

Iron Fists or Velvet Gloves: Examining Antecedents and Consequences of Board Control Orientation and Collaboration Orientation

by

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Abstract

Following corporate scandals of 1990s and early 2000s, corporations in both United States and Europe began to untangle the board leadership structure and separate the Board Chair and the CEO positions. The working relationship between Board Chair and CEO becomes an increasingly vital leadership phenomenon as it has important implications on firms' strategic choice and performance. Board Chairs can focus on monitoring and control and/or collaborate with the CEO. However, we know relatively little about the antecedents of control and collaboration orientations. Drawing from the relational demography literature, the political ideology literature, and recategorization theory, Study 1 of this dissertation theorizes and empirically tests how the demographic differences between Board Chair and CEO determine the type of orientation(s) a Board Chair may exhibit and how their political ideology congruence may change these relationships. Moreover, given that much of the performance implications of control and collaboration orientations remains unknown, especially in the M&A setting. Drawing from the threat rigidity theory and the resource dependence theory, Study 2 of this dissertation aims to solve this puzzle by examining how these contrasting orientations influence firms' acquisition activities, target selection approach, subsequent post-acquisition performance, and how absorptive capacity may strengthen or weaken these relationships. Hypotheses are tested based on data selected from publicly traded companies that have separate board leadership structures from 2010-2013 and companies that completed at least one acquisition during those years.

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List of Abbreviations

2SLS	Two-stage Least Square
AC	Absorptive Capacity
BOD	Board of Directors
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
GLM	Generalized Linear Model
IJV	International Joint Venture
IMAA	Institute for Mergers, Acquisitions and Alliances
M&A	Mergers and Acquisitions
R&D	Research and Development
ROA	Return on Assets
SOX	Sarbanes-Oxley
SUBP	Seemingly Unrelated Bivariate Probit
TMT	Top Management Team
U.S.	United States
VIF	Variance Inflation Factors

Iron Fists or Velvet Gloves: Examining Antecedents and Consequences of Board Control Orientation and Collaboration Orientation

Chapter 1

Dissertation Overview

Section 1.1: Introduction

Although the board leadership structure literature has proliferated in the past few decades (Berg & Smith, 1978; Finkelstein & D'aveni, 1994; Rechner & Dalton, 1991; Zald, 1969), there is still little consensus regarding the merits of two contrasting, yet potentially complementary corporate governance approaches, namely, collaboration and control approaches (Krause, 2017). While boards of directors (BOD) consider both collaboration and control functions as part of their governance roles, they may fall into a dominant orientation based on task requirements and BOD chair leadership preferences. On one side, corporate governance scholars who adopt the view of stewardship theory and organization theory contend that the duality leadership structure wherein the Chief Executive Officer (CEO) serves as the chair of the board allows greater collaboration between the CEO and the board, which ultimately benefits the firm (Brickley, Coles, & Jarrell, 1997). On the other side, scholars who adopt an agency perspective argue that the duality structure heightens the risk of CEO entrenchment whereas the separation of positions would mitigate the risks associated with CEOs' opportunistic behaviors and consequently enhance the board's effective control over the CEO (Fama & Jensen, 1983; Mallette & Fowler, 1992).

Following the latter logic, particularly in the wake of corporate scandals of the 1990s and 2000s, the Sarbanes-Oxley (SOX) Act highlighted the importance of internal control, and corporations in both United States and Europe began to untangle the Board Chair and CEO positions. For example, Sun (2019) reported in a recent Wall Street Journal article that the

percentage of S&P 500 companies with separate Board Chair and CEO positions rose from 30% in 2005 to 54.4% in 2018, which is in line with their European counterparts, as the percentage of Stoxx Europe 600 companies with separate Board Chair and CEO positions increased from 89% in 2013 to 90.8% in 2018. However, even though the separation of chair and CEO positions is expected to increase the board's effective oversight, Board Chairs still have a choice concerning which approach they choose for interactions with their CEO and management. For instance, Tesla's board recently named Robyn Denholm as its chairman to replace Elon Musk to comply with the terms of a fraud settlement with U.S. securities regulators. Despite the need to increase monitoring and control, the new chairman described her role as "helping Elon and the Tesla team achieve sustainable profitability and drive long-term shareholder value" (Krisher, 2018). In other words, the separation of positions not only allows the board to adopt a control orientation but also a collaboration orientation, or a combination of the two (Krause, 2017; Oliver, Krause, Busenbark, & Kalm, 2018).

Control orientation is deeply rooted in agency theory. Because some top managers are opportunistic and have the tendency to serve their own interests, the board of directors should serve as the "ultimate internal monitor" (Fama, 1980: 294) to mitigate the conflicts of interest stemming from the separation of ownership and control (Eisenhardt, 1989; Fama & Jensen, 1983). Consequently, the working relationship between a control-oriented Board Chair and CEO is featured by authority and discipline (Krause, 2017). A control-oriented Board Chair considers monitoring, evaluating, and discipline the CEO as fundamental attributes of his or her working relationship with the CEO (Sundaramurthy & Lewis, 2003). Thus, a control-oriented Board Chair is likely to inquire and scrutinize the CEO's decisions and actions.

