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AN ADAPTIVE GOVERNANCE SYSTEM

A case study on board involvement in a joint venture setting

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Abstract

Title: An adaptive governance system: a case study on board involvement in a joint venture setting

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Keywords: Joint Venturing; Corporate Governance; Control; Collaboration; Dynamic Corporate Governance; Complex Adaptable Systems

Research question-/s: How does board involvement relate to the achievement of strategic objectives throughout the development of a joint venture?

Thesis Purpose: The purpose of this thesis is to address the complexity of board involvement in the dynamic collaborative environment of joint ventures and, thereby, contribute to joint venturing and corporate governance literature.

Methodology: This research is a multiple case study in a comparative design, taking an interpretive epistemological position which was developed in an iteration between an inductive and deductive research approach. Data was collected through unstructured and semi-structured interviews.

Theoretical perspectives: From literature fields of joint venturing and corporate governance, this paper makes use of a paradoxical perspective on corporate governance (Sundaramurthy and Lewis, 2003), referring to control and collaboration approaches to governance that are tightly linked to agency (Eisenhardt, 1989a) and stewardship theories (Sundaramurthy and Lewis, 2003). Additionally, complexity science (Nicholson and Kiel, 2004; and Uhl-Bien, Marion and McKelvey, 2007) is used for portraying the complex relationships in a joint venture context.

Conclusions: The researcher in this thesis propose an adaptive governance system wherein the board acts as a self-correction system, influencing and being influenced by the dynamics and complexity of interactions in a joint venture setting.

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1. Introduction

1.1. Background

In the past decade, corporate scandals have pushed the board of directors into the spotlight of attention, crying out for them to become more active (Withers, Hillman, and Cannella, 2012 in Boivie, Bednar, Aguilera, and Andrus, 2016). The board of directors is recognised as “the highest authority in the company, the “fountain of power” (Sundaramurthy and Lewis, 2003, p.397), acting as the direct interface between companies and their owners (Boot and Macey, 2004).

Companies, particularly those in mature industries, are increasingly recognising the need for strategic agility, creativity and flexibility in dealing with competitors as well as partners (Kuratko, Morris and Covin, 2011; Wheelen and Hunger, 2004). Frequently, a cooperative strategic path is taken which involves the development of strategic alliances, as joint ventures that are the focus of this paper (Wheelen and Hunger, 2004). A widely accepted definition of a joint venture is: A legally independent considered entity which is owned by two or more companies, controlled by an independent supervisory board of directors that represents owners’ wishes (Mantecona, Liu, and Gaob, 2012).

Caselli (2010) defines that cooperative strategies are reliant on well-developed rules and corporate governance structures that define level of control and collaboration. This, mainly due to the fact that ownership and management is dispersed which is making room for potential conflicts between these two sides (Boot and Macey, 2004). Dispersed ownership increases the relevance of corporate governance structures to be in place (Mantecona, Liua and Gaob, 2012). Corporate governance is traditionally defined as the “sum of management and supervision rules for [...] enterprises (corporations)” (Glinkowska and Kaczmarek, 2015, p.85). In that structure the board is seen as a key governance mechanism which represents the owner’s interests and is supporting executives in realising strategic objectives (Reuer, Klijn and Lioukas, 2014; Boivie et al. 2016; Glinkowska and Kaczmarek, 2015). But, how does the board relate to achievement of strategic objectives?

International joint venture literature refers to board involvement “as the extent to which the board is engaged in controlling and coordinating” venture activities but does not propose a clear linkage to strategic objectives (Reuer, Klijn and Lioukas, 2014, p.1628). Corporate governance literature presents control and collaboration as two governance approaches by which the board

monitors venture activities (Gulati, Wohlgezogen and Zhelyazkov, 2012; Boot and Macey, 2004, Sundaramurthy and Lewis, 2003). Control, in this context, is defined as the allocation of decisional power (Boot and Macey, 2004). Moreover, a tendency to control focused approaches in governance promotes individualism and extrinsic motivation which could lead to managers' putting their own needs above the owners', practicing opportunistic behaviour (Sundaramurthy and Lewis, 2003). As opposed to control, collaboration promotes a collectivistic and empowering approach to governance giving preference to intrinsic motivation (Sundaramurthy and Lewis, 2003). Reuer, Zollo and Singh (2002) write about the dynamics of collaborations, as joint ventures, after cooperative agreements have been settled. Dynamic collaboration is a result of highly active interorganisational collaboration which may experience, amongst other aspects, changes to trust and/or control over time (Reuer, Klijn and Lioukas, 2014). A dynamic interrelationship of collaboration and control as approaches to governance is arguably reflecting the dynamics of overall corporate governance construct as a complex social system (Nicholson and Kiel, 2014; Emenalo, 2012). This paper poses that the board as the main power inside such dynamic corporate governance construct has received only little attention in a joint venture setting.

Joint ventures are not only monitored by a board but by owners through the board who have strong interest in achieving strategic objectives, as each owner invested assets into the venture (Mantecon, Liu and Gao, 2012).

1.2. Problem Discussion

The interdisciplinary field of corporate governance is gaining increased importance within the business environment, and so does the controlling and coordinating body, the board of directors (Reuer, Klijn and Lioukas, 2014). According to Glinkowska and Kaczmarek (2015), modern definitions of corporate governance increasingly stress the functions of board of directors, requiring high potential of the supervisory board in dealing not only with financial and strategic goals, but also mitigating threats, as well as coordinating and consulting executives. "Over the past 20 years, there has been a tremendous amount of research on corporate governance yet it is still difficult to find solid prescriptions for effective boards" (Boivie et al., 2016, p.30). Some theorists claim that chief executive officers (CEOs) as direct interface to the board of directors, have the ability to impact board involvement, for instance through influencing meeting agendas (Boivie et al., 2016). Recent authors highlight that several researchers have addressed such ownership and

power dispersion through two theories (Bernstein, Buse, Bilimoria, 2016; Boivie et al., 2016; Glinkowska and Kaczmarek, 2015): The agency theory (Eisenhardt, 1989a) and stewardship theory (Davis, Schoorman and Donaldson, 1997 in Sundaramurthy and Lewis, 2003). Agency theory represents a formal control approach which addresses potential conflicts of interest that could emerge from ownership dispersion; information imbalances and opportunistic behaviours of executives (Sundaramurthy and Lewis, 2003; Eisenhardt, 1989a). Stewardship theory, in contrast, resembles a collaborative approach, seeking to enhance board of directors' involvement, empower managers, and raise trust (Sundaramurthy and Lewis, 2003). The tension between these approaches of control and collaboration will also be addressed in this thesis with the aim to position board involvement inside a dynamic corporate governance system by means of an empirical analysis of a multiple case study.

In fact, “inter-organizational collaboration can be extraordinarily complex and risky” (Gulati, Wohlgezogen and Zhelyazkov, 2012, p.532) which frequently leads to failure of strategic alliances. Hence, collaborative ventures, in particular, need certain control systems to assess, whether ventures meet the goals set by the parent companies in order to effectively create value and ensure competitive advantage (Kuratko, Morris and Covin, 2011). Consequently, corporate governance systems are negotiated for clarifying and ensuring that agents achieve the goals set by board of directors (Emenalo, 2012). Goals are set in order to meet an overarching mission which is formulated by companies to determine the strategic direction of the firm, encompassing “economic, sociological, and psychological considerations” (Emenalo, 2012, p.45). Thus, a mission is a broad concept and consists of several goals, commitments and values. Biniarni (2007) defines organisational objectives as goals that are financial, strategic, and/or non-financial. While financial objectives focus on profits, non-financial ones refer to social elements. Strategic objectives, essentially highlighted in this thesis, are concerned with increasing competitive advantage and market growth (Biniarni, 2007).

Moreover, in corporate governance literature a limited but distinct contribution has been added to the understanding of post-formation dynamics of collaboration (Reuer, Klijn and Lioukas, 2014; Gulati, Wohlgezogen and Zhelyazkov, 2012; Reuer, Zollo and Singh, 2002). Within this dynamic frame, board involvement is generally perceived as either active, closely involved in the decision making of the venture, or passive, which is the opposite (Killing, 1983 cited in Roos, 1989). In line with that, Boot and Macey (2004) point out two models of corporate governance,

namely proximity and objectivity. On one hand, proximity, frequently seen as the integral part of collaborative efforts, is the close involvement of the board in the operation of a joint venture. Objectivity, on the other hand, is a rather distant relationship to the joint venture and is related to efforts of control. If the board practices either proximity or objectivity (Boot and Macey, 2004), and overly emphasises either control or collaboration approaches, theorists argue that it will lead to failure (Sundaramurthy and Lewis, 2003). Thus, trade-off between proximity and objectivity, as well as control and collaboration, is crucial in creating an optimal governance system which Boot and Macey (2004) describe as adaptability. Adaptability demonstrates that governance approaches and models do not remain static, but are rather interdependent and mutually reinforcing. Hence, this paper will link non-static approaches of control and collaboration, and models of objectivity and proximity, to the dynamics of the overall corporate governance system.

Only a handful of researchers recognised the dynamism of the overall concept of corporate governance (Emenalo, 2012) and a narrative review of literature delivered that dynamic corporate governance in a joint venture setting has not been covered, which indicates a research gap that is explored by this paper. More specifically, this thesis attempts to analyse control and collaboration approaches by the board through agency and stewardship theory, relating these to strategic objectives. Briefly, the aim is to connect the dots between joint venture board involvement in a dynamic corporate governance system and the achievement of strategic objectives.

As a result from the above stated issues and key topics, the research question addressed in this thesis is as follows:

How does board involvement relate to the achievement of strategic objectives throughout the development of a joint venture?

1.3. Research Purpose

A multiple case study based research, addressing the above research question intends to contribute to two major theoretical fields: Joint Venturing and Corporate Governance. According to Child, Faulkner and Tallman (2005, p.249) joint ventures “have been relatively neglected in discussions of corporate governance”. However, both fields were key to this research. Corporate governance is widely elaborated but still faces, essentially within a cooperative strategic context, some gaps in relation to board involvement and collaboration dynamics (Reuer, Klijn and Lioukas,

2014). Most literatures surrounding Joint Venturing address issues within an international sphere (Reuer, Klijn and Lioukas, 2014; Child, Faulkner and Tallman, 2005). Hence, it is perceived to be beneficial to conduct a case study addressing the commonly observed social phenomenon of corporate governance dynamics in a joint venture context. Particularly focusing on board involvement and strategic objectives achievement.

1.4. Key Concepts

Table 1 provides an overview of the key concepts and definitions used in this research paper.

Concept	Definition	Authors
Joint Venturing	A legally independent organisation that was established by two or more corporations which tend to own shares of the company. Management and ownership of this entity are dispersed.	Mantecona, Liu, and Gaob (2012)
Corporate Governance	Rules that steer the process of control within and over the company, aiming to minimize risks to owners and ensure acceptable long term returns.	Child, Faulkner and Tallman (2005)
Board Involvement	The board itself is seen as a governance mechanism representing shareholders' wishes. The Involvement of the board can be a close or distant engagement in joint venture activities that facilitate strategic plans.	Reuer, Klijn and Lioukas (2014)
Agency Theory	Relates to a control approach to governance by the board, regulating activities aimed at avoiding opportunistic behaviours of managers (agents) that may negatively impact owners' (principals) benefits.	Sundaramurthy and Lewis (2003); GLINKOWSKA and KACZMAREK (2015)

Stewardship Theory	Relates to a collaborative approach to governance by the board, enhancing trust between board and management giving preference to intrinsic motivation.	Sundaramurthy and Lewis (2003)
Complex Adaptive Systems	A dynamic interactive social network in a collaborative setting.	Uhl-Bien; Marion and McKelvey (2007)

Table 1: Overview of Key Concepts

2. Literature Review

This chapter will review relevant literature inside theoretic fields of joint venturing and corporate governance. Due to the qualitative nature of this research, the reviewing approach of literature is narrative. This is in line with Bryman and Bell's (2011, p.101) recommendation, stating that a "narrative review may be more suitable for qualitative researchers". The literature in this thesis was, therefore, selected based on a combination of keywords which were more wide ranging, covering widely discussed fields within 'corporate and business strategy', 'joint venturing', 'Corporate Governance', 'Board Involvement' and 'Collaboration' in order to get a deeper understanding of the interrelated aspects.

This chapter will introduce and define Joint Venturing within the overarching literature field of Strategic Management. Within that field it will address the central issue of Corporate Governance, enclosing topics of board involvement, proximity and objectivity, as well as control and collaboration.

2.1. Joint Venturing

Joint venturing as a strategic alliance activity is approached by organizations that adopt a cooperative business strategy (Wheelen and Hunger, 2004). Strategic management literature describes that organisations adapt cooperative business strategies to secure certain competencies or resources that are lacking (Child, Faulkner and Tallman, 2005). Joint venturing is a form of strategic alliance that refers to a collaboration between two or more organizations that create an independent business entity for strategic purposes where ownership, risks and resources are shared and allocated by the different partners (Wheelen and Hunger, 2004, p.128). Earlier research indicates that the phenomenon of a cooperative business has been argued in different literatures with different modes as joint ventures, cooperation agreement, interfirm relationships, coalitions, cooperative ventures, corporate alliances, and collaborative agreements (Roos, 1989). Hence, this paper will treat the terms of joint venturing and cooperative venturing as synonyms.

In traditional terms "a joint venture occurs when two or more partners join forces to create a new company in which each has an equity position and representation on the Board of Directors" (Roos, 1989, p.23). This is also the case in both cases examined by this thesis. More recent literature defines a joint venturing as a "legally independent entity owned by several firms and

operated under the control of an independent board of directors that enforces each partner's rights" (Mantecona, Liu, and Gaob, 2012, p.1046). Similarly, Narayanan, Yang, and Zahra (2009, p.59) refer to joint ventures as a formation of newly established organizational entities owned by two or more existing companies in order "to develop and/or commercialize new technologies or build various organizational skills such as R&D, marketing or production". It is important though to understand the motivations and goals of joint venturing that trigger the formation of joint ventures.

2.1.1. Motivations, Goals and Strategic Objectives

According to Harrigan (1985) in Roos (1989), joint ventures are created based on three different types or sets of motivations: internal-, competitive-, and strategic- uses.

- The internal motives are concerned with creating internal benefits such as cost and risk sharing, obtaining resources (i.e. financing), window of new technologies and/or customers, retaining entrepreneurial employees, and improving managerial practices.
- The competitive set of motives is concerned with strengthening the company's strategic position in the industry such as, sharpening organisational capabilities in the market to increase competitive advantage for gaining external benefits (Harrigan, 1985 in Roos, 1989).
- The strategic use set of motives can be achieved by creating cooperatives ventures which changes in the company's strategic position. Working with another partner will allow the company to obtain new technology or enter new business areas which strengthens the company's competitive advantage, leading to the same strategic outcome as stated above in the competitive set of motives (Harrigan, 1985 in Roos, 1989).

Biniarni (2008, p.37) argued that venturing efforts are normally guided by goals, as well as administrative and operational linkages. Here the researcher splits the term 'goal' into two sets: 'goals' and 'objectives'. Goals refer to intentional goals, and objectives are either financial, strategic, and/or non-financial. While financial objectives are constituted of economic elements, for example increase profits and reduce costs, and non-financial refer to social elements, as customer satisfaction and employee development, strategic objectives go in line with the earlier defined strategic use set of motivations. Strategic objectives are crucial to this thesis as the purpose

is to address the achievement of such, because strategic motivations were identified to be the key motivations that led to the formation of the joint venture cases researched in this thesis.

Furthermore, administrative and operational linkages are established through certain governance and control mechanisms, as well as flow of information, skills and knowledge between partners and joint ventures (Biniarni, 2008). The particular interest of this thesis is on the former point, governance and control mechanisms. Thus, the following subchapter will take a closer look at major factors that are considered within that topic.

2.2. Corporate Governance

The term ‘governance’ is used as an expression of “authority, direction, and control” (Zingales, 1997, p.2). Control, thereby, refers to a process that leads the regulation of activities. These are tightly linked to and impact upon goals set by the governors who, in case of a joint venture, are considered parent companies (Child, Faulkner and Tallman, 2005). In fact, “control is widely regarded as critical for the successful management and performance of strategic alliances” (Child, Faulkner and Tallman, 2005, p.214) as partners of a joint venture are required to share control which increases uncertainty. Insufficient control could endanger safety and efficient utilization of resources allocated to the venture. A foundational measure frequently implemented by corporations that form a cooperative venture, is to hold equity shares in the company which however does not necessarily translate into control but only reduces some uncertainty (Child, Faulkner and Tallman, 2005).

Schaan (1985) in Roos (1989) presented a framework, which is interpreting how control by parent companies can be imposed. In this framework, control of cooperative ventures can be manifested through three measures: 1) A formal agreement; 2) the parent company's involvement in decision making; and lastly, 3) through staffing, physical location, planning and control routines (Roos, 1989). These are summarised in key areas of control: the Board of directors; provision of parent company services; staffing; organizational and structural context, and informal governance mechanisms (Schaan, 1985 in Roos, 1989). A more recent classification of control in joint ventures is described by Klijn, Reuer, Van den Bosch and Volberda (2013). The authors classified control into formal and informal governance types: 1) Formal corporate governance mechanisms, referring to contractual safeguard, monitoring, ownership; and 2) informal governance mechanisms as trust.

Supervisory boards or board of directors are described as key governance mechanisms “that enable [...] partners to monitor the collaboration’s performance” (Reuer, Klijn and Liokas, 2014, p.1628). Moreover, Caselli (2010) defines support in strategic decision making, advice based on professional expertise, and discipline imposed on venture operations, as key activities of monitoring. These activities are supported by a set of rules, standards and motivational incentives. The set of rules, herein, refer to corporate governance that helps further reduce risks induced by joint venture partnerships with other companies. Frequent risks that are addressed in literature refer to information asymmetry between parent and joint venture management which may cause misunderstandings in certain business operational aspects. Also, a high uncertainty of future performance of ventures may cause high risks to the parent but also to the business itself (Klonowski, 2010, p.208).

A classic definition of corporate governance is the “sum of management and supervision rules for international enterprises” as well as national ones (Glinkowska and Kaczmarek, 2015, p.85). Boot and Macey (2004) defined three key players as part of a corporate governance structure: Shareholders, the board and management.

1. Shareholders own an equity stake in the organisation and are usually referred to as owners;
2. The supervisory board (board of directors) is the group that acts alone or with the shareholders as monitors and controlling body in the back (Boot and Macey, 2004; Glinkowska and Kaczmarek, 2015); and
3. The management is the executive body that realizes strategic objectives, as well as financial and non-financial ones (Biniarni, 2008).

Corporate governance structures are in place for three key reasons:

Firstly, to protect firm-specific resources invested, such as human capital and knowledge that is combined when forming joint ventures (Boot and Macey, 2004). As partners join forces, potential risks of inefficient use of resources could be reduced by pre-defining rules.

