

Cambridge Elements

Elements in Corporate Governance

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BOARD DYNAMICS

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Board Dynamics

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Abstract: Boards of directors are at the apex of organisational decision-making and so are central in ensuring effective corporate governance. But boards are under increasing scrutiny due to the continuing prevalence of scandals and failures. Boards have been viewed as set up to fail because the demands placed upon them cannot effectively be delivered. Critics of current board arrangements point to time constraints, lack of adequate knowledge on the part of non-executive directors, and norms of deference within the board that prevent the effective flow of information and discussion. Others however, claim that the majority of boards operate effectively, and opinion is swayed by high profile cases of failure which are exceptions to normal practice. In this Element, I examine this tension and look at the board as a working group, one which has inputs (the characteristics of the board members themselves), dynamics (the internal workings of the board) and outputs (the accountability of the board regarding performance of the organisation and cohesion of the board itself). Through looking at the board as a group, the dynamics of how boards, and the potential for effective and ineffective operation, are highlighted. I conclude with outlining how the future of board dynamics may evolve.

Keywords: board of directors, unitary board, board composition, board dynamics, board performance, accountability

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