Collaboration orientation, on the other hand, is rooted in stewardship theory. As opposed to the opportunistic risks and costs described in agency theory, executives and managers in the stewardship framework are not motivated by personal objectives. Instead, their interests and motives are aligned with those of the principals and the organization (Davis, Schoorman, & Donaldson, 1997). Under this premise, top managers, as stewards, are altruistic and intrinsically motivated to maximize shareholders' wealth and their actions benefit the organization. Thus, the working relationship between a collaboration-oriented Board Chair and the CEO is marked by democracy and cooperation (Krause, 2017). Board Chairs' collaboration efforts can be manifested in different ways, such as providing advice and guidance to CEOs (Davis et al., 1997; Sundaramurthy & Lewis, 2003) and reducing CEOs' job demands so that they can focus on their day-to-day responsibilities of managing and leading the firm (Hambrick, Finkelstein, & Mooney, 2005).

Taken together, Board Chairs who view their CEO in line with the agency perspective may adopt the control orientation whereas Board Chairs who view their CEO through the stewardship lens may adopt the collaboration orientation. Additionally, some may argue that performance can serve as a precursor for different types of orientations, such that poor performance or executives' unethical behaviors may compel the board to adopt a control orientation while higher levels of performance can spearhead a collaboration orientation. However, what factors determine the orientation(s) a Board Chair exhibits remains underexplored and only a handful of studies investigate their antecedents (Oliver et al., 2018; Westphal, 1999). Krause (2017: 711) suggests that uncovering such antecedents will "constitute a productive avenue of future research." In an effort to respond to scholarly calls for more research and bridge the literature gap, Study 1 in this dissertation will examine antecedents that

predict the orientation(s) Board Chairs may adopt from the relational demography (the difference or similarity of a person with respect to others) and self-categorization perspectives.

The relational demography literature and self-categorization theory provide appropriate lenses to examine why Board Chairs may adopt control orientation and/or collaboration orientation towards their CEOs. The relational demography literature suggests that individuals compare their demographic characteristics with others in order to judge the extent to which they are similar or different to others in the social unit (Choi, 2007). Relational demography can predict various work-related attitudes (Tsui, Egan, & O'Reilly III, 1992). For example, demographic dissimilarities in gender, age, and race can decrease the frequency of employees' making suggestions to improve the organization (Tsui, Porter, & Egan, 2002). Prior research also shows that relational demography also has negative implications on group cohesion, commitment, communication, and citizenship behaviors (Riordan & Shore, 1997; Tsui et al., 2002; Zenger & Lawrence, 1989).

Similarly, the self-categorization theory posits that individuals tend to place themselves and others into different categories based on different attributes such as gender, age, and race (Turner, 1987). Individuals with similar attributes are categorized as in-group members and those who have dissimilar attributes are considered as out-group members. People tend to associate positive beliefs with whom they share similar group membership with (Brewer, 1979) and such positive beliefs influence the development of trust and cooperation among in-group members (Brewer & Kramer, 1985; Kramer, 1991). In contrast, people frequently view those from out-groups as potential adversaries and associate them with distrust, suspicion, and animosity (Kramer, 1991). Thus, it is plausible that whether a Board Chair shares similar or dissimilar

group memberships with the CEO based on salient demographic attributes (e.g., gender, age, and race) may determine the corporate governance orientation(s) he or she exhibits towards the CEO.

While relational demography framework and self-categorization theory explain which corporate governance orientation(s) Board Chairs may adopt towards demographically dissimilar CEOs, recategorization theory may explain how the relationship between chair-CEO demographic differences and Board Chair orientations changes. Distinct from self-categorization theory, recategorization theory focuses on the occurrence of out-group categorization and its negative consequences (Zhu, Shen, & Hillman, 2014). Recategorization theory explains that how the negative bias towards out-group members can be reduced by recategorizing them as in-group members based on similarities in other attributes (Gaertner, Mann, Murrell, & Dovidio, 1989).

One such attribute that is highly relevant and salient to the topic of corporate governance is political ideology. Political ideology reflects people's beliefs of "how society should be governed" (Jost, Federico, & Napier, 2009: 309). Thus, it is plausible that it also influences people's beliefs of how firms should be governed. In addition to its impact on corporate governance, abundant evidence in prior research suggests that strategic leaders' political ideology influences their decisions, actions, and various firm outcomes. For example, CEOs' political ideology affects firms' merger and acquisition (M&A) activities (Elnahas & Kim, 2017) and corporate social responsibility (CSR) practices (Chin, Hambrick, & Treviño, 2013). According to the recategorization theory, Board Chairs can change the initial cognitive categorization of their CEOs' out-group membership, if they recognize similarities among other dimensions, such as political ideology. Consequently, the political ideology congruence between Board Chair and CEO may reduce the negative consequences associated with the initial categorization based on salient demographic attributes.