Secondly, to establish background rules that prepare investors for unforeseen risks resulting through incomplete contracts (Boot and Macey, 2004). The term ‘contract’ here refers to corporate governance rules (Eisenhardt, 1989a). Complete contracts would specifically state desired courses of action which is complicated due to difficulties in fully “specify[ing] the division of surplus in every possible contingency (this might be too costly to do or outright impossible because the

contingency was unanticipated)” (Zingales, 1997, p.3). Reuer, Klijn and Liokas (2014) argued that joint venture partners who are faced with the problem of contract incompleteness, can turn to governance mechanisms, using joint venture boards, to address gaps in formal agreements. Kumar and Seth (1998) in Reuer, Klijn and Liokas (2014) additionally suggested that, board involvement should be greater where joint venture and parent organizations are strategically interdependent. Thirdly, to solve and prevent the agency problem (Boot and Macey, 2004). The aim to prevent agency problems basically refers to conflicts of interest, information asymmetries, and opportunism that may result from ownership dispersion (Sundaramurthy and Lewis, 2003). Boot and Macey (2004, p.364) stress that “the main objective of corporate governance is managerial monitoring” as well as to minimize effects of the agency problem. This problem and other cooperation related issues will be addressed in the following subchapter, using theoretic views of agency and stewardship.

2.3. Agency and Stewardship Theoretical Frameworks

This section will lean on two contrasting fundamental theoretical frameworks, agency theory and stewardship theory. These two theoretical frameworks are essential to understand approaches to corporate governance, delivering a solid ground in the strive to answer the research question stated in this paper.

2.3.1. Agency Theory

Agency theory is mostly addressed in relation to corporate governance and control issues and was initiated through authors like Jensen and Meckling (1976) and Eisenhardt (1989a). The theory is considered to enhance the understanding of causes and consequences in goal disagreements, adapting an organizational economics approach (Biniari, 2007). In broad terms, the theory is concerned with the characteristics of relationships between different parties (Eisenhardt, 1989a). These parties are defined as, the “principal” who delegates tasks and the “agent” who executes those tasks. These roles, in the context of joint ventures can be considered as the board and the top management respectively. Although, the two roles are required to work together towards the same goal, certain disagreements and conflicts emerge resulting in an agency problem (Eisenhardt, 1989a). Since individuals are characterised by self-interest and risk aversion, goal

conflicts and information asymmetry are especially found in principal-agent settings as joint ventures (Eisenhardt, 1989a).

Eisenhardt (1989a) outlines three main situations as triggers to such problems:

Firstly, a divergence of interests between principal and agent, leading to conflicting goals or a lack of alignment. An organizational economics approach argues that the rational individual “agent” has ambitions to follow personal interests, aiming to maximise own usefulness (Filatotchev and Wright, 2011). Thus, the lack of goal alignment can be seen as a result of opportunism and self-interest (Filatotchev and Wright, 2011).

Secondly, the principal’s inability to perfectly monitor and control all actions of the agent. Generally, information asymmetry between agent and principal is prevalent, in which the principal is not informed about daily concerns as much as the agent is (Eisenhardt, 1989a).

Thirdly, differences in perceptions of risk (risk differential) as well as the consequences of risk sharing.

According to Biniari (2007), Barney and Hesterly (2006) detected another source to the agency problem which concerns the delegation of tasks by the principal. Arguably, the agent as an individual may be unable to effectively engage in the delegated activities due to energy and time constraints that the principal is unaware of.

However, in order to ensure that the agent acts in the best interest of the principal, the principal encounters monitoring costs which are mainly referred to as agency costs (Jensen and Meckling, 1976). In fact, monitoring and bonding structures represent that main sources of agency cost and, at the same time, play a significant role in resolving agency problems and minimizing agency costs (Barney and Hesterly, 2006). For aligning the agent’s and principal’s actions, certain rewards and penalties are addressed by bonding structures. Bonding structures describe two types of returns (rewards). The principal may use these types to make the agent perform in a way that meets the principal’s goals (Eisenhardt, 1989a). There are two ways in which the returns are distributed:

- 1) The principal rewards or penalises the agent based on the agent’s behaviour, using salary adjustments. Behaviour-based returns are considered as more efficient where complete information about actions of the agent is available. However, incomplete information in

cooperations is common as differences in goals and actions are prevalent. Zingales (1997) acknowledges that it is almost impossible to cover all possible actions in a contract.

2) The principal rewards or penalises the agent based on the outcomes achieved, using equity based incentives. Filatotchev and Wright (2011, p.472) recommended that equity based managerial incentives can be used to align the interests of the agents and principals as internal governance mechanism. However, the managerial equity based incentives should be controlled, since “high managerial equity ownership can lead to entrenchment behaviour” (Filatotchev and Wright, 2011, p. 472).

Agency theory constitutes two main theorist streams that relate to the above forms of rewards, namely: the principal-agent theorists and positivist theorists. Principal-agent theorists are concerned with effective alignments of uncertain outcomes, goal conflicts, and risk aversion issues between principal and agent. For that, use is made of either behaviour based or outcomes based constructs, provided that information about the agent’s actions are available (Eisenhardt, 1989a). Positivist theorists are concerned with resolving principal-agent goal conflicts using governance mechanisms such as contractual safeguards, monitoring by boards and shareholders, as well as incentives to limit opportunistic behaviour of the agent which would minimise agency costs (Jensen and Meckling, 1976; Fama and Jensen, 1983; Eisenhardt, 1989a; Filatotchev and Wright, 2011). Governance mechanisms focus on information systems as well as incentives schemes related to outcomes presented by the agent (Fama, 1980).

In any case, the principal has to take actions which incur agency costs. These costs can be related to investments in information systems for monitoring or outcome-based rewarding or punishment (Eisenhardt, 1989a). However, it is relevant to recognise that outcomes can be negatively influenced by external and internal factors which are beyond the control of agents and principals (Eisenhardt, 1989a).

2.3.2. Stewardship Theory

Stewardship theory adapts an organisational psychology and sociology approach. The best way to present this theory, though, is to contrast features of agency theory to ones of stewardship theory. Both of these theories had been presented in McGregor’s Theory X and Theory Y (1960) as two opposite approaches governing the relationship between the principal and agent (in Glinkowska and Kaczmarek, 2015).

Unlike agency theory, where the manager (agent) is viewed as an opportunistic individual who can only be motivated by financial returns, stewardship theory “states that the key motivating factor for managers is getting satisfaction from a job well done” (Glinkowska and Kaczmarek, 2015, p.88). Thus, behaviour of managers (stewards) is anticipated to be pro-organisational and in line with the principal's or organisation's interests, highlighting intrinsic motivations based on “satisfactory remuneration” (Glinkowska and Kaczmarek, 2015, p. 88). Thus, there is no need for agency costs as the highest source of motivation for the manager is progress, achievements, and self-actualization. Based on the relationship between board and management, agency theory places emphasis on continuous monitoring of management by the board. In contrast, stewardship theory defines the primary function of the board as support, experience and skills sharing, as well as advising of the management (Glinkowska and Kaczmarek, 2015). Furthermore, the situational factors in the agency theory are control mechanisms, individualism, and high power distance. In contrast, in stewardship theory, these factors are related to trust, engagement, collaboration, collectivism and low power distance (Glinkowska and Kaczmarek, 2015).

Sundaramurthy and Lewis (2003) utilise the fundamental and rich theories of agency and stewardship to explore the two corporate governance approaches: control and collaboration. The authors present their findings in a paradox framework which is essential to this thesis in interpreting board involvement in the context of joint venture development over time.

2.4. Approaches to Governance

In line with agency and stewardship theory, Sundaramurthy and Lewis (2003) developed a paradox framework for contrasting control and collaboration. According to the author's, boards often emphasize either control or collaboration approaches to governance.

While “control advocates accentuate the challenges of individualism and the value of extrinsic motivation” as in agency theory (Sundaramurthy and Lewis, 2003, p.398), a collaborative approach highlights management tendencies as collectively oriented and intrinsically motivated as in stewardship theory. Although direct links to the key theories are visible, the two approaches shall be defined below.

2.4.1. Control

According to the control approach the board stresses discipline as an internal monitor, scrutinizing the highest ranked decision makers inside the organisation (Sundaramurthy and Lewis, 2003). Structurally, the board is detached from management and daily operations. Also, the position of the CEO and chair are separated, providing balances to the corporate governance system (Sundaramurthy and Lewis, 2003). Furthermore, Sundaramurthy and Lewis (2003) argued that by tying managers' rewards to outcomes and firm performance, a control approach can manage goal conflicts, which cause agency problems. The control approach advocates warning about excessive stock ownership that would increase risk aversion of managers and widen the risk differential. Agents, who are more risk averse and proclaim the need for stable employment, could engage in opportunistic behaviour and inspire distrust (Sundaramurthy and Lewis, 2003).

2.4.2. Collaboration

In contrast, the collaborative approach to governance, stresses empowerment of managers. In that sense, the main role of the board is to facilitate strategy formulation and provide advice to management. This features trust that is enabled through social ties, enhancing the communication between board and management and reducing information asymmetries (Sundaramurthy and Lewis, 2003). In that, the board offers candid feedback and shows confidence in executive managers being able to take their views into account. Moreover, this approach promotes equity ownership to foster firm identification, as well as to signal an enduring board-management relationship.

The contrasting approaches to governance illustrate a paradoxical tension between control and collaboration on the basis of agency and stewardship theories. These divergent assumptions resemble intricate dualities of human nature along different dimensions of individualist/collectivist tendencies, extrinsic/intrinsic motivations, and distrusting/trusting relations. All of which interpret the complexity of control and collaboration approaches. For instance, agency theorists noted the costs and limits of vigilant control in several studies that investigated how varied control mechanisms may substitute or complement each other (Sundaramurthy and Lewis, 2003). Similarly, stewardship theorists examined how contextual, situational, psychological and cultural factors may influence actors, individuals and groups, to enable or constrain a collaborative

approach. However, these aspects may be further elaborated in future research, considering a joint venture context.

2.4.3. Control-Collaboration Dynamics

Sundaramurthy and Lewis (2003) describe the tension of control and collaboration approaches as a dynamic governance paradox. Their paradoxical framework demonstrates the risks of overemphasising either one of the two governance approaches. More specifically, Sundaramurthy and Lewis (2003) pose that an overemphasis of either control or collaboration could prove counterproductive, leading to failure.

According to the researchers' framework, an emphasis on either one of the approaches is given if the following features are met:

Features	Control	Collaboration
Board composition	outsider-dominated	insider-dominated
Monitoring	vigilance	collective decision making
Focus	discipline	cohesion
Board-management relation	distant	close

Table 2: Features of governance approaches (Adapted from Sundaramurthy and Lewis, 2003)

Insider dominance in that case refers to board members who are familiar with the operations of the company, while only limited familiarity exists at an outsider dominated board. Hence, table 2 demonstrates that an outsider-dominated board, which practices vigilant monitoring, focuses on discipline, and maintains a distant relationship to management, is considered to emphasise a control approach to governance. An insider-dominated board, on the other hand, which supports collective decision making, focuses on cohesion and goal alignment, and maintains a close relation to management, is considered to emphasise a collaborative approach.

Furthermore, the dynamics of the governance paradox is depicted as self-fulfilling downward spiral-like cycles (Appendix 1). To be precise, Sundaramurthy and Lewis (2003) define

two reinforcing cycles, one of control, and the other of collaboration. Both cycles are examined in a high- and low-performance context. Accordingly, if a governance approach emphasises control in a high performance context, suppressed stewardship, board-management polarization and a myopic behaviour or the board will foster distrust and require more control. This, however again suppresses stewardship which will be perceived as distrust by management, diminishing motivations and desire to comply with governance controls (Sundaramurthy and Lewis, 2003). Polarisation as a reaction of managers to perceived distrust will hamper board-management interactions and learning. Sundaramurthy and Lewis (2003) propose that this will lead to strategic persistence.

When this reinforcing cycle of control reaches low performance, increased suppression of stewardship and controls will widen the gap between board and management, evoking so called political turf wars (conflicts). This would eventually cause the dismissal of the manager (Sundaramurthy and Lewis, 2003).

If collaboration is emphasised in a high performance context, a highly cohesive board and management team is argued to cause overconfidence. As organizational identification increases, boards' and managers' desires to defend their collective decision making based on groupthink (a common mind-set) will eventually result in strategic persistence, leading to low-performance. Similarly, during low-performance faults may be blamed on unalterable factors or even on incompetence of subordinates. Rather than addressing limitations, perceived stress may lead to further commitment “to a failing course of action, eventually resulting in failure” (Sundaramurthy and Lewis, 2003, p.402).

The dynamics of governance approach, in this thesis, is argued to represent the overall dynamics of corporate governance which cannot remain static in a dynamic board-management interrelationship. Although, the function of the board was touched upon by earlier chapters, the next section will elaborate on the role of the board and define this board-management relationship in the context of joint ventures.

2.5. Board Involvement in Joint Ventures

Boot and Macey (2004), essentially highlighted the role of the board as a key monitoring and supervision party. Glinkowska and Kaczmarek (2015) confirm this by stating that the role of a supervisory board within the corporate governance system is crucial for diagnosing and overcoming crisis situations. The authors, furthermore, defined the functions that enable boards in fulfilling their assigned roles as supervision, consulting, decision-making, cooperation, information exchange and coordination. “Board supervision generally means that the board is jointly responsible with management for the state of the firm” (Boot and Macey, 2004, p.369). However, the level of board involvement constitutes the degree of joint responsibility.

Moreover, Glinkowska and Kaczmarek (2015, pp.86-87) specified other tasks of the board, including “yearly evaluations of the company’s situation (economic, financial, market, and organisational)”, as well as the identification potential threats to the venture’s market position and definition of prevention approaches. Klijn, Reuer, Van den Bosch and Volberda (2013) argued that the role of boards in different organizations is influenced by the scope of operations and the size of an organization. Furthermore, Klijn, Reuer, Van den Bosch and Volberda (2013), distinguished between the monitoring role of boards in joint ventures and the boards in other forms of organizations. The authors argued that joint ventures incarnate different characteristics of complexity in their collaboration as two or more organizations influence the role of Boards. Recent authors describe this issue as an ownership and power dispersion (Bernstein, Buse, Bilimoria, 2016; Boivie et al., 2016; Glinkowska and Kaczmarek, 2015). The role of joint venture boards, thus, involves the coordination of actions between parent organizations and the joint ventures, as well as negotiation to align the benefits and interests of both parties (Ravasi and Zattoni, 2006). Furthermore, empirical literature argues that monitoring should be more important in an equally owned joint venture with equal veto rights, which applies to the cases studied in this thesis (Hauswald and Hege, 2005 in Mantecona, Liu, and Gaob, 2012). This, mainly because owners with equal ownership have find a consensus which runs the risk of slowing down decision making processes (Mantecona, Liu, and Gaob, 2012).

2.5.1. Proximity and Objectivity

Models of proximity and objectivity illustrate the interrelationship between the monitor and management in corporate governance structures (Boot and Macey, 2004).

This thesis refers to these two models as definitions that express board involvement in joint ventures. Therefore, before defining the models in more detail, this paper would like to clarify the linkage of the models to previously presented theories and governance approaches (Table 3). As a matter of fact, objectivity refers to a distant relationship of the board to management, having minimal influences on decision making (Boot and Macey, 2004). Thus, is linked directly with a control approach to governance and agency theory. Proximity is the close contact of the board to management and participation in important decision making (Boot and Macey, 2004). Hence, the connection to a collaborative approach to governance and stewardship theory is made by this paper.

Theory	Agency Theory	Stewardship Theory
Governance approach	Control	Collaboration
Models of board involvement	Objectivity	Proximity

Table 3: Linking theories, approaches and models

Within corporate governance the role of the board as a monitor is critical to success (Boot and Macey, 2004). In the context of joint ventures, monitors are identified as the board (board members and chairmen) as well as owners who “exercise [the] ability to observe management quality” and corporate performance (Boot and Macey, 2004, p.357).

The model of proximity promotes the involvement of well experienced and informed monitors (insiders) for adequate corporate governance and control in decision making. The close distance between the board and management allow timely access of information as well as early interventions by the board. In contrast to that, the objectivity model describes more involvement of non-executives in the board (outsiders), applying limitation to shareholders’ direct involvement in corporate governance, and larger distance between management and monitors that lead to lack of information and late interventions. Briefly, “objectivity accompanies distance and may improve behaviour, while proximity brings more timely information and early intervention” (Boot and Macey, 2004, p. 376).

Thus the two models are contrasted in different aspects; both have limitations, advantages and disadvantages that should be overcome. The following subsections, advantages of proximity

and objectivity as well as key limitations will be discussed, which supports the concept of a proximity-objectivity trade-off.

Advantages of Proximity

For the purpose of high quality monitoring and minimizing agency problem effects, it is important to receive timely information. However, transmitting timely information for monitoring will not always be successful. Monitors can, though, intervene later in time to correct managerial failure regardless the availability of timely information and the initial monitoring failure (Boot and Macey, 2004). Of course, an early correction of managerial failure could avoid incurring costs that may emerge from late intervention.

Advantages of Objectivity

However, it is argued by Boot and Macey (2004) that distant monitors exhibit more prevalent intervention in correction actions due to two reasons: First, distant monitors are not co-opted by their involvement in decision making which makes them more objective in evaluating the quality of management decisions. Second, discovering wrong management decisions at a later stage through close monitoring may cause more reluctance to intervene, since the monitor's earlier acquiescence may be interpreted as bad judgment.

Capture and Anchoring Bias

Proximity inevitably results in these monitors becoming insiders, and subject to being captured by management. Capturing here means that, the board as a monitor “adopts the perspective of the management team under supervision” (Boot and Macey, 2004, p.359). Although, the board involvement in the decision making process enhances its ability to possess faster access to information, but it also establishes the conditions by which management's capture of the board.

Thus it is important to highlight the fact that objective monitors are more capable to evaluate management decisions and different practices of management teams dispassionately. In contrast, proximate monitors may be afflicted with what is known as an "anchoring bias" (Boot and Macey, 2004, p.369). This leads them to establish or anchor the initial views that represent opinions of management which they adopted due to their closeness from the decision making

process. “Once a proximate monitor develops a positive view of management, that opinion is anchored and does not change” (Boot and Macey, 2004, p.369). As a result of, proximate monitors are susceptible to bias, and the board in particular may become too reliant on and captured by the judgment of the management of the firms they ostensibly oversee (Boot and Macey, 2004).

Volume-behaviour effect

However, there is always doubt about whether the inside (close or proximate) monitors are able to discover a problem in time. Consequently, it is argued that early monitoring is never expected to be effective; thus, monitors prefer to intervene efficiently (Boot and Macey, 2004). In line with that, governance systems which are characterized by more distance between the monitor and management may obtain more monitoring efficiency through objectivity. However, the increased distance between monitors and management would lead to a problem since it prevents the monitor from receiving timely information and allows managerial failures to escape early correction. Thus, monitors who have sufficient distance from the original decision, will not hesitate to intervene later. As argued by Boot and Macey (2004, p.375), “The solution does offer a countervailing benefit; intervention policy becomes tougher and late intervention less stigmatizing”.

