agency theory. Given such a case and with the limitations kept in mind, the agency theory can then be meaningfully adopted to explain the principal function of a governing board in terms of its control role.

Regarding the application aspect, the typology provides some opportunities for the improvement of existing approaches to researches in corporate governance. One of the most significant research implication may be the need to reconsider the measurement of
board effectiveness. Mace’s study (1971), which is still heavily cited by scholars as evidence of board ineffectiveness, argues strongly that under normal circumstances, boards merely serve as ceremonial rubber-stamps. Only in crisis situations, governing boards will become involved in the decision-making process within the organization.21 O’Neal and Thomas (1995) point out that it is the lack of appropriate board structure and process that contributes to the common perception that boards are ineffective.22 It is suspected that board effectiveness has been assessed against some restrictive benchmarks which are confined to certain theories or paradigms. Researchers use various indicators such as greenmail,73 golden parachutes,74 poison pills,75 or bankruptcy76 to measure board effectiveness. Agency theory is implicitly assumed to be valid in the assessment process of these studies. According to the theory, the effectiveness of governing boards is measured by the extent of control they have on the management of their organizations. The typology in this paper proposes an alternative but complimentary view that not every board can be expected to play solely a control role at all times. For a highly institutionalized and management-based organization which requires its board to play merely a support role, it may be unrealistic to expect the board directors to exert stringent control over the management. The aforementioned researches on board effectiveness will be more complete and convincing if they had considered the expected roles of the boards they studied. The typology therefore calls for the consideration of expected roles of governing boards in designing valid researches to assess board effectiveness.

The theoretical implication of the typological approach in this paper is clear: The study of corporate governance needs a coherent and consistent framework or theory to path a way for its further development. This paper attempts to provide a basic structure in analyzing the parameters and factors that give rise to the need of a particular role, which exemplifies a certain theory, of a governing board. At the same time it may serve as a compass to guide the direction for possible future theory development by identifying the relevant existing theories that may serve to explain the functioning of governing boards. A valid new theory must be able to integrate all the functional aspects of the six theories classified by the typology and provide valid explanations for the six major roles of governing boards identified in this paper. In the absence of such an all-encompassing integrative theory for the time being, future studies may go along the direction as guided by the typology in this paper. More in-depth studies may be carried out to identify the significant factors that affect the roles played by governing boards. These include various contingent factors which give rise to the organizational focus on internal or external environment as well as institutional factors caused by internal or external pressure. Other relevant topics may include the inter-relationship among the various expected roles to be played by governing boards, causal relationship between extrinsic and intrinsic factors and the roles of governing boards, and last but not the least, the need for the match of the expected roles and real roles of governing boards.

Notes and references

4. Ibid., p. 176.
9. Ibid.
22. Hilmer, ibid., p. 18.
34. Mace, 1971, ibid.
38. Ibid.
47. Ibid., p. 12.
62. See for example Oliver (1991), ibid.
In the three years 1845–1847, at the height of the railway mania in the UK, 425 new railway companies were incorporated in Britain, with a total proposed capital of over £213 million. This was equal to two thirds of all exports for 1846. The share capital of the Bank of England at the time was £16.6 million.

Adrian Vaughan, Railwaymen, Politics and Money, Murray 1997