The corporate governance orientation(s) Board Chairs exhibit can affect the working relationships between Board Chairs and their CEO, which in turn may influence the strategic choices and actions that CEOs take. As a result, Board Chairs' corporate governance orientations can have diverging effects on firm performance. However, research on what implications Board Chairs' corporate governance orientations may have on firms' strategy and performance is relatively scarce, and only a few studies have investigated the consequences of these contrasting orientations. For example, Sundaramurphy and Lewis (2003) argue that a dominant collaborative or control orientation may result in strategic persistence and organizational decline. Krause (2017) suggests that Board Chairs' collaboration orientation and control orientation have diverging impacts on a firm's profitability contingent upon the trajectory of the firm's prior performance.

Given that an increasing number of firms appointing separate Board Chair and CEO, it might be beneficial to discuss how Board Chair orientations impact CEOs' strategic choices and actions, such as mergers and acquisitions (M&A). According to a recent analysis from the Institute for Mergers, Acquisitions, and Alliances (2019), more than 325,000 mergers and acquisitions have been announced in the United States since 1985 with an estimated total value of approximately \$35 trillion and the number of M&As reached a new record of 15,000 deals in 2017, which is 12.2% increase over that in 2016. In light of the prevalence of the separate leadership structure and M&A practice as well as the lacking of evidence of how Board Chair orientations affect firms' M&A strategy and performance, it is beneficial to examine how Board Chair orientations influence firms' acquisition intensity, target selection, and post-acquisition performance.

Given the contrasting theoretical frameworks that control orientation and collaboration orientation are rooted in, CEOs may act differently under these contrasting orientations and the direct effects of these orientations on firms' M&A strategy and performance will differ. Control-oriented boards see oversight, evaluation, and discipline as their primary functions, thus are more likely to monitor and control their CEO. Drawing from the threat rigidity theory (Staw, Sandelands, & Dutton, 1981), CEOs may perceive the tight oversight of control-oriented boards as a threat to their job security, thus are likely to have reduced ability and willingness to engage in growth actions (Shi, Connelly, & Cirik, 2018). Conversely, collaboration-oriented boards emphasize service over control, calling for boards to advise, enhance strategy formulation, and advance strategic objectives. According to the resource dependence logic, firms with collaborative boards may be motivated to engage in M&As as such strategic actions can help them to reduce competition and manage interdependence with other firms by absorbing them (Pfeffer, 1976).

Simply stated, threat rigidity leads to reduced managerial information processing and tightening of managerial control (Staw et al., 1981), which results in CEO's "conservative investment and reduction in accepted risk" (Sirmon, Arregle, Hitt, & Webb, 2008: 985). However, firms that benefit from the resources provided by their collaborative board tend to increase acquisition activities and risk-taking. If the theorized mechanisms above are correct, factors that change managers' ability to process information and utilize resources should weaken or strengthen the effects of control orientation and collaboration orientation. Prior research suggests that absorptive capacity (AC) represents firms' ability to acquire and assimilate information, facilitates information processing (Cohen & Levinthal, 1990), and helps firms gain competitive advantage (Zahra & George, 2002). Therefore, it is plausible that high levels of

absorptive capacity can temper the threat rigidity effect associated with the board's tight oversight and enhance the positive effects associated with collaboration.

Although it is beyond the scope of this dissertation to examine firms whose Board Chair fails to exhibit either a control orientation or a collaboration orientation, it is still important to note that these firms may experience weak internal control. As a result, CEOs exert high power in strategic decision-making without appropriate "checks and balances". Additionally, owing to a lack of collaboration between directors and the CEO, these firms may not be able to benefit from the guidance and resources that directors provide. In an acquisition context, these CEOs are more likely to engage in acquisition activities to maximize their personal benefits. Without the guidance and expertise from the directors, these firms are less likely to realize their projected acquisition outcomes.

Section 1.2: Research Questions

Prior research indicates the factors that determine the orientation(s) a Board Chair exhibits still remain underexplored. Scholars have pointed out that examining these factors will likely "constitute a productive avenue of future research" given their implications for firm performance (Krause, 2017: 711). Additionally, Krause (2017) also called researchers to examine the potential consequences of Board Chair orientations. To respond to these scholarly calls and further advance our understanding of the board leadership phenomenon, this dissertation adds to the corporate governance literature and the acquisition literature by examining the antecedents of Board Chair corporate governance orientations and their consequences in the acquisition context. Specifically, this dissertation focuses on four main research questions. Study 1 (research questions one and two) explores the antecedents of control and collaboration orientations. Given corporate decision makers' characteristics influence their

decisions, Study 1 specifically examines how relational demographic attributes between Board Chair and CEO influence Board Chair orientations, and under what conditions the relationship will change. Study 2 (research questions three and four) explores how Board Chair orientations influence firms' acquisition behaviors and performance and under what conditions, these relationships change. Given the prevalence of M&A activities, it is important to understand the strategic consequences of Board Chair orientations in the M&A setting and their boundary conditions. Research questions are listed below.