Accordingly, it is argued that a governance system that promotes distant monitoring with tougher intervention is more efficient. However, distant monitoring without considering tougher intervention compensating the fact that distant monitor is unable to stop bad decision in timely fashion. Boot and Macey (2004), defined the relationship between the phenomena of distant – tougher intervention with ‘volume-behaviour effect’, where distant monitors resemble negative volume and tougher intervention resembles positive behaviour. According to the concept of volume-behaviour effect; the negative volume effect of distant monitoring should be compensated with more positive behavioural effect through tougher intervention from outside monitors. Thus, the ultimate distant monitoring without tough intervention would reduce monitoring efficiency as similar as the proximate monitoring. “Thus, the behavioural effect must overcome the negative volume effect in order for distance to increase efficiency” (Boot and Macey, 2004, p. 376).

Reputational Stigma

According to Boot and Macey (2004), receiving timely information influences the timing of the monitor's intervention, whether late or early. The probability of receiving timely information depends on the proximity of the monitors, since a distant monitor is less likely to access timely information that needed for early corrective action to managerial failures. Late intervention by a proximate monitor is thus considered unjustified and indicates the monitor's failure to recognize and block managerial failures that impact the monitor's reputation. Hence, distant monitoring is assumed to maximize a monitor's reputation. More specifically, late interventions of a distant monitor, without connection to the earlier decision or access to timely information, will not harm the monitor's reputation and may even enhance it (Boot and Macey, 2004).

Proximity - Objectivity Trade-off

It is found by Boot and Macey (2004) that corporate governance does not deal satisfactorily with subtle agency problems, either because of lack of information, as in the objective system, or capture, as in the intrusive, proximate system.

A fundamental trade-off between proximity and objectivity is ultimately defined in the supervision and monitoring role of the boards in joint venture organizations. The most effective supervision and monitoring can be provided through well informed and objective monitors (e.g. the board or shareholders). The objectivity model is necessary for timely corrective actions, which requires sufficient distance between management and monitor. In contrast, being well informed requires close and intrusive contact. Thus, a trade-off between proximity and objectivity is taking into consideration the volume-behaviour effect which is crucial for optimal monitoring (Boot and Macey, 2004).

Similarly, Roos (1989) argued that issues of control, supervision and monitoring of cooperative ventures are influenced by interactive collaboration. Thorelli (1986) in Roos (1989) described a 'link' between two or more organizations or 'positions' involved in long-term relationships (in Roos, 1989, p.15). The 'links' which were established between these two or more positions, such as organizations or leaders representing firms (e.g. parent firms and joint ventures) are forming interaction processes, which can be described in different dimensions including dimension of 'intensity and closeness'. This dimension is relevant to the power and trust basis

among positions. Power and trust, herein, are person-specific rather than firm-specific, thus, a network paradigm might be interpreted through personnel emphasis (Roos, 1989, p. 16). The network paradigm of intensity and closeness as argued by Thorelli (1986) in Roos (1989) resembles the volume-behaviour metaphor and can also be applied to the relationship between the board and management of joint ventures, interpreting the proximity-objectivity trade-off.

2.6. Complex Adaptive Systems

In the light of complexity theory, Uhl-Bien, Marion and McKelvey (2007) defined Complex Adaptive Systems (CAS) as a basic unit of analysis in complexity science where CAS are neural-like networks of interacting, interdependent aggregates or components which are bonded in a cooperative dynamic by common goal, outlook, need, etc. (Uhl-Bien, Marion and McKelvey, 2007).

Thus, a joint venture can be considered as a cooperative dynamic, where the different 'positions' such as the board and management are considered as interdependent aggregates. Aggregates are linked together in a basic CAS. CAS are linked to each other in a dynamic interactive network, where social systems emerge naturally. Uhl-Bien, Marion and McKelvey (2007) developed a framework that seeks to foster CAS dynamics, meanwhile enabling control structures for coordinating formal organizations for producing outcomes appropriate to the vision and mission of the organization.

However, complexity science suggests that complexity of organizations is supposed to be adapted to the complexity level of the environment, though adaptability is optimally enabled by organizations that are complexly adaptive (Uhl-Bien, Marion and McKelvey, 2007). Therefore, the relationship between the board and management of an organization can be examined based on the complexity and adaptability issues (Boot and Macey, 2004; and Uhl-Bien, Marion and McKelvey, 2007). These also can be applied to the joint venture as a special type of organization which have more complex environment due to the complexity of its interaction networks and processes. In joint venture the interaction networks comprise other dimensions of cooperation, such as interaction networks between parent organizations and the joint venture, as well as

interaction networks between parent organizations themselves for coordinating their benefits from the alliance.

By applying these theoretical frameworks on joint ventures, the board as a social system can be seen not only as position and authority but also as an emergent, interactive dynamic system (Nicholson and Kiel, 2004; and Uhl-Bien, Marion and McKelvey, 2007). For example the board can handle a complex interplay among collaboration and control approaches from which a collective impetus for actions and changes emerge when heterogeneous agents (i.e. insider and outside directors) interact in networks to produce new patterns of behaviour or new modes such self-correction actions (Uhl-Bien, Marion and McKelvey, 2007; and Sundaramurthy and Lewis, 2003; Boot and Macey, 2004). Similarly, the trade-off among proximity-objectivity models is needed for establishing an adaptive dynamic corporate governance system for resolving agency problems. Boot and Macey (2004, p.379) cited “firms that operate within competitive product, labour, and capital markets face strong incentives to innovate around any defects that may exist within any particular set of corporate governance rules”.

In the next section, the synergies between the different frameworks of corporate governance dynamics and adaptability as well as the role of the board as a self-correction system will be discussed.

2.7. Board as a self-correction system

Nicholson’s and Kiel’s (2004) conceptualization about the board reflects the predominant view of board as a dynamic and open social system. Furthermore, Nicholson and Kiel (2004) developed a framework to assess the board fitness and how it can be adapted with different contingencies where the board can be considered as a self-correction system. The board as an open system can interact with other social systems and it can take actions to rectify different situations that would push it out of balance. Thus, the board as a dynamic system should react and perform changes to bring itself again into balance which reflects the importance of the board to be adapted with the different contingencies since “only board systems that maintain a balance with the environment will survive” (Nicholson and Kiel, 2004, p.445). Managing adaptability, proximity-objectivity trade off, control-collaboration interplay through governance mechanism tools are

considered reflections for the dynamics of and interchanges among agency and stewardship theories (Sundaramurthy and Lewis, 2003; Boot and Macey, 2004).

From the perspective of joint venturing, agency theory literatures focus on the role of dominant ownership as a key governance factor. However, the board of directors as a key corporate governance mechanism with its monitoring and control roles as well as the value of board involvement should be examined in the case of equal ownership power joint ventures (50/50% ownership Joint Ventures). In addition to that Filatotchev and Wright (2011) examined factors that influence corporate governance such as board composition, the separation of CEO and board chairs, executive remuneration, and the role of the market for corporate control (Filatotchev and Wright, 2011, p. 471). These factors impact corporate governance mechanisms, as argued by Filatotchev and Wright (2011), and are applicable in the context of joint ventures too. Also, these factors influence adaptability measures of the monitor's willingness to intervene, which was argued by Boot and Macey (2004) as well as the self-correction cycles needed to manage control - collaboration governance paradox of Sundaramurthy and Lewis (2003).

Furthermore, Boot and Macey (2004) recommended that the ideal governance system should be tailored to fit the desired governance needs and adapted with the different contingencies (Boot and Macey, 2004). Additionally the authors argued that "adaptability is crucial" (Boot and Macey, 2004, p.379). Moreover Boot and Macey (2004) highlighted the importance of adaptability for overcoming the disadvantages of radical proximity and objectivity models, hence establishing an optimal corporate governance system being able to solve agency problems. It becomes obvious that Boot and Macey's (2004) approach of having a corporate governance system embracing proximity and objectivity models goes hand in hand with the concept of managing control-collaboration approaches for facilitating learning and adaptation of Sundaramurthy and Lewis (2003). In the light of agency and stewardship theoretical frameworks Sundaramurthy and Lewis (2003) suitably recommended prescriptions for promoting conflicts and trust in board-management relationships.

Additionally Sundaramurthy and Lewis (2003) argued that trust and conflict, both are vital and should be complemented for enabling self-correction of reinforcing cycles. In other words, rational controls as well as the need for trust are facilitating collaboration and act as an important lubricant of a social system. Thus, promoting trust and conflict requires understanding for how

governance system runs to interplay between control and collaboration approaches (Sundaramurthy and Lewis, 2003).

Moreover, the theorists recommended, building diverse skills and viewpoints within the board that can enhance members' capabilities in decision-making and monitoring. Meanwhile, they recommended, encouraging mutual trust and cooperative problem solving through developing shared understandings among managers and directors of the board. Thus, the board should include mix of insider and outsider directors with heterogeneous backgrounds offer vibrant sources of diverse ideas (Sundaramurthy and Lewis, 2003).

Adaptability as a concept promotes a proximity-objective trade off (Boot and Macey, 2003). Furthermore, enabling trust and conflict in the governance system between board and management results in a dynamic and self-correction role for effectively managed control-collaboration reinforced cycles (Sundaramurthy and Lewis, 2003; Boot and Macey, 2004). In conclusion, boards may practise an objective monitoring role for performing vigilant control, which however may lead to goals conflict. As a response to that, boards may impose trust to align goal conflicts through a more collaborative approach. In contrast proximity may result in a cozy relationship between board and management, which however could lead to group thinking. This should be balanced with and control based approach, injecting objectivity for enhancing the board control over the management.

3. Methodology

This chapter will discuss the methodology of this research paper and is divided into three subsection. First, the research design will be outlined as well as the research process. Second, collection of primary data will be described. Lastly, the analysis approach is explained through which this paper aims to answer the research question.

3.1. Research design and process

This subsection will start with the research philosophy, followed by approach, strategy, a process and case description.

3.1.1. Research philosophy

The nature of this research is qualitative in collection and analysis of data (Bryman and Bell, 2011). Qualitative research herein takes an interpretive epistemological position through which the intention is to capture the perceptions and understandings from social individuals. With other words, the position of an interpretive epistemological stance will be supportive in understanding the social world through the eyes of the interviewee (Bryman and Bell, 2011). Hence, quantitative, specific and objective data, is out of the scope of this study but may be reconsidered in future research.

3.1.2. Research Approach

Furthermore, the research approach of this paper is iterative between inductive and deductive. A higher tendency to the inductive approach may be perceived due to qualitative interviewing. By collecting data through qualitative interviews the aim is to build on a theory rather than testing a theory, which requires the researchers to go “back and forth between theory and data” (Bryman and Bell, 2011, p.573). The research strategy in this thesis is a multiple case study investigation which is considered most suitable in examining the contemporary phenomena of corporate governance dynamics reflecting on board involvement and strategic objective achievement (Yin, 2013). The use of a case study in general is advocated by meeting the three key features of a case study research as defined by Yin (2013). These suggest that a case study shall be used when: (1) the research question is a “how” question, (2) the researchers have no control over behaviour related events, and (3) the study focuses on a contemporary phenomenon. As this paper relates to past events that happened over a period of time, the researchers had no control

over these events. By forming a comparative case design (Bryman and Bell, 2011), this multiple case study is treated as a broadly revelatory case as the researchers had the chance to investigate a phenomenon which has not been addressed by literature yet (Bryman and Bell, 2011). Essentially, the aspect of board involvement in a dynamic collaborative environment of joint ventures has not been unravelled by researchers in the past (Reuer, Klijn and Liokas, 2014). Although, changes over time are generally covered best by longitudinal studies (Bryman and Bell, 2011), the rather slow pace of change in joint ventures, would require a study that is spread over several years. However, by interviewing relevant parties about the events allowed them to reflect upon the situation and provide more insights into collaboration related issues. In essence, by interviewing representatives from the joint venture management side, as well as the board (including chairman) who represents the parent organisations, through two different methods of data collection (unstructured and semi structured interviews) triangulation is given which endorses the credibility and internal validity of this study (Bryman and Bell, 2011).

3.1.3. Case Description

This thesis will compare two cases of joint venturing. More precisely the researchers study the cases of two joint ventures that were formed by two Swedish mid-sized companies which both operate in the national energy and utilities industry. These cases were selected as they experienced intriguing periods of change through their development. As the purpose of this study is to identify the relationship between board involvement and strategic objective achievement over time, the board who represents the two owners, and the CEO who represents joint venture management were key targets. Herein the parent companies will be referred to as Parent Company A and Parent Company B, while the two cases will be referred to as Joint Venture 1 and Joint Venture 2. Certain key aspects are similar and therefore meet Eisenhardt's (1989b) suggestions for case selection. The first, being the fact that both joint ventures were formed by the same parent companies. Second, both joint ventures have equally split ownership (50/50). Third, equal ownership is represented in the board composition where half the board members represent Parent Company A and the other half Parent Company B. Fourth, the boards in both joint ventures have same working conditions, scope of duties and responsibilities (Glinkowska and Kaczmarek, 2015, p.86). Fifth, strategic objectives set by the parent companies were equal, even if the context of the joint venture business differed.

The essential difference in the two studied cases which lies with the achievement of set strategic objectives. This difference is addressed by our research, examining how board involvement may be related to the divergence of strategic objectives realisation within a dynamic corporate governance frame. Broadly, the aim of this research paper is to investigate the board involvement in the two joint venture cases as visualised in Figure 1. In that the board will be seen as a social system that interacts with the joint venture as well as with the parent companies. The interaction between the two parent companies will also be reflected upon in the results however the board is at the centre of this paper. Literature fields of joint venturing and Corporate Governance will be of particular reference to the case study. Especially Reuer, Klijn and Liokas (2013) and Sundaramurthy and Lewis (2003), refer to the dynamics of governance approaches post-alliance formation stress the relevance of the board in monitoring and controlling venture performance. Boot and Macey's (2004) concepts of proximity and objectivity will be used to measure board involvement and to address inter-organisational dynamics between board and management which is argued to link back to corporate governance dynamics overall.

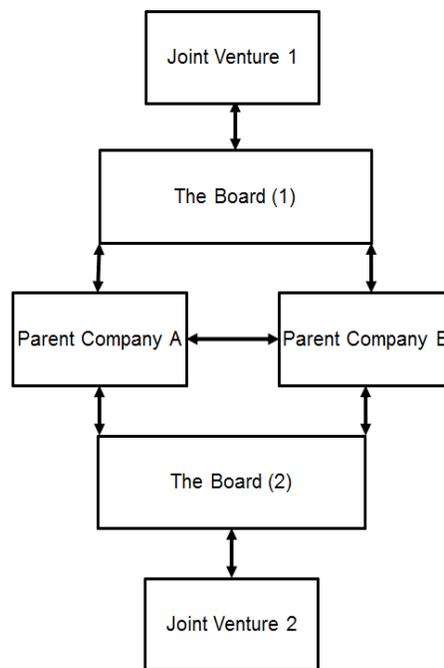


Figure 1: Ownership Structure of Two Cases

3.1.4. Research process

In line with Bryman and Bell (2013) the research process is represented as nonlinear. Through a limited number of three informal meetings and unstructured interviews an initial understanding of joint venture setting was established. The use of unstructured interviews in particular was essential in allowing the interviewee to respond freely and allowed a natural flow to the conversation (Bryman and Bell, 2011). After having established a list of interesting issues, suitable literature was reviewed based on a narrative approach to develop an initial impression of the subject. Although, keywords were generally used such keywords were more wide-ranging as opposed to a systematic review, and not pre-decided but rather more keywords have been added to the list throughout the search. Hence, this paper tends to be “less explicit about the criteria for exclusion or inclusion of” keywords (Bryman and Bell, 2011, p.101). Moreover, having started with the broad theoretical field of Joint Venturing, more areas have been taken into the loop as Strategic Management, Corporate Governance, as well as theories of agency and stewardship perspectives on collaboration. From that, a preliminary research question has been formed and adjusted through the iteration between literature and qualitative research. After having identified an interesting research field which was recommended by recent authors (Reuer, Klijn and Liokas, 2014), has allowed the refinement of the presently studied research question in this paper (Eisenhard, 1989b).

3.2. Data Collection

Within this section, the data collection method, interviewee selection and the interview preparation as well as generalisability will be described which essentially forms the basis for data analysis.

3.2.1. Method and Interviewee Selection

The research in this thesis is mainly based on data collected through in-depth semi structured interviews. Semi-structured interviews were considered as beneficial in terms of the flexibility of adding follow-up questions while covering all specific topics relevant to the research aim of this paper (Bryman and Bell, 2011). In order to investigate the relation of board involvement and strategic objective achievement, a total number of eight interviews were held. Four to each case. More specifically, for each joint venture interviews were held with one CEO representing joint venture management, two board members each representing one parent, and one chair person.

The majority of formulated questions were the same for both parties, however, some twisted formulations were needed between the CEO and the board. Hence, two separate but tightly linked versions of interview guides were created (Appendix 3).

As this thesis is a construct of teamwork created by two researchers who are generally seen as independent externals to the company, interviews were participated by both adding the benefit of delegation (Bryman and Bell, 2011). The researchers adopted auditing approach in all phases of the research approach, so that reliability and dependability is realised (Bryman and Bell, 2011). All interviews were face-to-face, one interviewer usually was taking notes while the other was asking questions and paying attention to body language. Although body language was not essential to the findings but allowed the researchers to get an impression about the interviewees comfort in talking about collaboration related issues. Additionally, for in-depth analysis and full intake of the provided information, responses were tape recorded. It was ensured that interviewees felt comfortable by holding interviews in a noise free, calm and neutral environment. More specifically, the location at which the interviews were held in conference rooms at either the venture's or parent company's offices. As interviewers were considered externals, the interviewees were informed about a non-disclosure agreement in a debrief before the interview started (Appendix 2).

Both researchers agreed about the interviewee selection criteria, in which joint venture CEOs were perceived as most qualified to represent joint venture management due to their decision making power, as well as their direct contact with the board of directors. Although, the current CEOs' have not actually been in power since the initial formation, they were most informed about the development and strategic objectives of the ventures. While there was only one chairman inside each board, the board members had to be selected based on the following criteria proving that the board member is:

1. part of the board since over 1 year
2. a main member, not a supplement

Moreover, the board in each joint venture had four main (active) board members, two representing Parent Company A, two Parent Company B. Other board members were only supplements and not very much involved in current issues. However, not all board members were available, hence the factor of availability mattered. Since the researchers aimed for an equal sample of interviews for each joint venture, the minimum of interviewing at least one member from each parent company

was set and fulfilled. It was considered indispensable to talk to board representatives and chairmen as they mirror the parents’ visions and are most informed about issues throughout joint venture development (Montecon, Liu and Gao, 2011). Board members and the position of the chairman will be referred to as “the board” in this thesis. The table below summarises interviewees selected for this research:

Joint Venture		The Board	
Case	CEO	Chairman	Board Member
Joint Venture 1	CEO 1	Chairman 1	Board Member A1 Board Member B1
Joint Venture 2	CEO 2	Chairman 2	Board Member A2 Board Member B2

Table 4: Interviewees from each involved party and their positions

Where A= Parent Company A; B= Parent Company B

3.2.2. Interview Preparation

The two separate interview guides were prepared listing on average 20 questions including follow-up questions, taking approximately 40 - 50 min per interview. The topics covered were identical, simplifying cross-case analysis in later stage (Eisenhardt, 1989b). The guide prepared for the board incorporated additional questions about the board relationship to the parent company to see a potential influence of the parents inside the venture. Both parties, CEO and board representatives, were first asked about the formation of the joint ventures which served the purpose of clarifying the context of the cases. The main themes covered in the interview guide were joint venture development, board involvement and strategic objective achievement. These themes were favorably addressing the current phenomenon of corporate governance dynamics. Dynamics was captured by linking joint venture development over time to changes inside the venture and on board level. The different perspectives and perceptions of the respondents were held side by side for comparison and interpreted through a paradoxical perspective on governance from an agency and stewardship perspective as defined by Sundaramurthy and Lewis (2003). In line with Bryman and Bell (2011), questions were formulated with the intention to avoid biases in responses. More specifically, avoiding guiding answers. Also, the natural flow of the questions was ensured by

careful selection of headings. As the interview language, English, was not the first language of most interviewees, questions were formulated in an easily understandable manner (Bryman and Bell, 2011).