1. What factors determine the corporate governance orientation(s) (i.e., control orientation or collaboration orientation) Board Chairs exhibit?
2. What factors shape the above relationship?
3. How do Board Chair orientations influence firms' acquisition intensity, target selection, and post-acquisition performance?
4. Under what boundary conditions do these relationships change?

Section 1.3: Research Model, Theories, and Constructs

Section 1.3.1: Research Models

INSERT FIGURES 1.1 & 1.2 ABOUT HERE

Section 1.3.2: Model Relationships

The theoretical models under investigation in this dissertation are displayed above (see Figures 1.1 and 1.2). A brief description of the relationships among the constructs follows.

Section 1.3.2.1: Chair-CEO Demographic Dissimilarities → Control Orientation

As discussed above, relational demography literature and self-categorization theory suggest that individuals have the tendency to categorize themselves and others based on salient

demographic characteristics. People tend to view those with similar demographic attributes as in-group members whereas those with dissimilar demographic attributes as out-group members. Prior research indicates that people tend to associate positive beliefs with in-group members and negative bias with out-group members (Dovidio & Gaertner, 2010). This negative bias manifests as a tendency to discount the capabilities and achievement of out-group members (McDonald, Keeves, & Westphal, 2018). As a result, it is difficult for people to develop trust and intimate relationships, be open-minded and make suggestions freely with people who do not share similar demographic characteristics (Paulus & Yang, 2000). Taking this logic to the Board Chair-CEO relationship, I expect that the demographic differences between Board Chair and CEO can influence the Board Chair's attitude and behaviors towards the CEO and create challenges in their relationship. Due to dissimilar demographic characteristics, Board Chair may see the CEO as an out-group member who has conflicting interests, therefore, is likely to exhibit the control orientation.

Section 1.3.2.2: Chair-CEO Demographic Dissimilarities → Collaboration Orientation

As stated above, the demographic differences between Board Chair and CEO lead the chair to perceive the CEO as an out-group member rather than an in-group member. People who are categorized as out-group members are more likely to be blamed for negative outcomes and be viewed as less competent than in-group members. The negative bias associated with the out-group categorization may create difficulty in communication, integration, and trust development (Pelled, Ledford, & Mohrman, 1999). Therefore, Board Chairs are less likely to adopt the collaboration orientation towards CEOs who are demographically dissimilar.

Section 1.3.2.3: The Moderating Role of Chair-CEO Political Ideology Congruence

Self-categorization research suggests that when people evaluate a person, the person's dissimilar characteristics are especially likely to become a salient basis of the initial out-group categorization of the person (Bodenhausen, Kang, & Peery, 2012). Such categorizations tend to be automatic and instant (Gaertner et al., 1989; Mendoza, Gollwitzer, & Amodio, 2010; Payne & Gawronski, 2000). Recategorization research suggests that people can change their initial cognitive representation of the person's out-group membership when they consciously process additional information about the person's similarity to them (Gaertner, Dovidio, Anastasio, Bachman, & Rust, 2000; Pettigrew, 1998). This study specifically considers political ideology congruence as a higher-level base for subsequent categorization. Jost and colleagues (2009: 309) contend that political ideology reflects people's beliefs of "how society should be governed". Thus, it is especially relevant and salient for corporate governance orientations. Despite the demographic dissimilarities between Board Chair and CEO, similarity in political ideology can mitigate the negative bias associated with the initial out-group categorization, thus, this study theorizes that chair-CEO political ideology similarity weakens the effects of their demographic differences on control orientation and collaboration orientation.

Section 1.3.2.4: Control Orientation → Acquisition Intensity, Target Selection Riskiness, and Post-acquisition Performance

As discussed above, the relationship between control-oriented Board Chairs and their CEOs is labeled with authority and discipline, thus control-oriented Board Chairs tend to view the main task of the board as independent oversight (Krause, 2017). As a result, control-oriented Board Chairs are likely to frequently inquire about the CEO's decisions, monitor, and evaluate the firm's performance, and discipline the CEO for undesired outcomes. As a result, the CEO may perceive the tight control and scrutiny as a threat to his or her job. Thus, threat rigidity

theory provides an appropriate lens to examine the consequences of the Board Chair's control orientation. Threat rigidity theory suggests that when faced with threats, individuals tend to respond by limiting risky activities, focusing on what they are already doing or good at, and having more top-down management (Ocasio, 1995; Shi et al., 2018; Staw et al., 1981). Consequently, under such threats, CEOs are not likely to pursue growth opportunities such as an acquisition. Even if CEOs decide to engage in acquisition activities, they are likely to select target firms that are perceived as less risky. Moreover, perceived threats can trigger restricted information processing and cause difficulty in handling complex decision-making, which, in the acquisition context, implies that perceived threats may hinder information gathering and due diligence, which in turn, lowers firms' post-acquisition performance.

Section 1.3.2.5: Collaboration Orientation → Acquisition Intensity, Target Selection Riskiness, and Post-acquisition Performance

In contrast, the relationship between collaboration-oriented Board Chairs and their CEOs is marked with democracy and cooperation. Consequently, collaboration-oriented chairs will not likely see their CEOs as opportunistic and self-serving. Instead, they view their CEOs as stewards of the organization, altruistic and driven by duty. In line with resource dependence theory (Pfeffer & Salancik, 1978), collaboration-oriented boards are likely to be selected and engaged to minimize environment dependence and advance firms' strategic directives. As part of the collaboration, boards may provide advice and guidance to their CEOs and support them by reducing their job demands. Working with Board Chairs who exhibit collaboration orientation, CEOs can benefit from their "resource-rich" directors and have control over vital resources that are needed for them to navigate through the environmental uncertainties. As a result, firms can engage in more acquisitions and may even select relatively riskier target firms. In the acquisition

context, collaboration-oriented chairs can relieve their CEOs' burden by reducing their job demands so that the CEOs can allocate more time and effort to managing the acquisition processes, such as target screening and selection, negotiation, due diligence, and integration, which, in turn, lead to high post-acquisition performance.

Section 1.3.2.6: The Moderating Role of Absorptive Capacity

AC is defined as a firm's ability to "recognize the value of new, external information, assimilate it, and apply it to commercial ends" (Cohen & Levinthal, 1990: 128). Zahra and George (2002) contend that AC is a dynamic organizational capability that is comprised of four distinct and complementary capabilities related to external knowledge: acquiring, assimilating, transforming, and exploiting. A recent study suggests that these capabilities are at the core of AC and are analogous to the functions of radars, processors, and converters and transmitters (Song, Gnyawali, Srivastava, & Asgari, 2018). When firms have high levels of AC, they have robust knowledge structures in place (Lane, Koka, & Pathak, 2006), thus are likely to be effective in searching and identifying valuable knowledge, processing and exploiting the knowledge, and transmitting the knowledge from individual-level to organizational level (Song et al., 2018). Therefore, when the board exhibits the control orientation, the threat rigidity effects arising from the board's monitor and control may be reduced, as CEOs' need to resort to limiting their information processing may be neutralized by the high levels of AC. In contrast, when the board exhibits the collaboration orientation, the effects of the board's collaboration and support may be amplified by the high levels of AC, as CEOs may feel that they are more equipped to handle complex information processing, take riskier actions, and manage the acquisition processes.

Section 1.4: Dissertation Contributions

This study makes several important contributions. First, this dissertation adds to the Board Chair orientation literature by examining new antecedents and consequences. Scholars have noted a need in this area and called for more future research exploring the determinants and outcomes of Board Chair orientations (Krause, 2017; Oliver et al., 2018). Krause (2017) also noted that this line of research can help advance our understanding of the board leadership phenomenon. This study responds to the previous calls and further advances our knowledge of Board Chair orientations by examining the most important dyadic relationship in any corporation — between the Board Chair and the CEO, specifically how their demographic differences influence the corporate governance orientations that Board Chairs may exhibit. Moreover, this study also explores how control orientation and collaboration orientation impact firms' strategic actions and performance consequences in the M&A setting. By doing so, this paper sheds insight into why firms emphasize the value of monitoring or collaboration and enhances our understanding of how Board Chairs and CEOs manage their working relationship and work together to accomplish firm goals.

Second, the current study also adds to the acquisition literature by examining new antecedents of firms' acquisition activity, processes, and subsequent performance through a novel corporate governance lens. Prior research has examined governance-related factors that influence firms' acquisition activity and performance, but the bulk of this research has focused on investigating how executives' compensation and ownership impact their acquisition behaviors (Haleblian, Devers, McNamara, Carpenter, & Davison, 2009). There has been limited research that directly examines how different corporate governance approaches influence firms' acquisition activities, processes, and subsequent performance. Exploring how the board's

corporate governance orientations impact the firms' acquisition behaviors and outcomes can enhance our understanding of why and how firms acquire.

Third, this study also contributes to the relational demography literature by examining the comparative dissimilarities in salient demographic attributes within a high-level dyadic relationship in firms, specifically the dyad between Board Chairs and their CEOs. Studies in the relational demography research stream have largely focused on the comparative dissimilarity in given demographic attributes of a supervisor and a subordinate or of members of an interacting work team and how relational demography affects outcomes such as job attitudes, turnover, and individual or team performance (Tsui & O'Reilly III, 1989). Thus, this study advances knowledge about individuals' relational demography by zooming into two of the most powerful leadership positions at the top of the company and how it influences the corporate governance orientations that boards may adopt.

Fourth, this study also extends extant research on political ideology. Prior research of political ideology in management has largely focused on the political ideology of the boards or of the CEOs. There is limited research examining the political ideology congruence within one of the most important dyadic relationships in an organization, i.e., between the Board Chair and CEO. Scholars must continue to improve their understanding of how Board Chair-CEO political ideology congruence influences corporate governance. This study is a step in that direction. Additionally, this dissertation also extends the contingency-based scholarship by examining the moderating effects of chair-CEO political ideology congruence.