The interview guide served the purpose of getting information for theoretic interpretation and analysis. A pilot test was carried out with one supplement board member of Joint Venture 2, the answers of which have not been transcribed or used in this thesis. After the pilot test, questions that seemed too specific, misleading, or closed ended were adjusted. Questions which were answered with “Yes” and “No” were removed or reformulated into more open ended ones (Bryman and Bell, 2011).

3.2.3. Generalisation

“Qualitative data provide insights on the dynamics of relationships” (Eisenhardt, 1989b, p.542) and is considered as most suitable in the investigation of corporate governance dynamics. However, the interpretative aspect in qualitative research analysis is generally regarded as subjective and thus less explicit (Bryman and Bell, 2011). This and the complexity of research procedures make it “almost impossible to conduct a true replication” (Bryman and Bell, 2011, p.408). Hence, it is reasonable to argue that generalisability may be questionable considering the almost unique context of the two joint ventures which were formed by two organisations in a certain industry (Bryman and Bell, 2011). Furthermore, the lack of transparency is additional critique expressed because qualitative research may run the risk of being overly subjective and thereby fail to be clear on the analysis steps (Bryman and Bell, 2011, p.409). Thus, replication of the study may be complex. However, in the strive to contribute to literature the researchers aimed at framing results of the analysis into a more generalizable model. Conformingly, Eisenhardt (1989b) argues that a case study that is closely linked to literature describing a generally recognised phenomenon enhances the generalisability of qualitative research. Problems of generalisability due to the specificity of this multiple case study are regardless a crucial factor to this study and are respected by the researchers.

3.3. Method of Analysis

Eisenhardt (1989b) describes an iterative process in which the analysis of data happens in two steps: within-case and cross-case analysis. This approach is selected as best option for a

revelatory multiple case study as the cases selected in this thesis are very similar in terms of ownership models and joint venture formation but differ in their development and strategic objective achievement.

3.3.1. Within-case Analysis

An in-case analysis will allow the researchers to review each individual case and identify related patterns of board involvement and strategic objective achievement (Eisenhardt, 1989b). Langley (1999) defines different sense making strategies for case analyses, in which the narrative strategy is considered most plausible. Thus, this paper is taking the example of Chandler's work (1989 in Langley 1999) and adopting a contextual perspective for understanding the phenomena inside each case. By exercising a narrative strategy accuracy in reproducing the cases will prevent the lack of clarity and ambiguity (Langley, 1999).

Hence, a within-case analysis of both cases, firstly describes joint venture development over time chronologically, pointing out key changes that impacted the development linked to the year these occurred in. By making use of Eisenhardt's (1989b) recommended coding technique statements that related to the same issue were used for an overlapping triangulation exercise (Bryman and Bell, 2011). The narrative depiction of findings were supported with quotes used from the interview transcriptions. Also, in line with Langley (1999), development and changes over time will be visualised by using the achievement of the strategic objectives as a measurement. The overall picture of the development is, thus, intended to demonstrate whether strategic objectives have been achieved or not. Then, changes inside the board and board involvement over the development period of time will be handled separately in order to stress the focus of this paper and link the two sections in the cross-case analysis.

As board involvement is the key focus, the researchers ensured to use a common measurement method across cases. Generally, board involvement is rather subjective. Some authors use quantifiable methods to measure board involvement. Reuer, Klijn and Lioukas (2014) for example refer to the frequency of board meetings. This thesis however, will refer to more subjective methods. More specifically, researchers in this paper will make use of Boot and Macey's (2004) concepts of proximity and objectivity in order to measure board involvement. Accordingly, close involvement in day-to-day business operations and a close relationship with

joint venture management, are signs of proximity. Distant or not existing involvement in day-to-day operations and a distant relationship to joint venture management, are signs of objectivity.

Also, this thesis will also employ a rather subjective measurement of strategic objectives by using the customer base. By this, referring to the number of customers the venture attained over time. Narayanan, Yang, and Zahra (2009) argued that ventures often yield several strategic benefits including learning, improved responsiveness and other strategic outcomes. Since the market and financial benefits take time to be materialized, alternative measures are generally employed by researchers for gauging intermediate outcomes of ventures. These are vastly subjective in order to capture short term performance (Narayanan, Yang and Zahra, 2009).

3.3.2. Cross-case Analysis

It is part of human nature to misinterpret data, thus a cross case pattern analysis shall be presented (Eisenhardt, 1989b). As the thesis focuses on the development over time after joint venture formation, the cross case analysis will reflect less upon common aspects but rather focus on differences, exploring unique findings (Eisenhardt, 1989b).

In order to explore joint venture development over time results were interpreted using a paradox framework proposed by Sundaramurthy and Lewis (2004). The researchers take on a paradoxical perspective on the dynamics of corporate governance. In order to capture the dynamics in both cases presented, their paradox framework is used as a basis to interpret board involvement as it combines the perspectives of agency and stewardship theoretical frameworks. In this paradox, the board is considered a key governance mechanism, the involvement of which indicates the governance approach: control vs collaboration. Moreover, a control approach to governance will be associated with objectivity, while a collaborative approach will be associated with proximity. By interpreting the data through the paradox framework the researchers aimed to uncover complexity behind the phenomena. With reference to the complexity theory, the cross case analysis concludes with an Adaptive Governance System - model that visualises the findings made.

4. Presentation of Results

The interviews that were held in relation to the two joint venture cases delivered crucial insights that will be presented in this chapter. It consists of three sections. First, the background in 4.1. intends to describe the parent companies and their decision for forming the two joint ventures, laying out some key data to both cases. Each case will then be presented on an individual basis in 4.2. and 4.3., covering themes concerning joint venture development over time and board involvement. An overview of interviewees and interview dates can be found in appendix 4.

4.1. The Background

The intention of the subchapter is to clarify the context of the case study. Firstly, a brief presentation of the parent companies and their ownership structure will be given. Secondly, the reasons for forming the joint ventures as well as some general information about the formation will be portrayed.

4.1.1. Parent Company A

Parent Company A is a mid-sized business, offering energy related products and services to the general public in some regions of Sweden. The company is owned by more than one municipality which sets some legal requirements and responsibilities to management (“it limits us, the way that Parent Company A is owned.. [by Municipalities]” - Board Member A1). For example, certain legal acts prohibit municipality owned companies to influence competition in the market to avoid potential monopolies (Swedish Competition Authority, 2014). Thus, the company appears to have an administrative focus, which was confirmed by CEO 1 by stating: “Parent Company B have a more business thinking culture and Parent Company A is more like an ordinary company that is owned by municipalities”. Furthermore, the board of Parent Company A is constituted of politicians (Chairman 2), who change to some extent at every election. Thus, the expertise of the board does not lie within the energy industry which in return delegates high decision power to the CEO of Parent Company A. Figure 2 below visualises the ownership structure of Parent Company A.

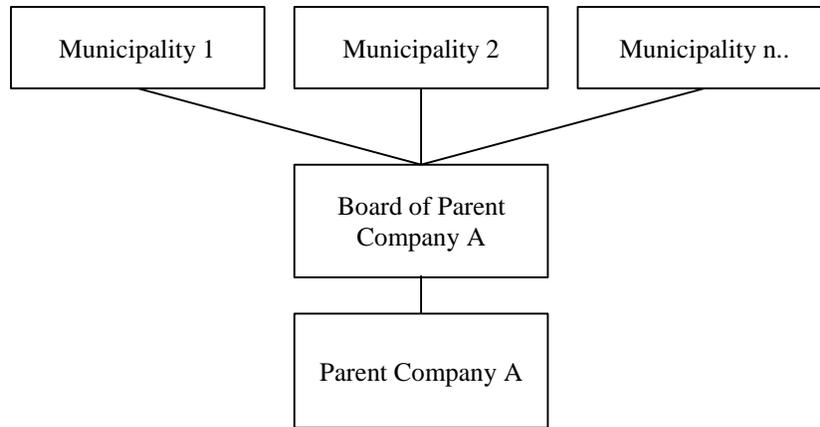


Figure 2: Ownership Structure of Parent Company A

4.1.2. Parent Company B

Parent Company B, on the other hand, is also a mid-sized business offering almost the same energy related products and services to the general public in some other regions of Sweden. Similar to Parent Company A, the organisation is owned by one municipality which sets requirements for stable governance models (“being [owned] by Municipalities [means] that we take all the responsibility to ensure that there is a governance model that includes these steering policies and to be top notch. I think that is very important” - Board Member B1). The board of Parent Company B also consists of politicians with limited or no expertise in Energy (Figure 3).

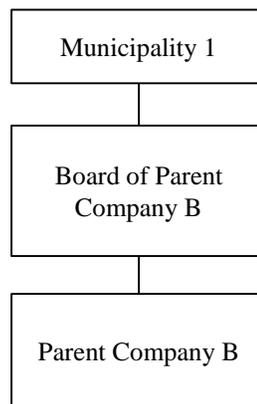


Figure 3: Ownership Structure of Parent Company B

4.1.3. Joint Venture Formation

Considering the above described parent companies and their ownership situation, the focus of this section will be on joint venture formation. More specifically, this section aims at depicting the context of the formation in both cases, referring to aspects as: date of formation, ownership,

reason for formation, strategic objectives, complementarities, employees. This, provides a holistic understanding of the setting. Table 5 below summarises formation related results for each joint venture.

Aspect	Joint Venture 1	Joint Venture 2
Year of formation	2010	2012
Ownership structure	50/50 by Parent Company A and Parent Company B	50/50 by Parent Company A and Parent Company B
Strategic objective	Increase market size/ achieve growth	Increase market size/ achieve growth
Reason for formation	Existing business unit too small Need for economies of scale Synergies	Existing business unit too small Need for economies of scale Synergies
Employees	50/50 former Parent Company A and Parent Company B employees	50/50 former Parent Company A and Parent Company B employees
Complementarity skills of Parent Company A and B	None	None
Incentives to the board	None	None

Table 5: Joint Venture Formation Setting

This demonstrates that Joint Venture 1 was formed in 2010 and Joint Venture 2 in 2012. Both ventures are owned at an equal equity position of 50/50 by the two parents. Also, in both cases the parent companies were holding a business unit that “was too small to sustain on their own” (Board Member B1). When asking about the reason for forming the ventures, Board Member A1 described the aim of conjointly becoming stronger by putting together two divisions from two separate companies (“being together have bigger muscles versus having it in house” - Board Member A1). CEO 1 stated that the parent companies would like “to be bigger, to share the risk, to share the finance and of course [...] increase the growth”. More precisely, the two parent companies were looking to “achieve economies of scale” as formulated by Chairman 2 and Board Member B1. The aim was to benefit from “synergies both in volume and fixed costs” by combining forces (Board Member B1). By combining their business units the owners created ventures from

which they were able to get the same services/products they used to offer internally. Thus, business synergies and the aim of putting together two small business units to form a larger one, was a key trigger for establishing the joint ventures. However, as there were many synergies, no complementary skills were found in the ventures (“We had similar skills. We added two similar organisations together with similar skills... more or less the same competence basically.” - Board Member B2).

Furthermore, each interviewee was asked about the strategic objectives of the respective joint venture. In both ventures, the main objective highlighted by the interviewees, was “to increase the market, not just supporting Parent Company A and Parent Company B” (Board Member B2). The same way, Joint Venture 1 aims for growth, gaining more customers, increasing the market (“I think we have some issues that we have to address in the future concerning our growth” - CEO 1). The overarching strategic objectives in both venture cases were to increase market size and achieve growth. This was confirmed by each interviewee, from each perspective.

When the ventures were formed, an equal number of employees from Parent Company A and Parent Company B were placed in the joint venture (“you put around ten people from each Parent Company in Joint Venture 1. So we were around twenty in the beginning and the only one that was new was me and the risk manager” - CEO 1; “we took the staff both of us” - Chairman 2). Lastly, the issue of incentive payments to the board was raised in the interviews which only demonstrated that there are no remunerations paid to the board in either joint venture.

One can derive that, overall, the ventures started off for the same reasons, in the same settings, serving the owners as customers from the beginning, and following the same strategic objectives. The results to each individual case will now be addressed in more detail, focusing on the development of the venture, the achievement of strategic objectives, and board involvement over time.

4.2. Case 1 - Joint Venture 1

The venture, same as the parent organisations operates within the energy industry, specifically focusing on energy trading services.

4.2.1. Development over Time

When talking about the development over time, interviewees were asked to draw the development of the joint venture. Joint Venture 1, but also Joint Venture 2, described their strategic objective as achieving growth in terms of customers (“the combination with our own group with external group with external customers – or the idea is that this will increase the growth” - CEO 1). Thus, the customer base was used as the measurement for development over time, from the date it was started in 2010 up to 2016. Figure 4 illustrates that development of Joint Venture 1, indicates a growth in customer base starting in 2014 (“And now I see they bring in external customers as well. So I think that is the development that you can really see” - Board Member A1). This means that from 2010 until 2014, the parent companies were the only customers of the venture (“They had their goals from the owners that they should increase the number of external customers, but nothing happened” - Chairman 1).

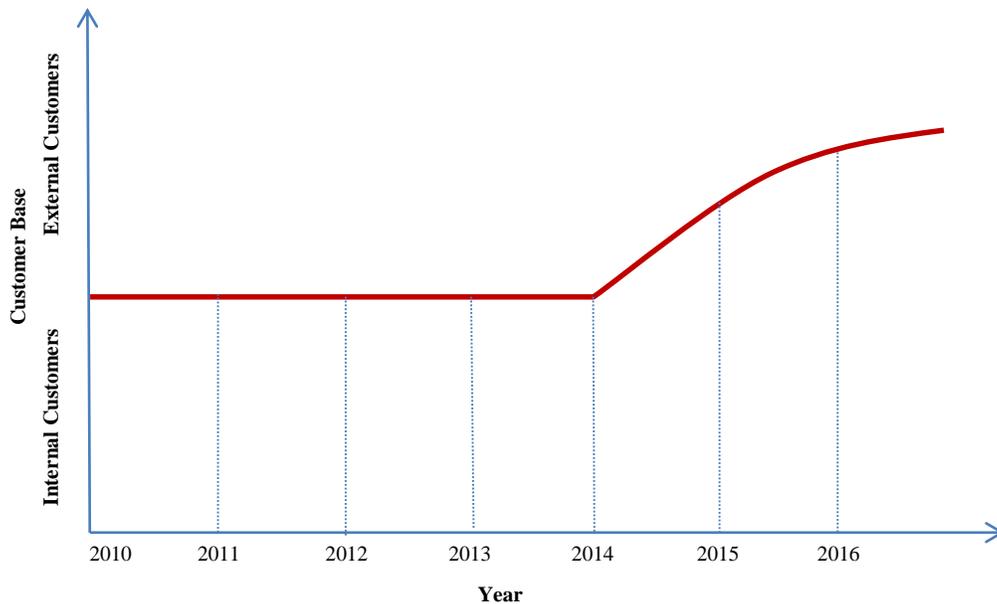


Figure 4: Joint Venture 1 development over time

Regarding the overall performance, though, the board was confident that Joint Venture 1 was on the right track to achieve the strategic objectives (“I’m confident that we are on the way to.. I think it is long journey but I feel confident that we have the right man in place to actually start working on the strategic agenda” - Board Member A1, “I think they are on their way. I think that my own view is that: If you want to build a long-term profitable company, you take time and

you need to be persistent in what you do” - Board Member B1). Results overall are described as good by the CEO (“Our result is really good” - CEO 1).

However, the good development experienced some changes over time externally, and internally on levels of joint venture management and the board. Board member B1 stressed some key changes in the external environment such as stronger competition and smaller margins (“I mean the environment and the marketplace is much harsher now. The margins you can get from energy trading is now getting smaller and smaller.” - Board Member B1; “It’s a very very competitive market” - Chairman 1). Internal changes, however, were most intriguing to the research purpose of this paper and are demonstrated in figure 5, visualising changes through the development.

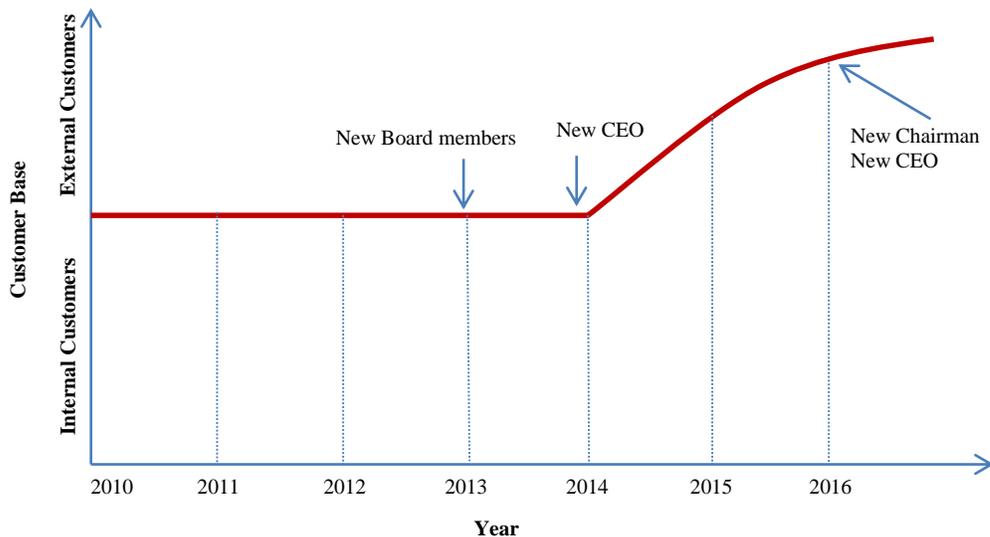


Figure 5: Joint Venture 1 changes over time

On the management level of the joint venture, one particular issue that impacted the development was the frequent change, or replacement of the CEO. The CEO, at time of the interview, was with the company since the beginning but had held the CFO role and only acted as an interim CEO in 2016 until the new CEO gets recruited. He explained: “we had a couple of

CEOs during these five years. [...] We had one in the beginning [...] then we had another one and.. he left last autumn. I have been the acting CEO since this“ - CEO 1).