Last, this study offers important practical implications. As discussed previously, over 50% of S&P 500 firms and the majority of Stoxx Europe 600 companies now separate the Board Chair and CEO positions (Sun, 2019). Strategic scholars, executives, and directors have taken

note of the critical role that Board Chairs play. In addition, how Board Chairs view their relationships with their CEOs may not only influence firm performance following major strategic initiatives but also CEOs' decision-making process of these strategic initiatives. By exploring the antecedents and outcomes of Board Chair corporate governance orientations, this study provides insights for strategic leaders regarding how to manage Board Chair-CEO working relationships when they have similarities or dissimilarities in salient attributes.

Section 1.5: Dissertation Outline

The remainder of this dissertation is structured as follows: Chapter 2 offers the conceptual development for this dissertation that begins with a review of the extant literature on relational demography, board monitoring and control, board collaboration/involvement, and chair-CEO corporate governance orientations. By reviewing the literature, this study attempts to highlight not only current research findings but also the research area that is still missing.

Chapter 3 formulates a series of empirically testable hypotheses. Specifically, it examines how the demographic differences (e.g., gender, age, and race) between Board Chair and CEO influence the corporate governance orientation(s) Board Chairs adopt towards their CEOs. Further, it examines how the political ideology congruence between Board Chair and CEO, as a moderator, shapes the above relationship. Additionally, by linking this relatively novel construct of Board Chair orientations to the acquisition setting, this study investigates how Board Chair orientations impact a firm's acquisition activities, target selection riskiness, and post-acquisition performance. Lastly, this study also examines the boundary condition under which the effects of Board Chair orientations on acquisition-related outcomes will change.

Chapter 4 outlines the methodology used for testing the models in the dissertation. Specifically, this chapter discusses the sample and measures used, the statistical methods, and the

methodological issues. Chapter 5 reports the results of the statistical analyses and robustness tests. Chapter 6 concludes with a discussion of research findings, their theoretical and practical implications, and potential avenues for future research.

Chapter 2

Theoretical Overview

This chapter provides a detailed summary of extant research on several key constructs and their underlying theoretical perspectives. First, it provides a review of the relational demography literature. Building on the overview, it then identifies some research gaps which have not been explored in the relational demography literature. Second, it provides a detailed overview of board control and collaboration literature. Following this broad literature review, the study focuses on the two novel constructs stemming from the broad board leadership literature — control orientation and collaboration orientation and what is still unknown regarding these contrasting yet complementary orientations to corporate governance. Third, this chapter offers an overview of the research findings in the M&A literature. After reviewing the relevant literature and identifying research gaps, this study develops hypotheses in Chapter 3 to examine the antecedents and consequences of control orientation and collaboration orientation in Study 1 and two respectively.

Section 2.1: Relational Demography

There has been a long-standing interest among behavioral researchers in the influence of demographic characteristics on individuals' attitudes and behaviors. Prior research suggests that there are three major approaches to demographic analyses: categorical, compositional, and relational (Tsui & Gutek, 1999). The categorical approach views demography as individuals' attributes (e.g., gender, age, and race) and examines how it influences individual-level outcomes. For example, age is positively associated with productivity measures of job performance (Waldman & Avolio, 1986) but negatively associated with several types of aptitudes, including general intelligence (Avolio & Waldman, 1994). The compositional approach regards

demography as attributes of a group and investigates the effects of demographic distribution on outcomes across multiple levels. For instance, Wegge et al. (2008) reported that age and gender compositions play an important role in group performance and employees' well-being. Tsui and O'Reilly (1989) first used the term relational demography, which refers to the similarities or dissimilarities in demographic characteristics between an individual and a group or another individual. Unlike the previous two approaches, the relational approach treats demography as the relative, not the absolute, demographic characteristics and views it as a social relationship among individuals (Riordan & Shore, 1997; Tsui & Gutek, 1999). The current study adopts the relational approach in a unique dyadic context. Specifically, how dissimilarities in demographic characteristics between Board Chairs and their CEOs influence the Board Chairs' working relationship orientation(s) towards their CEO.

The conceptual foundation of relational demography is deeply rooted in the similarity-attraction paradigm (Byrne, 1971), social identity theory (Tajfel, 1978), and self-categorization theory (Turner, 1987). The similarity-attraction paradigm posits that people's similarity to a workgroup engenders liking and attraction, which lead to various positive outcomes such as satisfaction and commitment, whereas people who are dissimilar to a workgroup may experience dissatisfaction (Byrne, 1971). Although early research focused on the similarity in attitudes, recent research has been broadened to include similarities in demographic attributes such as gender and race. The social identity and self-categorization theories offer predictions that are consistent with the similarity-attraction paradigm. According to social identity and self-categorization theories, individuals tend to use various social categories, particularly those that are immediately apparent (e.g., gender, age, and race), to categorize themselves and others into social groups (Turner, 1987). The theories assume that people generally evaluate self-defining

categories positively and are motivated to maintain those evaluations (Riordan & Shore, 1997). Further, people view those who fit in the same categories as in-group members and evaluate them positively, whereas those who do not fit in the self-defining categories are considered as out-group members and consequently are perceived less attractive and trustworthy.

As evidenced in a great deal of extant research, relational demography has an impact on various outcomes at the individual, group, and firm levels (Joshi, Liao, & Roh, 2011). For example, people who are more demographically different from their coworkers engage in less frequent technical communications with team members (Zenger & Lawrence, 1989). They tend to have more negative attitudes toward the workgroup (Riordan & Shore, 1997), and lower levels of organizational attachment (Liao, Joshi, & Chuang, 2004; Tsui et al., 1992). Interestingly, employees who are demographically different from their coworkers behave more cooperatively when their business unit emphasizes collectivistic rather than individualistic cultural values, but demographically similar employees behave more cooperatively regardless of the cultural values (Chatman & Spataro, 2005).

In addition to studying the effects of relational demography among coworkers or in workgroups, researchers have examined how demographic similarities or dissimilarities between supervisors and subordinates shape their dyadic relationship. Several studies find that supervisor-subordinate gender similarity leads to a positive leader-member exchange relationship (Green, Anderson, & Shivers, 1996; Pelled & Xin, 2000). Other studies have linked similarities in various demographic attributes to supervisors' response towards subordinates such as liking and perceived efficacy (Tsui & O'Reilly III, 1989; Wayne & Liden, 1995).

Even though these studies have enriched our understanding of how demographic dissimilarities shape individuals' relationships with their peers and supervisors at the micro-

level, we know relatively little about how strategic leaders' demographic dissimilarities influence their working relationships with other strategic leaders. This knowledge is necessary and important to our understanding of how strategic leaders can work together cohesively and effectively. Further, there have been calls to bring together micro and macro scholarship in management research and incorporate micro-level processes to explicate macro-level phenomenon (Barrick, Bradley, Kristof-Brown, & Colbert, 2007; Short, Palmer, & Ketchen, 2003). In response to these calls and bridging the research gap, the current study aims to investigate how demographic dissimilarities in the chair-CEO dyad influence the Board Chair's corporate governance orientations towards the CEO, namely control orientation and collaborative orientations.

Section 2.2. Board Monitoring and Control

Rooted in the risk-sharing research in economics, agency theory describes the potential for conflicts of interest that arise from the separation of ownership and control (Eisenhardt, 1989; Fama & Jensen, 1983; Jensen & Meckling, 1976). The unit of analysis is the relationship between a principal and an agent. Specifically, an agency problem occurs when an agent establishes goals that conflict with those of a principal. Such problems are likely to occur when a key decision-maker has no or counter financial interest in the outcome of their decisions (Fama & Jensen, 1983) or when it's difficult or costly for the principal to verify the agents' behaviors (Eisenhardt, 1989). Given the agency problem, board monitoring and control have been a central concept in the agency literature. This specifically focuses on the literature related to board monitoring and control mechanisms.

Monitoring is an important responsibility of the board because it can reduce the agency costs incurred when management pursues its own interests at the expense of shareholders'

interest (Hillman & Dalziel, 2003). Control mechanisms can be both external and internal. External controls are concerned with market-based measures such as a takeover attempt or failure of the firm (Boyd, 1994), whereas an internal control primarily refers to the board of directors as the board serves as the representative and the first line of defense for shareholders (Fama & Jensen, 1983; Zald, 1969). Fama and Jensen (1983) asserted that effective monitoring and control required directors to have adequate incentive and to be free from collusion or control by the CEO. Prior research suggests that board monitoring and control can be captured in different forms. For example, some studies have advocated the use of multiple measures in operationalizing board control, including CEO duality, insider's/outsider's representation on board, board stock ownership, the number of directors representing ownership groups, and director compensation (Boyd, 1994; Eisenhardt, 1989). Other studies have included additional proxies of board monitoring and control such as outside directors' equity interest (Boivie, Lange, McDonald, & Westphal, 2011; Finkelstein & Hambrick, 1989; Kang & Zaheer, 2018), venture capitalists' backing (Beatty & Zajac, 1994), the presence of a remuneration committee (Conyon & Peck, 1998) or an independent nominating committee (Westphal & Khanna, 2003), and directors' friendship ties with CEO (Boivie et al., 2011).