The first CEO and his team “did not have the skills to create that expansion” (Board Member B1), thus, the board let go of him. The second CEO at Joint Venture 1 started in 2014 but seemingly “he did not like to engage the board. He didn’t understand why he had a board at all” (Board Member A1). This created a “conflict of interest” (Board Member B1), which led to his dismissal in 2015. Board Member A1 pointed out a deciding occasion in which the former CEO kept information from the board (“I actually talked to the CEO of Parent Company A and I said that this is the last board meeting that I go to; you should take me off this board because I do not feel comfort at all” - Board Member A1). From a statement of Board Member B1, it becomes clear that the initiation to let go of the CEO was triggered by representative of Parent Company A as he did not see the actual conflict (“To my experience it’s rather common that the CEO really don’t want to have the board in the backyard [...] I think it’s fair to say that we have a sort of a conflict of interest seems to be on the table for this sort of – when the former CEO left, I think in that turbulence that evolved, there was some suspicion [...], I didn’t see that myself” - Board Member B1). Despite the conflict that emerged, the CEO was rather successful in enlarging the customer base, attaining new external customers for the business (“He was good at this! [...] He was the one who was out on the market. Before that nothing happened” - Chairman 1; “he was more of a visionary and talked a lot but he didn’t make the changes he was supposed to do!” - CEO 1). Chairman 1 added that the CEO did receive some incentive payments, but also highlighted that incentive payments are a sensitive question at a municipality owned company.

Changing top-level management was a decision of the board. As this thesis concentrates on board involvement in relation to strategic objective achievement, the next section will reflect on changes that happened at board level stressing involvement of the board.

4.2.2. Board Involvement

Before showing the results on board involvement, a brief layout of the board composition and relation to the parent organisation. Thereafter, certain changes to this layout will be given.

Board Composition

As the venture is owned at 50/50 by Parent Company A and B, the board composition represents this equal distribution. Thus, the board of Joint Venture 1 consists of two active board members from the side of Parent Company A and two from Parent Company B. As all of the mentioned have some relation to the parents, they will herein be considered as insiders. Also, the position of the chair is held by an outsider, someone who does not work for either of the parent companies at the time of formation. However, the first chairman, from the time of formation until 2015, was a retired employee who used to act as CFO of Company B over 10 years ago (“he had been CFO for Parent Company B maybe ten.. fifteen years ago” - CEO 1). This can be depicted as follows:

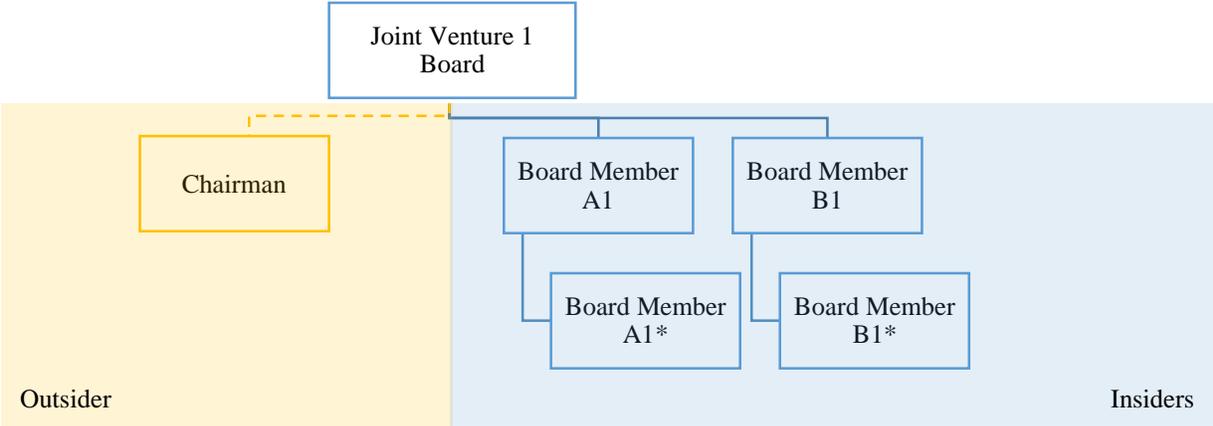


Figure 6: Joint Venture 1 Board Composition

Since the time of formation of Joint Venture 1, the board saw the need for having some external expertise inside the board to act more independent from the parents (“no business control, no financial control is conducted for the parent company [...] a board could be seen as a more independent supporter” - Board Member B1). The desire to remain independent from parent organizations was further illustrated by Board Member A1 who expressed that: “we wanted it to be together to be able to compete more as a Company versus Compete [...] since Company 2 and Company 1 ownership, limits us”. Also, chairman 1 described the board as: “very independent”, although some responsibilities are seeping through from the Parent Companies’ owners, the municipalities, which have to be respected by the board.

Changes of Board involvement

Throughout joint venture development the composition of the board as well as the level of expertise and involvement has undergone changes. Involvement of the board was measured based on the distant or close relation to the business operations in both cases.

In the first year of operation, in 2010, the CEOs of Parent Company A and Parent Company B were part of the board at Joint Venture 1 which led to some conflicts, particularly concerning information exchange. CEO 1 described this as: “not good because you have two people that are the head of the groups and if they are always somewhat competing and nobody wants to go against their leader in that kind of meeting”. Control practices of the board at that time relied on set mandates and weekly reporting, which each interviewee pointed out (“We do a weekly report on the trading activities, a monthly on the business as a whole, including finance report and the CEO report” - CEO 1). These reports were discussed at board meetings held five times a year (“you have to have the five board meeting each year” - CEO1). Furthermore at that time, board involvement was perceived as rather distant to business operations, focusing on strategic questions (“I think that to start with we were a little bit far away I would say. So we are more closer now.” - Board Member B1).

By 2013, the conflict inside the board was resolved as the members had realised that a board with two CEOs from parent side is not the way to go (“So they had to look into themselves ‘what can they do different so it will work in the future?’” - CEO 1). After the CEOs stepped down from the board discussions became easier (“People can say what they want to say a lot easier” - CEO1). The replacements were one senior executive from each parent company.

No changes to board involvement were notified until the board realised the “need to have board members that understand the business, that understand the strategic long-term goals for the company and can also be a support to the CEO” (Board Member B1). As a result in 2015, the chairman was also replaced by an outsider from the banking industry with relevant trading experience (“is a former bank employee from outside, he is external” - CEO 1). Board members described that this set of new skills was beneficial (“Chairman has expertise in the business are of Joint Venture 1 and the board benefits from these extra skills” - Board Member A1, “more involved and more competent to the reach the next step of development” - Board Member B1). CEO 1 stated

that the new chairman “is much more engaged in the company compared to the last chairman. So the structure and the involvement from the board have been risen”. Since then, the board became more involved in business operations, closer in monitoring and more proactive in the decision making process of Joint Venture 1 (“Due to the fact that we have had [...] the CFO being CEO as once we need to get involved in some daily operations as well in just engaging the staff for feeling.. sharing that we are confident in them” - Board Member A1). The board also demonstrated that increased support by holding meetings at the Joint Venture and being visible to staff (“We are trying to have most of the board meeting at the company. So there would be a sense among the employees, that they know who is in the board that we have interest in what they’re doing” - Board Member B1). The number of meetings with the CEO increased during which the board supports management in preparing reports for annual meetings (Board Member B1).

To sum up, during the development period of Joint Venture 1, from 2010 until 2016, board involvement changed from being more distant, to more close and engaged (“I’m not involved in the operation [...] I was more taking the role of coaching in all the internal staff [...] but I think it has been some circumstances that have made of more operational than we would like to be or need to be [...] one of the board role is open doors” - Board Member A1). The key trigger to that shift were changes on board level and intensive meetings where the members got together and “got a better understanding for the business” (Chairman 1).

4.2.3. Summary of Changes

The table below is a summary of the changes in a chronologic order, referring to the key dates when composition and experience related changes occurred. By stating the occupation of the respective role one can derive whether the person was an insider or outsider. The table does include the board and the CEO as representative of the management level of the venture.

Year	Role at JV1	Occupation	Experience	Insider or Outsider?
2010	Chairman 1	Retired CFO of Parent Company B	Finance, Business Strategy, Energy Industry	Outsider
	Board Member A1	CEO of Parent Company A	Business Strategy, Energy Industry	Insider
	Board Member B1	CEO of Parent Company B	Business Strategy, Energy Industry	Insider

	CEO 1	Former leader of trading business unit of Parent Company A	Energy Trading, Management	Insider
2013	Chairman 1	Retired CFO of Parent Company B	Finance, Business Strategy, Energy Industry	Outsider
	Board Member A2	Head of Marketing and Sales at Parent Company A	Market Strategy, Energy Industry	Insider
	Board Member B2	Senior advisor at Company B	Business Strategy, Energy Industry	Insider
	CEO 1	New CEO with existing network in trading business	Energy trading, Management	Outsider
2015	Chairman 1	Former bank employee	Finance, Trading, Business Strategy	Outsider
	Board Member A2	Head of Marketing and Sales at Parent Company A	Market Strategy, Energy Industry	Insider
	Board Member B2	Senior Advisor at Company B	Business Strategy, Energy Industry	Insider
	CEO 1	CFO of Joint Venture 1	Energy Trading, Finance	Outsider

Table 5: Overview of Changes at Joint Venture 1

4.3. Joint Venture 2

The second joint venture that emerged from a collaboration between Parent Company A and B, also operates within the energy industry. The business specialises in metering.

4.3.1. Development over Time

The development over time, here also measured in customer base, demonstrates that since the formation of the venture in 2012 no external customers have been attained. The only customers for Joint Venture 2 are the parent companies. Thus, a straight line appears (Figure 7) which was also drawn up by Board Member B2.

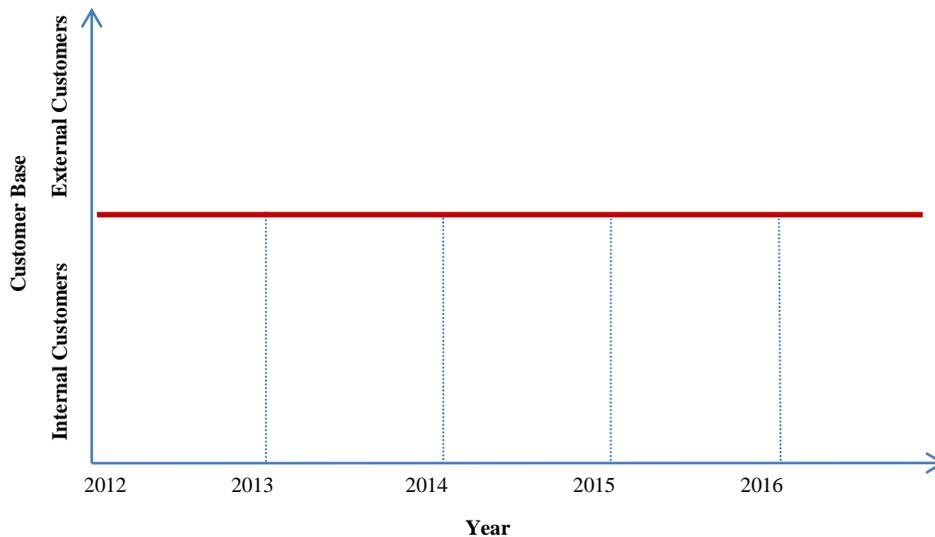


Figure 7: Joint Venture 2 development over time

The main reason for creating Joint Venture 2 at the time of formation, was to exploit assets of the two parent organizations and realize better economies of scale in metering related services, sometimes described as “cost effectiveness” (“to draw up the economies of scale with certain percentage” - Chairman 2; “you have to have much larger scale of business to be cost effective” - Board Member A2). That reason was considered the preliminary strategic objective to be achieved by Joint Venture 2 as a first phase. The next phase was to achieve growth through expanding the customer base and approach other customers in the Nordic as well as European regions (“in the next step to take more customers and grow from there to get some revenue to both companies.. to increase the market, not just supporting Parent Company 1 and Parent Company 2” - Board Member B2). However, due to problems in the development of Joint Venture 2, the venture could not even pass the first phase of achieving economies of scale (“overtime we have seen that the internal processes for the whole IT system setup is really hampering the development of Joint Venture 2 so we decided last year [...] let’s not going outside and let’s focus internally” - Chairman 2; “we are looping in this phase [...] we are in deep in daily problems.. we have to solve these problems” - Board Member A2).

Even though the development appears a straight line (“If you take both the outcomes from before and now.. it’s more or less the same” - Board Member B2), there have been distinct changes that impacted the development. Firstly externally, not only competition increased but also the

market requirements for metering changed in Sweden. This increased the need for advanced systems to capture more data than before (Board Member A2). Internally, there were changes on joint venture management and board level, visualised in figure 8.

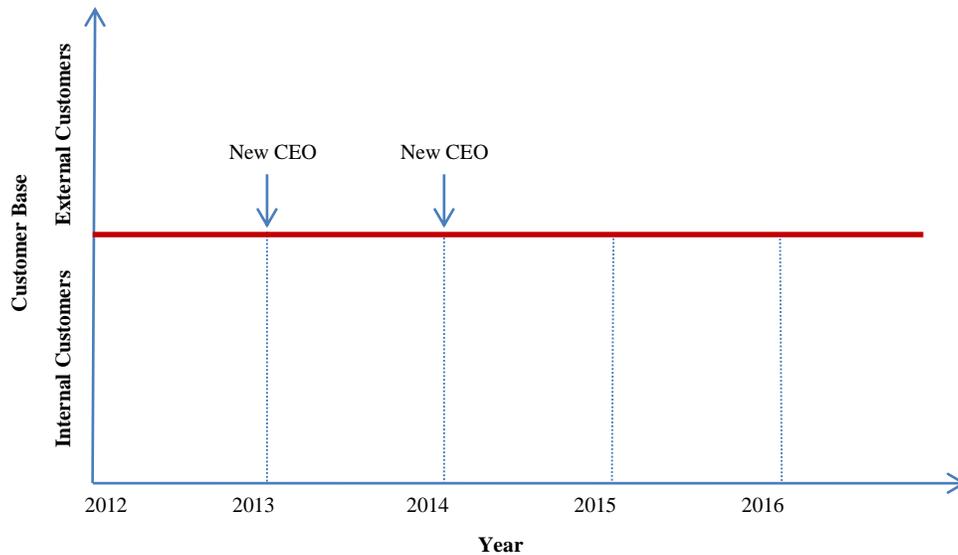


Figure 8: Impact on Joint Venture 2 Development

The first CEO was an outsider from the telecommunication industry with little experience in metering. The board realised that the CEO’s focus was rather “on the external market but not on the structure building of the company” (CEO 2), which was what the venture really needed (“The change was a consequence for problems in the company.. bigger than what the board had been informed about” - Board Member A2). When forming the venture some essential issues surrounding the technical setup were not discussed in detail. As a result the IT structures of the two parent companies remained separated. Joint Venture 2 struggled to combine the two separated systems since the beginning (“what really shouldn't have done.. you should have to set up an own infrastructure and technical solution for joint venture 2 [...] so in the last three years, Joint Venture 2 has struggled with making something out of that system.. really.. so that the kind of misery right now” - Board Member A2). Board members and chairman lost trust in the CEO’s competences and dismissed her in 2013 (“you have to trust the CEO.. that’s for sure and if you don’t do that you have to change and we have done that in one occasion” - Board Member B2). Chairman 2 summarised the problems in two key factors that led to a delay of growth: Lack of skills, incompatible IT systems (“we don’t have the right skills and the right IT systems.. we have two IT

systems and still the same skills that we have five years ago” - Chairman 2). Another factor that caused the inability to integrate two separate metering structures into one unified structure was linked to a lack of trust between the parent organizations. More specifically, each parent insisted on keeping own metering data in-house, not sharing it with the other party (“because Parent Company A and Parent Company B is the owners of the systems [...] so there is a lot of control [...] that’s one of the main problems we try to find a solution for right now and that will be expensive to [...] import all the information on something that can take full responsibility of that business” - Board Member A2).

Nevertheless, the CEO got replaced by a temporary insider, a previous employee from one of the parent companies, while the board was looking for a new external CEO with relevant competence. CEO 2 had previous experience in the metering business and was hired in 2014.

4.3.2. Board Involvement

Some changes also occurred on board level which will be discussed in the next section. Beforehand, this part will depict board composition and relation to the parent company.

Board Composition

The equal ownership position of the parents is mirrored by the board constellation, with two board members from each parent company. The position of the chairman in this case is not external, though. Since the formation the chair is alternating yearly between two board members, one from Parent Company A, and one from Parent Company B. Hence every year the elected vice chairman takes on the position of the chair. Figure 9 below shows that all are insiders.

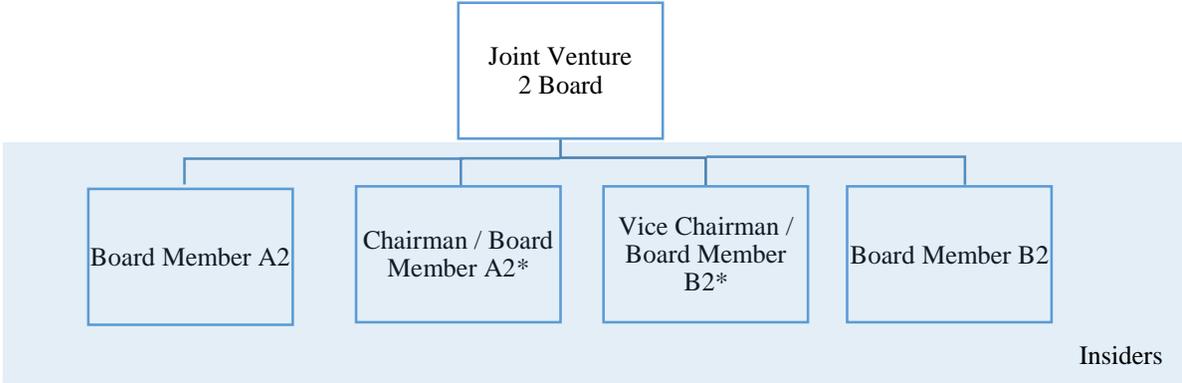


Figure 9: Joint Venture 2 Board Composition (where *=Alternating Chairman)

Furthermore, looking at the relation of board and parent company demonstrated that, neither board members, nor chairman inherently considered themselves independent from their parent organisations ("The board members are members [...] are the top management from both the owner companies and they couldn't be independent. It's impossible" - Board Member A2). Additionally, Board Member B2 used following metaphor: "I would say I am a big brother and I have my father behind me and look at me and I think he must have something to say. From our board, they look at the Joint Venture 2 via my manager so of course it is not independent the board" - Board Member B2). To add to that, Chairman 2 argued that control by the parent company through the board is "very important" ("..because first of all you have responsibility [...] So there are different reasons that makes it extremely important [...] it should be aligned with the parent company. Of course you have to align everything according to the parent company strategy absolutely" - Chairman 2).

Changes of board involvement

During the entire development of Joint Venture 2, from 2012 until 2016, the board constitution was unchanged. The only change was the yearly alternation between the Board Members who were elected for the position of the chair. Board Member A2* was acting as a chairman from 2015 till 2016, which means that in 2016 Board Member B2* will become the next chairman. The unchanged composition of the board indicates also a static level of expertise at the board. Table 6 summarises changes on board and top-management level.

Board involvement, however, experienced some shifts through the development of the venture. Since the formation "the role of the board [was to have] higher responsibility on driving the development and monitoring of the company" (Chairman 2). Furthermore, the board was described to be "very proactive" in supporting venture development (Chairman 2). Board Member A2 expressed that in his point of view, the main role of a board in general should be more focused on supervision and shaping strategic direction of the organization. He added that the board in case of Joint Venture 2 is acting differently though. The board at joint venture 2 is closer to the business and more engaged in critical decision making ("in a perfect world, generally the role of the board is the strategic questions.. the strategic direction of the company and the ongoing business is for the CEO [...] this board acts differently [...] so you are more engaged and you are more willing to

take charge of the.. critical questions in the company and don't leaving it to CEO to solve" – Board Member A2).

Especially when the issues surrounding IT systems intensified in 2013, the board reacted by being closer to joint venture management in finding solutions to the problems. Chairman 2 called these problems a "minor crisis". This crisis, according to chairman 2 led to the board taking on a "more active role, driving changes, driving the development in the whole company" with the board being "closer in terms of following the development of the IT system implementations [...] meeting CEO 2 more often". The chairman further describes himself as: "more on hands and more involved operationally", supporting the management "in the board room and [...] outside the boardroom" (Chairman 2).

4.3.3. Summary of Changes

The table below is a summary of the changes in a chronologic order, referring to the key dates at which composition and experience related changes occurred. Same as above, the roles of the board and the CEO as representative of the management level are included.

Year	Role at JV2	Occupation	Experience	Insider or Outsider?
2012	Chairman 2	Business Unit Manager of Parent Company B	Business Development, Energy industry, Electricity	Insider
	Board Member A2	Business Unit Manager of Parent Company A	Business Development, Energy industry, Electricity	Insider
	Board Member B2	Human Resource Manager of Parent Company B	People Management, Energy Industry	Insider
	CEO 2	Telecommunication Manager	Telecommunication industry, Management	Outsider
2014	Chairman 2	Business Unit Manager of Parent Company B	Business Development, Energy industry, Electricity	Insider
	Board Member A2	Business Unit Manager of Parent Company A	Business Development, Energy industry,	Insider

			Electricity	
	Board Member B2	Human Resource Manager of Parent Company B	People Management, Energy Industry	Insider
	CEO 2	Former leader of metering business unit of Parent Company A/B	Metering, Energy Industry, Management	Insider
2015	Chairman 2	Business Unit Manager of Parent Company A	Business Development, Energy industry, Electricity	Insider
	Board Member A2	Business Unit Manager of Parent Company A	Business Development, Energy industry, Electricity	Insider
	Board Member B2	Business Unit Manager of Parent Company B	Business Development, Energy industry, Electricity	Insider
	CEO 2	Manager in Measuring business	Metering, Energy Industry, Management	Outsider

Table 6: Overview of Changes at Joint Venture 2

5. Analysis

The purpose of this chapter is to: Firstly, identify dynamics of corporate governance essentially highlighting approached of board involvement in each case; Secondly, comparing the achievement of strategic objectives in both cases and deeper analyse the development in the two joint ventures reflecting on board involvement specifically.

5.1. Approaches to Governance

This part is reflecting on board involvement throughout joint venture development, linking this to theory based approaches of governance. First Joint Venture 1, then Joint Venture 2 will be analysed individually.

5.1.1. Joint Venture 1 - A Control Approach

When revising board involvement at Joint Venture 1, it is noted that the role of the board stressed discipline and practiced rather distant monitoring from 2010 up to 2015 (“I think that to start with we were a little bit far away I would say. So we are more closer now.” - Board Member B1). In other words, the board was more objective (Boot and Macey, 2004). Furthermore, the focus on discipline was essentially driven by prevalent administrative requirements (Sundaramurthy and Lewis, 2003). As Joint Venture 1 is owned by two municipality owned companies, highly risk averse behaviour is omnipresent due to social, political and legal pressures for compliance (Nicholson and Kiel, 2004). Thus, rules and procedures favor formal interactions with the management through weekly and monthly reports (“Every week we have a report and then every month, bigger report [...] then a yearly report for the auditor [...] make sure that decision is well documented” - Board Member A1). These requirements are signifying vigilant control which the venture has to comply with (Sundaramurthy and Lewis, 2003). Sundaramurthy and Lewis (2003) describe that a control approach is implied by an outsider-dominated board. However, at Joint Venture 1 the only outsider was the chairman. The rest of the board members are considered insiders, these are senior executives who work for either of the parent organizations (Klijn, Reuer, Van den Bosch and Volberda, 2013). Against the classification presented by Sundaramurthy and Lewis (2003), the board of Joint Venture 1 remained rather detached from the management and daily operations even with an insider-dominated board. Hence, their governance approach

practiced distant monitoring, acting similar to an outsider-dominated board (Sundaramurthy and Lewis, 2003).

Signs of objectivity, an emphasis on discipline and vigilance, as well as detachment from management are indications for a control focused governance approach at Joint Venture 1. Over the time of joint venture development, two key changes occurred which can be interpreted through the dynamic reinforcing cycles of control as in Sundaramurthy and Lewis (2003).

As the strategic objective of gaining external customer was not achieved between 2012 and 2014. A low-performance cycle of control, the first change, was initiated (Sundaramurthy and Lewis, 2003). From a paradoxical perspective, poor performance of the joint venture is seen as a result of the CEO's low motivation to engage in the business due to the control imposed by the board. With this, meaning the reporting and emphasis of discipline and compliance (Sundaramurthy and Lewis, 2003). The board, however, developed some distrust towards the CEO's competence to achieve strategic objective. Distrust resulted in suppressed stewardship and impression management triggering turf wars between board and management (Sundaramurthy and Lewis, 2003). The board-CEO tension within a risk averse culture intensified the control and increased rigidity. As a result, the CEO was dismissed.

The same cycle of persistent rational control, risk aversion and agency behaviour inherently existed in Joint Venture 1 when the new CEO started. The board set a "mandate" for the new CEO assigning him to realize the strategic objective of growing the business, through gaining external customers (Board Member A1 and Board Member B1). Even though the CEO succeeded to realise growth and leveled up the business to a high-performance cycle of control, suppressed stewardship and increased control appeared. As board involvement was rather objective with no involvement in daily operations, the board's ability to access information quickly was limited, which emphasises their evaluative (not proactive) control of decision making (Boot and Macey, 2004). This, in the case of Joint Venture 1 led to information asymmetry. Sundaramurthy and Lewis (2003) argued that firm's success could increase this asymmetry as managers seek credit for the good performance. In line with that, the CEO hid crucial information and downplayed the role of the board as a reaction to stewardship suppression ("he did not like to engage the board. He didn't understand why he had a board at all" - Board Member A1). With that, the CEO created an emotional distance to the board, targeting positive feelings from other members at the joint

venture, an action that is termed as polarisation by the CEO which inhibited the communication with the board (Sundaramurthy and Lewis, 2003). On top of that, the insider dominant board acted rather independently from the parent organizations which enabled the board to shield the management of Joint Venture 1 from direct involvement of the owners (Boot and Macey, 2004). Therefore, the CEO of Joint Venture 1 was not directly impacted by the risk aversion of the owners. Board Member A1 confirmed this by stating: “I think they got a lot of free hands [...] they get to operate clearly by themselves”.

As there was a difference in risk taking attitude between board and management (“when you work with trading, you should know how well you push your risk mandates [...] I mean.. Are you in the boundaries or are you very secure” - Board Member A1), a goal conflict and agency problem emerged, released by a risk differential phenomenon (Wiseman and Gomez-Mejia, 1998 in Sundaramurthy and Lewis, 2003). The issue turned into a conflict of interest and distrust, demolishing social ties between board and CEO which promoted myopic behaviour and led to greater control by the board, as well as dismissal of the CEO (Sundaramurthy and Lewis, 2003).

Dismissing CEOs twice in a row triggered a major change in the board (“because the board have kicked two CEO [...] So they had to look into themselves ‘what can they do different so it will work in the future’ - CEO 1). After the parent companies’ CEOs stepped down from the board and the chairman was replaced by someone with complementary skills, the board became even more independent from the parent organisations. With these changes, the board initiated self-correction and managed to avoid getting locked into the reinforcing cycle of control that could lead to failure. The board members began to enable collaboration with management, supporting business plan creation and growth of customer base (“when they are suppose to write business plan we need to help them [...] Exactly.. open doors, which I think a board member should do” - Board member A1). In doing so, the board managed to achieve the following:

1. The board members established closer relationship with employees at Joint Venture 1 by holding meetings at the location of the Joint Venture with the aim to increase trust between the board and the joint venture team (Sundaramurthy and Lewis, 2003). Thereby, they increased collaboration efforts.

2. The CFO was asked to temporarily act as the CEO during which the board started a more proximate monitoring with higher level of involvement in decision making seeking faster access to information.
3. The new chairman had more trading expertise which increased overall knowledge inside the board.
4. Lastly, the new Chairman's first task was to hire the new CEO and handle the social, informal interaction to build mutual trust for creating an impact on the board-management relationship, embracing more collaboration.

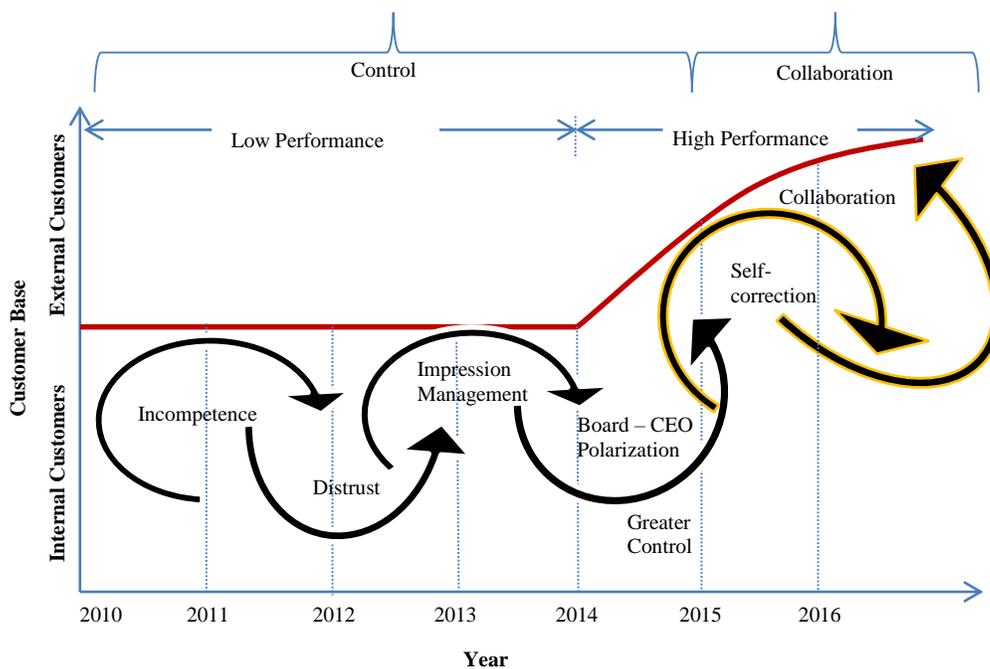


Figure 10: Board involvement cycles of Joint Venture 1

Briefly, a development at Joint Venture 1 demonstrates that the involvement of the board in a high-performance cycle of control experienced certain changes that enabled the board to break free from their control approach navigating them towards a more collaborative one (Figure 10). Without a self-correction, the continued reinforcement of cycles of control would have eventually led to failure (Sundaramurthy and Lewis, 2003). Also, the turn from low to high-performance cycles demonstrates some positive influence of the change in the development. Especially, since the performance keeps increasing after the last CEO left, even if only at a lower pace. Board member A1 argued that, although most growth was achieved by the CEO who got dismissed, the

joint venture managed to stay in growth (“Yeah.. it was the.. CEO that left but now.. it is the management team is stepping up in carrying own.. the good works”).

5.1.2. Joint Venture 2 - A Collaboration Approach

Since formation of Joint Venture 2, the board was rather close to management “driving the development and monitoring [...] the company” (Chairman 2) which is a clear sign of proximate board involvement (Boot and Macy, 2004). Even though, certain administrative requirements also apply in this case, as the parent organisation are municipality owned, reporting happens only on a monthly basis (Board Member A2). This indicates that, less emphasis is put on discipline (Sundaramurthy and Lewis, 2003). Furthermore, the board of Joint Venture 1 is dominated by insiders (Figure 9) which is a factor pointing to a collaborative approach (Sundaramurthy and Lewis, 2003). In fact, board composition has remained unchanged throughout the development over time. Even the position of the chair is an alternating role traded on a yearly basis between two board members, each of which belongs to one of the parent organisations. Hence, the level of expertise has not varied since the start. This lack of changes on the board level and close collaboration with the CEO of Joint Venture 2 opened room for potential emergence of the groupthink phenomena which leads to rigidity, an “escalating commitment to a failing course of action [and] eventually resulting in failure” (Sundaramurthy and Lewis, 2003, p.402). Also, the board unanimously stressed that “they couldn’t be independent” (Board Members A2) from the parent organisation. Therefore, the board is not detached and does not shield the management from owner’s intervention but is rather a direct window to joint venture performance (Sundaramurthy and Lewis, 2003).

To sum up, board proximity, an insider-dominant board, and absence of board detachment provide clear indications proving that the board Joint Venture 2 practices a collaborative approach. Taking this further, one can see that the strategic objective of gaining external customers and achieving growth has not been reached by looking at the flat line in Figure 11 (“we are right now in Joint Venture 2 in what we call a kind of minor crisis situation” Chairman 2). Thus, the venture is in a low-performance cycle of collaboration since formation (Sundaramurthy and Lewis, 2003).

A review of the two occasions of CEO replacements at Joint Venture 2 draws up clear linkages to low-performance reinforcement cycles of collaboration (Sundaramurthy and Lewis, 2003). In the first instance of changing the CEO, in 2013, joint venture performance did not appear satisfying to the board (Sundaramurthy and Lewis, 2003). Board members claimed to have been misinformed about the actual situation of the venture. Consequently, the board felt a threat to their rigidly followed strategic objectives and escalated their commitment enhancing collaboration between the board and the executive/CEO (“if we have problems the board members are more engaged” - Board Member A2). Furthermore, when reflecting on the attribution of the negative performance clear signs of ‘blaming’ become visible (Sundaramurthy and Lewis, 2003). When Sundaramurthy and Lewis (2003) refer to blaming, their focus is on the executive of the company. In this instance however, the board, representing the two owners, is very proximate to Joint Venture 2 (Boot and Macey, 2004) and deliberately steers the planning of the CEO (“so you are more engaged and you are more willing to take charge of the critical questions in the company and don’t leaving it to CEO to solve” - Board Member A2). Thus, the blaming here is done by the board level towards top-management of Joint Venture 2. That is in line with Boot and Macy’s (2004) argument on reputational stigma of proximate monitors. More specifically, when the board identified faults in venture performance in 2013, the fault was then attributed to an internal “lack of competence” (Chairman 2) particularly, referring to the CEO, as well as external factors (“increased competition” - Board Member A2), which are issues that are out of the hands of the board (Sundaramurthy and Lewis, 2003). Thus, rather than addressing limitations of the strategic objectives for the venture and harming their own reputation, the board decided to “project blame toward (and remove) lower-level subordinates” (Sundaramurthy and Lewis, 2003, p.402), in this case the CEO. As a reaction to that, the board raised commitment, dedicating more time and resources into the functioning of the venture (Sundaramurthy and Lewis, 2003).

The second CEO, from 2013 until 2014 was an insider. He was seen as incapable to achieve the strategic objectives and thus served as an interim solution, until the board found someone from outside with more relevant expertise. Since the CEO was an insider though, the board and the CEO worked cohesively on technical and operational problems, as well as strategic questions, getting them even more involved in the business (Sundaramurthy and Lewis, 2003). After the interim CEO stepped down in 2014, this close collaboration in which the board acted “very proactive” in supporting the COE (Chairman 2) continued with the new CEO. CEO 2 pointed out that the chair

and vice chairman are involved in operations even if they should not because they represent not only the owners but also the main customers of Joint Venture 2.

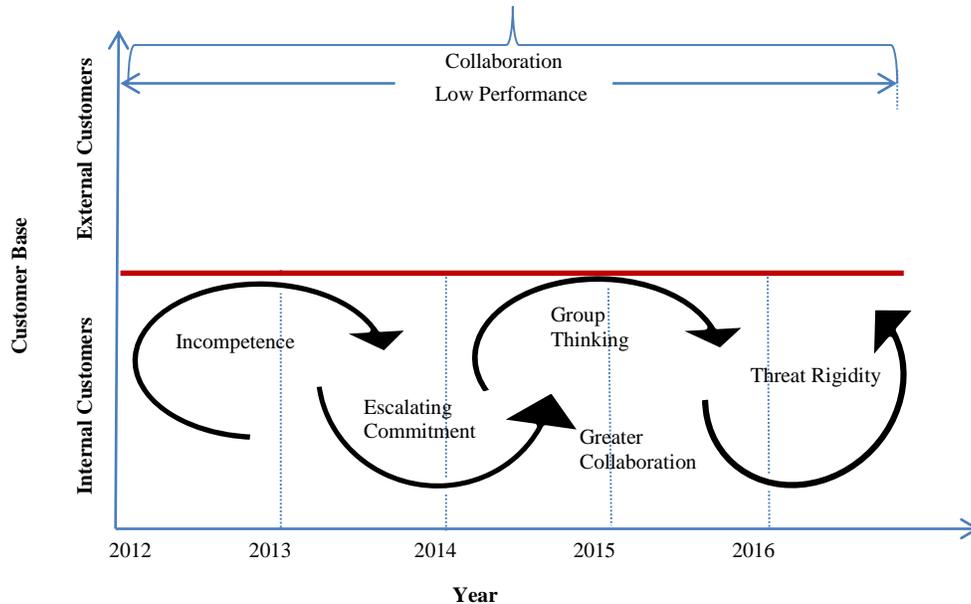


Figure 11: Collaboration Cycles at Joint Venture 2

Reflecting on the overall linkages to theory within the case of Joint Venture 2, it can be summarised that the involvement of the board in a collaborative low-performance setting resembles a more rigid adherence to close collaboration at times of problems. According to Sundaramurthy and Lewis (2003) an overemphasis of either control or collaboration could lead to failure. In this case one can essentially recognise that the board got locked into the reinforcing cycles of control which can be linked back to the failure to achieve strategic objectives. Instead of risking to harm “social ties, members of the board intensified their support” (Sundaramurthy and Lewis, 2003, p.403) after each of the CEO replacements. The following subchapter will compare the two cases and their respective governance approaches.

5.3. Governance Dynamics

As the research question taps around the relationship between board involvement and achievement of strategic objectives, this section will: First, compare the achievement of strategic objectives in both cases; secondly, conduct an analysis of the two developments of the venture, reflecting on key changes in board involvement and link these to objectives achievement.

5.3.1. Development

It is noticed that, Joint Venture 1 is progressing in the right direction for achieving its strategic objectives as planned. In contrast, Joint Venture 2 is struggling to realise its strategic objective of growth due to technical issues. Figure 10 illustrated the continued growth that had been realised in Joint Venture 1 since 2014 until 2016, and Figure 11 showed the unchanged situation of Joint Venture 2.

By comparing the development of the two cases, this part aims to identify how the achievement or lack of achievement of strategic objectives can be related to board involvement in joint venture development over time. Table 7 below provides an overview of differences and similarities between the two cases analysed.

Changes	Joint Venture 1	Joint Venture 2
Performance cycles	From low-performance to high-performance	Remained in low-performance cycle
Approach	From control to collaborative	From collaborative to more collaborative
Reasons for dismissing CEO	1. Lack of Motivation (Incompetence) 2. Distrust	1. Incompetence 2. Incompetence
Board	Chair: Replaced outsider with more independent outsider Board Member: Replaced insiders (CEOs of parent companies) with insiders (Senior executives from parent companies)	Chair: Swapped between two insiders Board Member: Replaced one insider (Senior executive from parent company) with another insiders (senior executive from parent company)
Board Expertise	Increased knowledge inside the board by hiring new chairman	Level of knowledge remained unchanged

Table 7: Comparison of changes undertaken in both cases

The most obvious difference between the two cases is the governance approach. While both ventures experience some sort of governance dynamics throughout their development, only Joint Venture 1 seemed to have shifted the corporate governance system from a control focused one to a collaborative approach, turning from objectivity to proximity (Boot and Macey, 2004). In contrast, Joint Venture 2 remained within the reinforcement cycle of collaboration, increasing collaboration at times of problems and attributing fault to other contingencies, external and internal (Sundaramurthy and Lewis, 2003).

Both boards, at Joint Venture 1 and 2, have initiated CEO replacements twice. In Joint Venture 1 both replacements were a result from reinforcing cycles of control. In the first instance, the CEO from a paradoxical perspective demonstrated a lack of motivation to perform due to his modest competencies and a high perceived control from the board (Sundaramurthy and Lewis, 2003). However, the board named incompetence as a reason for his dismissal. Sundaramurthy and Lewis (2003) explain that a lack of motivation, may be perceived as incompetence which may be the actual reason behind this changes, but this was not clearly stated by any of the board members. In the second instance, increased board-management tension emerged as a result of distrust in the CEO and risk differential. The board's objectivity as well as the low desire of CEO to comply with the controls of the parent organisations' inhibited his willingness to share information with the board in time, downplaying their relevance (Sundaramurthy and Lewis, 2003). In Joint Venture 2, the board attributed poor performance to the two CEOs and other employees' incompetence to achieve strategic objectives. In both cases, commitment was escalated. Although Joint Venture 1 and Joint Venture 2 seemingly experienced the reinforcing cycles of respectively control and collaboration, the first venture managed to burst out of that cycle while maintaining growth.

But how did the board of Joint Venture 1 reach a more collaborative approach and did not get trapped in the reinforcing cycle of control? To address this question one must take a closer look at changes on board level. The board of Joint Venture 1 compared to Joint Venture 2 experiences changes to both, composition and expertise. The initial board composition with the parent companies' CEOs inside the board of Joint Venture 1 was re-evaluated as some issues of distrust appeared to emerge amongst the board members. At present the board gained new board members who took the places of parent companies' CEOs. Also, the board elected a new chairman from outside who had relevant trading experience complementing their existing expertise. The new chairman was assigned to dismiss the former CEO and recruit a new CEO. As a result, the

boards increased knowledge triggered a shift to their involvement approach, enabling self-correction (Sundaramurthy and Lewis, 2003). Board expertise of Joint Venture 2 on the other hand remained unchanged, showing signs of groupthink due to close collaboration with the venture, which may have impacted their ability to re-evaluate their composition and sufficiency of expertise. More specifically, close collaboration cause rigidity towards change among board members as well. Hence, based on the results it could be argued that the absence of rigidity eases the self-correction to occur.

Furthermore, the board of Joint Venture 1 was described as more independent from the parent organisations although all the board members of joint venture 1 were insiders. Independence, however, shielded management from direct intervention from the parent companies. This may have caused distrust but also increased risk-taking attitude of the CEO who managed to reach strategic objectives (Sundaramurthy and Lewis, 2003). At Joint Venture 2 though, the parent companies had direct and in-time access to information through the boards proximity to the business operations (Boot and Macey, 2004). Proximity, in this case, led to the board not being able to shield management from owner's intervention which can be linked to the venture's inability to achieve strategic objectives.

Reflecting generally on the relationship between board involvement and strategic objective achievement (the performance) in both joint venture cases, one can clearly see a two-way relationship. On one side the board involvement influences the outcome; and, on the other side, the outcome triggers some reaction from the board. In one case, Joint Venture 1, the outcome has initiated self-correction of board involvement. The next subchapter will frame this findings of a dynamic two-way relationship into one model.

5.4. Model of an Adaptive Governance System

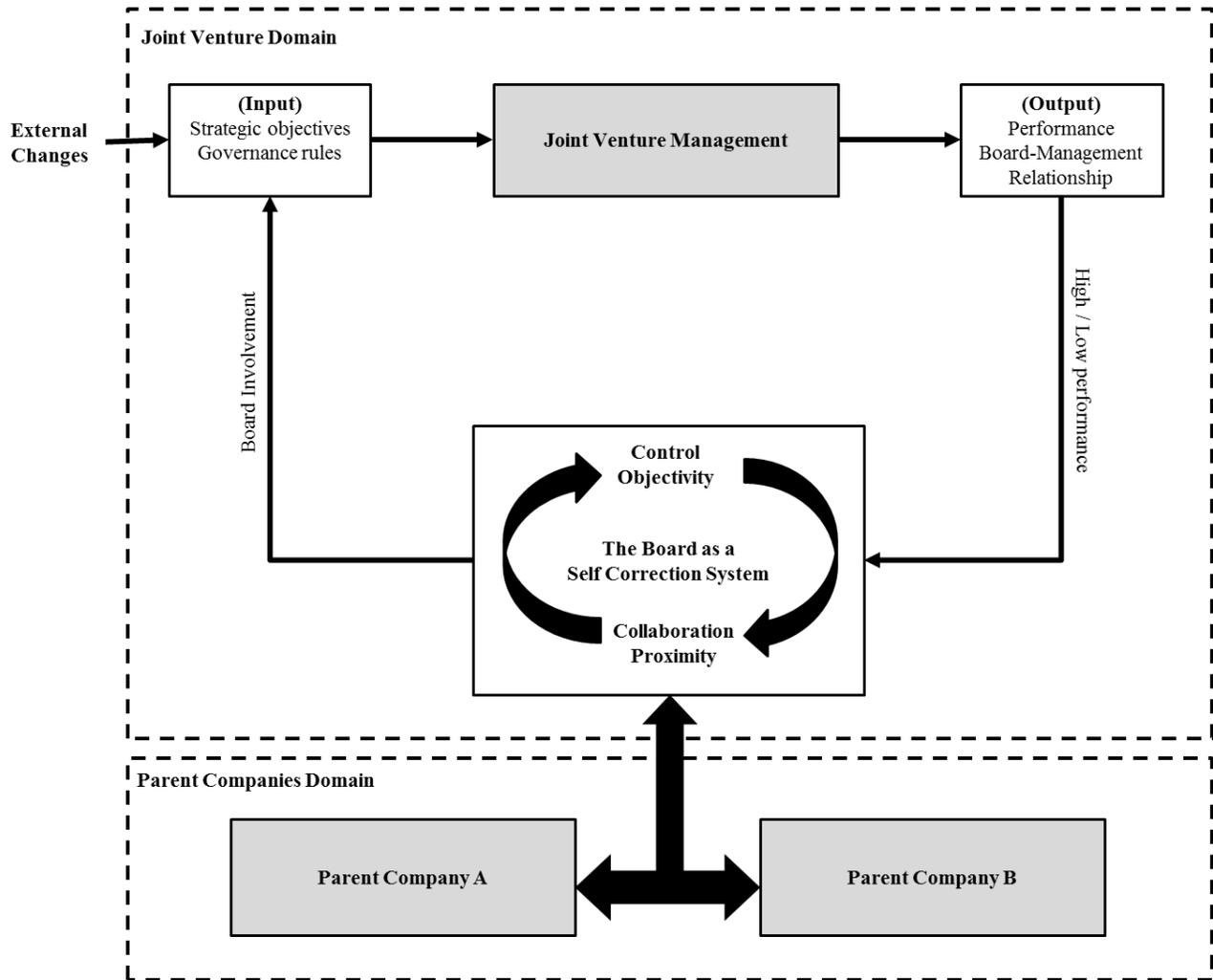


Figure 12: Adaptive Governance System

Sundaramurthy and Lewis (2003) argued that stressing one polarity, either control or collaboration, exacerbates the need for the other since the sole governance approach could impede learning and result as counterproductive (Sundaramurthy and Lewis, 2003). As the researchers mainly focus their framework on corporate governance in general, this thesis perceived the need to outline the added complexity in a joint venture setting. Hence, a dynamic empirical model of and Adaptive Governance System (Figure 12) is proposed by this paper which makes reference to parts of the framework by Nicholson and Kiel (2004), features of adaptability as in Boot and Macey (2004), as well as self-correction cycles of Sundaramurthy and Lewis (2003). It illustrates an adaptive governance system which is a dynamic complex adaptive system (Uhl-Bien, Marion

and McKelvey, 2007), setting the board in the centre as a self-correction system that aims for adaptability (Boot and Macey, 2004). Essentially, it shows the two-way relationship of board involvement and strategic objective achievement.

Starting with the two domains, the model addresses a joint venture domain and a parent companies' domain. In the **joint venture domain**, certain **inputs** exist that influence joint venture management in reaching to outputs. These take into account external changes (e.g. competition) as well as joint venture performance and board involvement (control/collaboration approaches). Corporate Governance rules as contractual safeguards and legal requirements are also factors influencing the social systems but are rather foundational conditions on which the interactions are formed. **Joint venture management** is seen as a transmitter in this construct, directly influencing the outcomes. In the case of Joint Venture 1, CEO competence was frequently seen as the reason for low-performance and cause of distrust. Furthermore, the **output** in the adaptive governance system is expressed via joint venture performance, measured in the achievement of strategic objectives, and board-management relationship (conflict/trust). If strategic objectives are achieved, it is categorised as a high-performance and if not, it is considered a low-performance (Sundaramurthy and Lewis, 2003). Also, the emergence of a conflict of interest, as with Joint Venture 1, may require the self-correction system alter board involvement to reach a balance and resolve the issue.

In the centre of this thesis and the model, is **the board** which is defined as a **self-correction system** that constantly re-evaluates the governance approach based on outputs and creates an input through board involvement. This development of the adaptive governance system is in line with board transformation framework of Nicholson and Kiel (2004) and complexity science (Nicholson and Kiel, 2004; Uhl-Bien, Marion and McKelvey, 2007), where the board is seen as a complex adaptive system whose ability to interact with and react to changes and contingencies in this complex environment determines its effectiveness and venture performance over time (Nicholson and Kiel, 2004; Uhl-Bien, Marion and McKelvey, 2007). To be specific, inside this self-correction system the board evaluates its own control or collaboration approach, trading-off objectivity and proximity, in order to reach self-correction. If the board struggles to balance these extremes of governance, it may get stuck in one governance cycle, as in the case of Joint Venture 2 (Sundaramurthy and Lewis, 2003).

The **parent companies' domain** shows the parent companies as partners in the joint venture. The parent companies' domain interacts with the board in the joint venture domain. A weak interaction would then represent the independence of the board from the parent organisations which was found to be a distinct aspect in a joint venture context. A strong interaction between board and parent organizations would stand for high engagement of the owners in the joint venture. Furthermore, an independently acting board, as in Joint Venture 1, was found to be more inclined to achieve self-correction. Therefore, self-correction was found to be more likely to occur with an independent board as opposed to other governance systems in which the board are closely tied to the parent organizations. Even though, the model only shows two parents it may be extended to more owners, which would eventually add more complexity.

The overall adaptive governance system per se is a dynamic social system that is subject to contextual factors which impact outputs. This research posits that the ability of the adaptive governance system to interact with and react to changes and contingencies in this complex environment determines strategic objective achievement over time.

6. Conclusion, Limitations and Implications

The last chapter of this thesis is concerned with: firstly, formulating a conclusion; then, presenting the limitations of our study combined with implications for further research; and additionally highlight implications in a managerial context.

6.1. Conclusion

Early chapters pointed out a research gap within corporate governance literature. This gap was concerned with the dynamics of the overall concept of corporate governance in a joint venture setting which has been addressed by this thesis. Research in this paper has achieved that by focusing on the board of directors as a key governance mechanism in joint ventures. The dynamics in which the board acts was analysed from a paradoxical perspective as in Sundaramurthy and Lewis (2003), comparing two selected joint venture cases that were formed on the same grounds.

One essential aspect of differentiation between the two cases was the achievement of strategic objectives. At the time of the interviews, one venture was on the right way to achieve its strategic objectives, while the other appeared to be further off the right way. This allowed for a reflection upon certain events that occurred throughout the development of the two joint ventures. Development and particularly changes to board involvement provide an insight into the dynamics of the overall corporate governance system and shows some parallels confirming but also complementing existing theories in joint venturing and corporate governance literature.

Certain characteristics of board involvement in the joint ventures studied in this paper, for instance, do resemble some features as described in Boot and Macey (2004) as well as Sundaramurthy and Lewis (2003). Their theories provide a deep insight into the approaches that boards can take in an alliance such as a joint venture. Although the theorists do not particularly focus on joint ventures, their framings were applicable. Moreover, when analysing board involvement in Joint Venture 2, it was found that the composition was an insider dominated board which was practising a collaborative approach (Sundaramurthy and Lewis, 2003), being proximate to the management of the joint venture (Boot and Macey, 2004). However, for Joint Venture 1 the board was not outsider dominated but still was found to be objective following a control approach which goes against statements of Sundaramurthy and Lewis (2003) and Boot and Macey (2004). Thus, this thesis poses that objective boards who follow control approach must not necessarily be

outsider dominated. However, the board of Joint Venture 1 considered itself as independent from the parent organisations which can be formulated into a proposition as follows:

Proposition 1:

An insider dominated board that acts independently from the parent organisation facilitates objectivity.

Furthermore, in line with Boot and Macey (2004), one can derive overall that joint venture boards should reflect upon their involvement over time to reach an optimum corporate governance system. This optimum accordingly is achieved by reaching a trade-off between proximity and objectivity as well as control and collaboration in an adaptive governance system. The model of an adaptive governance system conceptualises the synergies among these theoretical frameworks where the board acts as a self-correction system which also is in line with the framework of board effectiveness of Nicholson and Kiel (2004). However, Boot and Macey (2004), Sundaramurthy and Lewis (2003) as well as Nicholson and Kiel (2004) focused on the adaptability of corporate governance systems in general organization while this research focuses on the joint ventures context. As illustrated in the cross-cases analysis, parent organizations add more complexity to adaptability issues in joint ventures compared to other types of organizations. It was obvious that the board in Joint Venture 1 ran semi-autonomously and was, thus, considered as more independent from the parent organizations compared with the board of Joint Venture 2. Finding showed that the board of Joint Venture 1 was effectively able to perform self-correction activities unlike the board of Joint Venture 2. Therefore, this research extracts the following proposition:

Proposition 2:

A board that acts independently from the parent organization is more likely to manage self-correction.

Moreover, in line with outcomes by Boot and Macey (2004) as well as Sundaramurthy and Lewis (2003) proximity and objectivity trade-offs and the dynamic interplay of control and collaboration are crucial for enabling adaptability. This was demonstrated by the case of Joint Venture 1, where changes on the board level stimulated a trade-off which is initiating self-correction that helped the board to escape the reinforcing cycle of control, as in Sundaramurthy and Lewis (2003). The board of Joint Venture 2, however, was found to have failed in adapting a

trade-off but instead got stuck in the low-performance reinforcement cycles of collaboration, which according to Sundaramurthy and Lewis (2003) will eventually lead to failure. As the board further increased collaboration with and proximity to the joint venture no conflicts evolved, neither inside the board nor between management and the board. This inhibited their ability, as a board, to reflect upon and recognise their own limitations. Hence the board in Joint Venture 2 was unable to perform self-correction activities. Therefore, the researchers state the following proposition:

Proposition 3:

It is more difficult to reach self-correction in a collaborative governance setting, compared with control governance setting.

By presenting a model of an adaptive governance system and answer to the research question stated in the beginning is illustrated. This model captures that in a joint venture setting the relation of board involvement to strategic objective achievement is interactive, as two-way relationship. Inspired by corporate governance literature (Sundaramurthy and Lewis, 2003; Boot and Macey, 2004; Nicholson and Kiel, 2004), the developed model intends to contribute to joint venture literature widening the understanding of board involvement in a dynamic corporate governance frame.

The model of an Adaptive Governance System reflects the complexity of relationships and interaction dynamics between the board as a self-correction system, management, inputs, external changes and the achievement of strategic objectives. The model centres the board as a self-correction system with the ability to steer the development of a joint venture by leaning towards either control or collaboration approaches to governance, being either close or distant to joint venture management. The additional element in this study, compared to other corporate governance literature based interpretations, is the interaction between the board and the parent organisation. The level to which the board acts independently from the parent company, specifically. Thus, adding this factor of independence from parent companies, underlines the relevance of the model proposed. Moreover, the board's ability to act as a self-correction system is influenced by the level of independence as outlined in proposition 2.

Briefly, the board-management relationship comprises complexity and dynamics where the board should express high level of flexibility and agility in order to achieve adaptability. Researchers in this thesis discovered the importance of board involvement, showing that in a

dynamic corporate governance system, the board can impact the achievement of strategic objectives, and, gets impacted by the achievement of strategic objectives throughout joint venture development over time.

6.2. Limitation and Implications for Future Research

Focusing on the methodology of this paper, it can be outlined that as with other case study centred papers the generalisability of the findings represent a natural limitation (Bryman and Bell, 2011). Consequently, it is required to test these on a wider, potentially quantitative scale. The second aspect is retrospectivity in capturing the development and change over time. A longitudinal study with other sources of data such as observations would increase the validity and reliability of the research (Bryman and Bell, 2011). Essentially observations of board meetings would essentially uncover interconnections between events with historical data. However, as the researchers of this thesis only had a limited time to access the information, the only option to capture the changes and development of the joint venture cases over time was to have interviewees describe the development. Future research may consider though to follow board involvement over the development of joint ventures over time in a longitudinal study.

When looking upon theory and findings related limitations, the first aspect here is the research focus overall. The value of board involvement is examined in this research through a rather limited number of factors that represent contingencies which impact the governance mechanism in joint ventures. These include the independency of the joint venture board from the parent organisations, board composition (insiders and outsiders), chair position and CEO. Therefore, it is recommended that future researchers empirically examine the impacts of other factors such as scope, scale and other organizational complexity issues that impact joint venture (Klijn, Reuer, Van den Bosch and Volberda, 2013). Moreover, as framed in proposition 2, the degree to which the board acts independently from the parent company was found to be a crucial factor that influences the board's ability to act as a self-correction mechanism in a joint venture setting. This factor, adds on to the complexity of the overall construct of corporate governance dynamics and may inspire future research to uncover the degree of independence and what factors influence the board in acting independent. As the cases researched are owned by municipality owned companies, the degree of independence may be limited due to legal constraints. Hence, future

research should differentiate between the contexts of ownership structures. Also, future research may need to address in what way the interaction (trust/distrust) between the parent organisations may influence the level of independence and general dynamics of corporate governance in a joint venture setting.

This research focuses on cases with equal ownership structures, being owned by two domestic shareholders and the board only includes inside directors with no incentive for acting as board members. The uniqueness of this research context opens the opportunity for future research to examine the value of board involvement in different contexts with a large number of shareholders and unequal ownership contributions for instance. Fourth, future research should investigate more multi-layered collaborations amongst a wider range of stakeholders beyond those highlighted in this thesis, board members, chairmen and CEOs (Bernstein, Buse and Bilimoria, 2016). Fifth, this research posits that dynamics of board involvement and adaptability are crucial for developing an optimal corporate governance. However, developing an adaptive dynamic corporate governance system requires an understanding of the existing governance system and developing a solution to solve the problem of this current governance. Thus, dealing with adaptation and dynamics of governance systems might need thorough understanding of the creativity and entrepreneurship in corporate governance context. Lastly, the complexity of governance systems and structures was examined in the light of interaction dynamics in different domains (e.g. joint venture management domain, board as a domain and parent organizations or shareholders domain). Thus, further research should empirically examine the factor that influence adaptability of governance structure from multi domain perspective in different types of organizations as well as joint ventures.

6.3. Managerial Implications

This thesis presents a model of adaptation that takes into account the complexity and dynamics of a corporate governance system in a joint venture setting. Even though certain issues concerning generalisability exist, this paper poses the need for increased awareness of the board as a self-correction system that influences and is influenced by joint venture development. Another influencing factor that adds onto the complexity of adaptation, in the case of a joint venture, is the degree to which the board acts independently from the governing parent organisations. Thus, a crucial managerial implication, particularly on board level, is the need for reflection on board

involvement to reach an optimum balanced corporate governance system (Boot and Macey, 2004). Due to the fact that the joint ventures and parent organisations analysed were domestic companies, operating in the energy industry. On top of that, both owners are considered competitors in some markets which inclined the complexity between the board and owner relationship. Therefore, the distinct context may limit the applicability to other industries impeding generalisability. Nonetheless, joint venture boards across industries and nations are called upon to reflect their involvement and enable self-correction as being stuck in either the cycles of collaboration or control could hamper development and potentially lead to failure (Sundaramurthy and Lewis, 2003). Thus it is highly recommended that boards should have mix of insiders and outsiders with diversified qualifications that enriching the board dynamic abilities to act as self-correction system (Sundaramurthy and Lewis, 2003; Nicholson and Kiel, 2004).

Boards shouldn't be intrusively proximate from the management seeking for timely access for information avoiding management capture and the anchoring bias risks. However it is recommended that boards should act objectively through distant monitoring in resolving agency problems, meanwhile practicing tough intervention to compensate the less timely access of information or late intervention due to their distant involvement compared to the close monitors.

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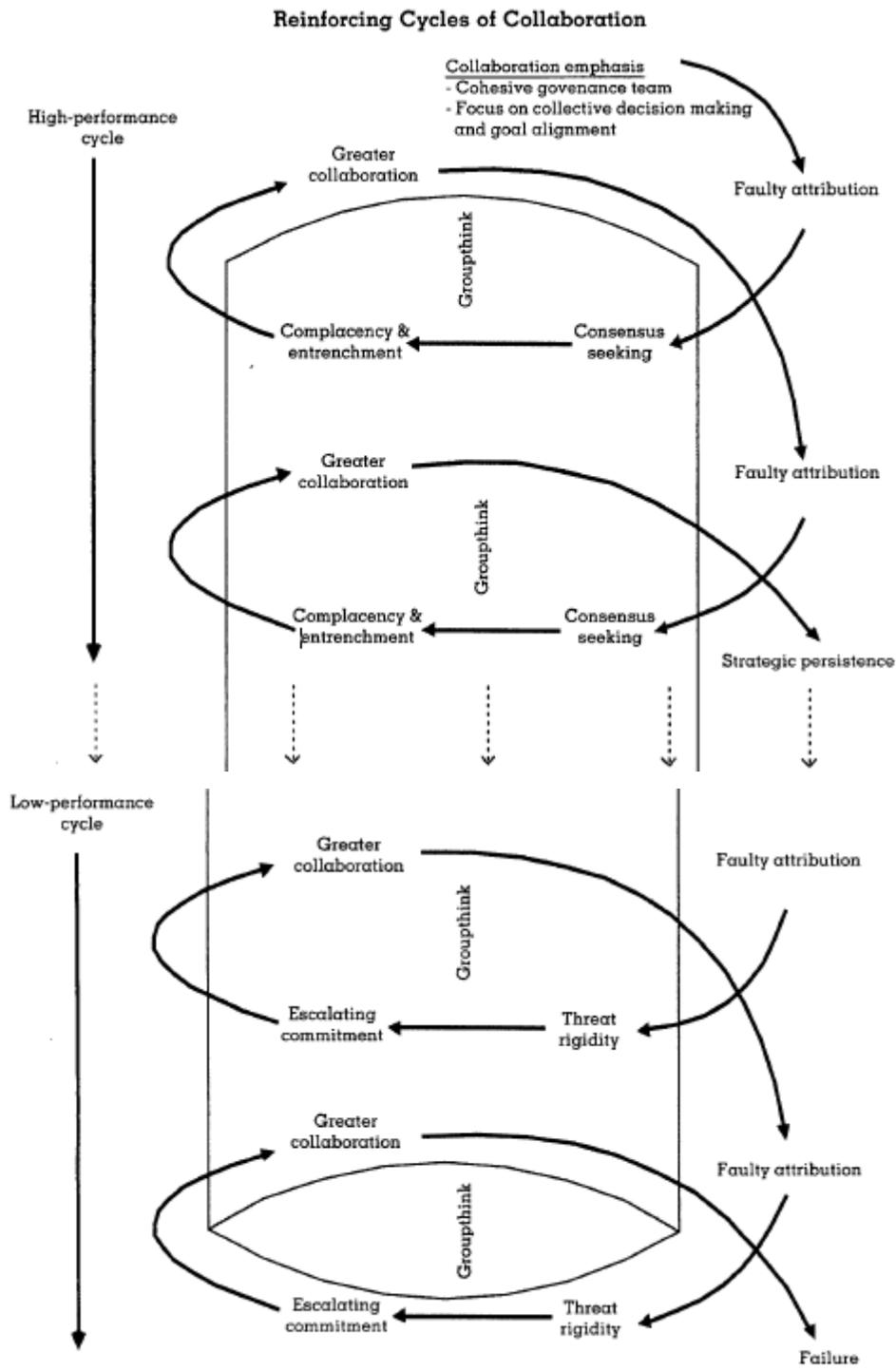
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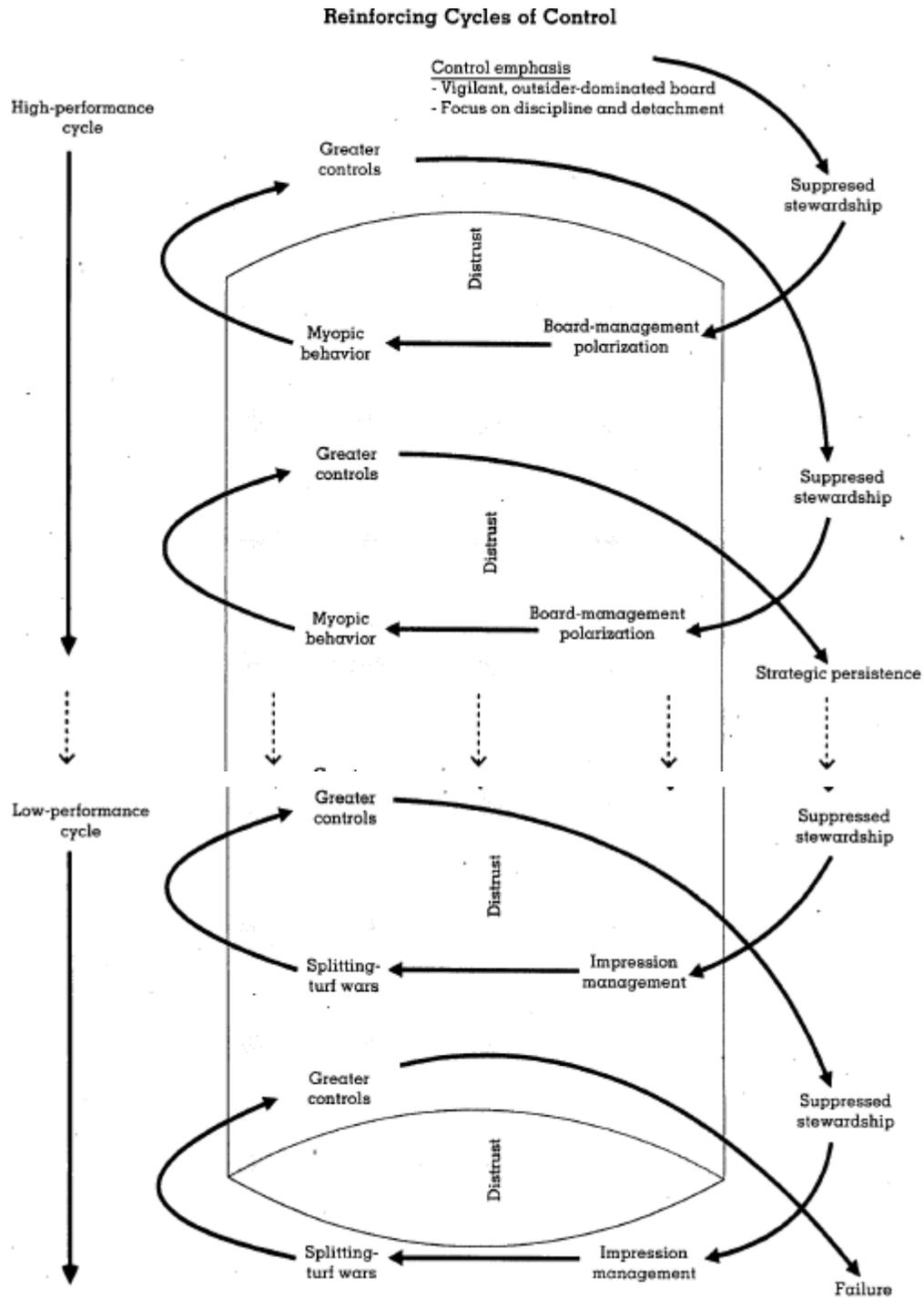
8. Appendices

8.1. Appendix 1

Reinforcing cycles collaboration (Sundaramurthy and Lewis, 2003, p.401)



Reinforcing cycles of control (Sundaramurthy and Lewis, 2003, p.397)



8.2. Appendix 2

Interview Guide Debrief

Debrief

We are Master students at Lund University and currently work on our thesis with Parent Company A. Just so you know, we signed a Nondisclosure agreement at the company and all your responses will be kept strictly confidential. We will not be asking any financial facts but only interorganizational collaboration related issues.

Aim

The research aim is to investigate the collaboration between the joint venture and the board of directors who represent the owners. Our focus is on the level of involvement and control by the parent company.

Right to withdraw

Your answers will only be used for academic purposes, thus your identity as well as the company name will remain anonymous. However, you have the right to withdraw from questions if you do not feel comfortable responding.

Recording

We would like to record this interview to ease the information intake for us. Do you mind if we record you?

8.3. Appendix 3

Interview Guide 1 (CEO)

General Background Information:

1. What's your name?
2. What is your current position?
 - What activities are you involved in inside the joint venture?
3. Have you been in this position since the venture was formed?
 - If No: How long have you been working at this company?
4. Can we confirm that you are in direct contact with the board of directors?
5. What does your organisational structure look like, could you draw it?
 - How are decisions administered inside the joint venture?
 - What are the incentives of the directors involved in the board of directors?
6. How do the parent organizations control the business of this joint venture?
 - What is the role of the board in this?
7. Do you think both parent organisations are gaining the same benefits from the ventures?
 - What are the benefits?

Theme 1

joint venture Formation

Purpose: Understanding the formation of the the joint venture and strategic objectives

8. Why was this venture formed?

9. What were the strategic objectives/goals for this venture?
 - Definition: A strategic objective, for instance, is a goal to enter new business areas and improve competitive advantage (Biniarni, 2008).
 - Are the strategic objectives still the same?

Theme 2

joint venture Development Over Time

Purpose: Understand the joint venture development and performance measures over time.

10. Could you draw the development of the company by year since it was founded? You could relate this to the the number of internal and external customer.
11. Where there any external (environmental) and/or internal (organisational) events that influenced this development?
12. Can you point out one key event that changed the performance/development of the joint venture?

Theme 3

Board Involvement

Purpose: Link joint venture development and board involvement to understand how the changes might have influenced the involvement or actions taken by the board

Reflecting on the outlined development over time, we would now like you to think about the role of the board of directors.

13. In general, what do you think should board of directors for joint ventures do? What are typical tasks and responsibilities?
14. How does the board, to whom you are reporting, influence on day-to-day operations of the joint venture?
 - On average how often does the board of directors meet per year/month?
 - Could you explain what topics or issues are discussed on a monthly and yearly basis?
 - How often do you as the CEO report to the board of directors?
 - What decisions does the board get involved in? (e.g. strategic decisions, business decisions, etc.)
15. Considering these facts we would like you to think about the involvement of the board. In your opinion, is the board more close or more distant to daily operations?
16. How important is the level of control by the parent company to you?
 - Why?
17. How important is the issue of trust in collaborating with the parent companies?

- Do you perceive that there is high trust between the parent companies, as well as between the board and the joint venture?
18. Now, thinking about the development of the joint venture, did the board involvement change at some point?
- If yes, why? (link to external/internal events)
 - What were the changes, could you explain what particular incident changes the level of involvement?
19. Are both parent companies close/distant to the same extent or do you notice any differences?
- If there are differences: Why do you think these exist?
20. Would you describe the board as independent from the parent organisation or are members more influenced by the parent companies'?

Sub Theme: Link board involvement and strategic objectives

Purpose: Identify whether there is a link to the realisation of strategic objectives.

21. Thinking about the previously stated strategic objectives for this joint venture. Can you see any relation between the board involvement and the strategic objectives of the joint venture?
22. Do you think that strategic objectives have been achieved?
- If No: Why? What were the factors?
23. Does the collaboration between you, as a representative of the joint venture, and the board meet your expectations?
- If yes: How does it meet it?
 - If no: What is needed to meet your expectations?

Interview Guide 2 (Board Member/Chair Person)

General Background Information:

24. What's your name?
25. What is your current position?
- Can we confirm for which parent organisations you are working?
26. How are you related to the joint venture? Are you a board member or chair person?
- What are your responsibilities as a board member/chair person?
 - What incentives do you as a board member/chairperson receive?
27. Have you been in this position since the venture was formed?
- If No: Since when are you involved in the joint venture?
28. How are decisions inside the board administered?
29. How do the parent organizations control the business of this joint venture?
- What is the role of the board in this?

30. Do you think both parent organisations are gaining the same benefits from the ventures?
- What are the benefits?

Theme 1

joint venture Formation

Purpose: Understanding the formation of the the joint venture and strategic objectives

31. Why was this venture formed?
32. What were the strategic objectives/goals for this venture?
- Definition: A strategic objective, for instance, is a goal to enter new business areas and improve competitive advantage (Biniarni, 2008).
 - Are the strategic objectives still the same?

Additional Competitiveness tension related question

2. Do you consider the other partner a “competitor”?
- If yes, in what markets?
 - If no, what barriers prevent the other party from invading your market?
3. Did you find any complementarity between the inputs you possess and the other partner’s inputs?
- If yes, what were the synergies between the two partners that motivated the creation of the joint ventures?

Theme 2

joint venture Development Over Time

Purpose: Understand the joint venture development and performance measures over time.

33. Could you draw the development of the company by year since it was founded? You could relate this to the number of internal and external customers?
34. Where there any external (environmental) and/or internal (organisational) events that influenced this development?
35. Can you point out one key event that changed the performance/development of the joint venture?
(Negative or Positive)

Theme 3

Board Involvement

Purpose: Link joint venture development and board involvement to understand how the changes might have influenced the involvement or actions taken by the board

Reflecting on the outlined development over time, we would now like you to think about the role of the board of directors.

36. In general, what do you think should board of directors for joint ventures do?
 - What are typical tasks and responsibilities?
37. Does the board that you are part of influence day-to-day operations of the joint venture?
 - On average, how often does the board of directors meet per year/month?
 - Could you explain what topics or issues are discussed on a monthly and yearly basis?
 - How relevant are reports of the CEO to the board for decision making?
 - What decisions does the board get involved in? (e.g. strategic decisions, business decisions, etc.)
38. Considering these facts we would like you to think about the involvement of the board. In your opinion, is the board more close or more distant to daily operations?
39. Now, thinking about the development of the joint venture, did the involvement of the board change at some point? (From a more distant to a more closely related involvement in the joint venture)
 - If yes, why? (link to external/internal events)
 - What were the changes, could you explain what particular incident cause the change?
40. Would you describe the board that you are part of as independent from the parent organisation or are members more influenced by the parent companies?
41. How important is control by the parent company in the board to you?
 - Why?
42. How important is the issue of trust in collaborating with the joint venture?
 - Do you perceive that there is high trust between the parent companies?
 - If no, how does that influence the joint venture?

Sub Theme: Link board involvement and strategic objectives

Purpose: Identify whether there is a link to the realisation of strategic objectives.

43. Thinking about the previously stated strategic objectives for this joint venture. Can you see any relation between the board involvement and the strategic objectives of the joint venture?
44. Do you think that strategic objectives have been achieved?
 - If No: Why? What were the factors?
45. Does the collaboration between you, as a board member/chairperson, and the joint venture meet your expectations?
 - If yes: How does it meet it?

- If no: What is needed to meet your expectations?

8.3. Appendix 4

Overview of Interview dates and Interviewees:

Joint Venture	Interviewee	Interview Date
Joint Venture 1	CEO 1	18/03/2016
	Chairman 1	09/05/2016
	Board Member A1	19/04/2016
	Board Member B1	04/05/2016
Joint Venture 2	CEO 2	13/05/2016
	Chairman 2	15/04/2016
	Board Member A2	03/05/2016
	Board Member B2	22/04/2016