Section 2.2.1. Antecedents of Board Monitoring and Control

Prior research has investigated a number of factors that influence the level of board monitoring and control from four broad perspectives: (1) board composition, (2) executive compensation, (3) firm performance, and (4) firm characteristics. First, board composition is shown to affect board monitoring. For example, a recent meta-analysis shows that having more female directors on board increases board monitoring (Post & Byron, 2015). Directors' human capital and social capital enable them to better monitor management activities (Hillman &

Dalziel, 2003). Having directors appointed to boards of other firms that are strategically related to the focal firm increases the level of board monitoring of strategic decision-making at the focal firm (Carpenter & Westphal, 2001). Drawing from social identity theory and a sample of government directors in China, scholars have reported that government directors' identifications with the focal firm and the government enhance board monitoring (Zhu & Yoshikawa, 2016). Additionally, it has been noted that the proportion of CEO-directors on board is negatively related to the likelihood of control-enhancing changes in board structure (Westphal & Zajac, 1997). Furthermore, directors who experience social distancing (i.e., a kind of informal social sanctioning or ostracism) at particular boards are less likely to participate in actions that may increase the board's capacity to engage in independent control over executive decision-making, such as increasing board independence, separating CEO and Board Chair positions, creating an independent nominating committee, and dismissing the CEO (Westphal & Khanna, 2003). However, surprisingly, having directors who share friendship ties with the CEO and the proportion of outside directors appointed after the CEO appointment have little impact on board monitoring (Westphal, 1999).

Second, although prior research has shown that CEOs can command a large compensation when the boards can't fulfill their control responsibilities effectively (Boyd, 1994), this relationship can be reversed as CEO compensation, subject to the agency problem, determines the level of board monitoring. For example, firms with top managers who hold smaller equity position or who have a lower proportion of their total compensation derived from non-cash incentives experience a greater magnitude of the agency problems, thus tend to have a higher level of board monitoring (Beatty & Zajac, 1994; Zajac & Westphal, 1994). Third, firm performance can shape the magnitude of board monitoring. For example, firms' negative

deviation from prior performance increases board monitoring whereas their positive deviation from prior performance reduces it (Tuggle, Sirmon, Reutzel, & Bierman, 2010). Firms' high debt ratio, low prior performance (Chizema & Kim, 2010), and negative appraisals from analysts (Westphal & Graebner, 2010) are positively related to outside directors' representation on board, which can increase the board's effectiveness in monitoring and control over the management. Lastly, findings from an investigation of Korean firms suggest that certain firm characteristics may also have an impact on board monitoring, such as firm size, business group affiliation, and the level of foreign ownership (Chizema & Kim, 2010). See Table 2.2.1 for a detailed overview of the antecedents of board monitoring and control.

INSERT TABLE 2.2.1 ABOUT HERE

Section 2.2.2. Consequences of Board Monitoring and Control

In addition to the determinants of board monitoring and control, strategic scholars have shown a great deal of interest in exploring its effects on various outcomes both at the individual level and organizational level. Given the wide spectrum they cover, this study categorizes these outcomes into three broad groups: (1) firm performance, (2) firm strategy, and (3) outcomes related to executives. The following section provides a review of the relevant literature investigating the effect of board monitoring and control on these broad outcome themes respectively.

First, prior research shows mixed findings regarding the performance implications of board monitoring and control. For example, Westphal (1999) reported that board monitoring can lead to higher firm performance. Some studies that use different proxies to measure board monitoring and control also report a positive relationship, such as between outsider director

representation on board (i.e., board independence) and firm performance (Hill & Snell, 1988; Pearce & Zahra, 1992; Schellenger, Wood, & Tashakori, 1989). A recent meta-analysis also provides support for this prediction (Mutlu, Van Essen, Peng, Saleh, & Duran, 2018). In the M&A setting, studies found that board independence also contributes to better post-acquisition performance (Kroll, Walters, & Wright, 2008). Others suggest that board monitoring leads to less extreme performance in the M&A setting (e.g., fewer big losses and fewer big gains) (Goranova, Priem, Ndofor, & Trahms, 2017). While the majority of research in this stream reports a positive relationship between outside director presentation on board and firm financial performance, however, other research suggests a negative relationship (Coles, McWilliams, & Sen, 2001) or no evidence of a systematic relationship (Dalton, Daily, Ellstrand, & Johnson, 1998; Mallette & Fowler, 1992).

Similarly, studies that investigate the relationship between CEO duality and firm performance also show inconsistent findings. For instance, some suggest that the market may be indifferent to CEO duality, thus this type of leadership structure and the changes in CEO duality status have little impact on firms' performance (Baliga, Moyer, & Rao, 1996; Boyd, 1995). However, other researchers find a positive relationship between CEO duality and firm performance (Coles et al., 2001). Furthermore, powerful and dominant CEOs tend to engage in more strategic deviance, which ultimately leads to performance extremeness — big wins or big losses (Tang, Crossan, & Rowe, 2011).

In addition to firms' financial performance, corporate governance scholars have devoted attention to the impacts of board monitoring and control on other performance-related outcomes, such as bankruptcy crisis and misconducts. Directors are in charge with the responsibility of ensuring that top managers behave in a way that will provide the maximum value for

shareholders, thus, their role is especially critical during a crisis. Certain board composition and leadership structure may prove effective in preventing or reducing these negative outcomes. For example, firms that combine CEO/chair positions and firms with a lower proportion of independent directors are positively associated with bankruptcy in the five years prior to filing (Daily & Dalton, 1994). However, institutional investors' holdings and the proportion of affiliated directors on the audit committee are not related to the incidence of bankruptcy but are positively associated with the nature of bankruptcy filing, as captured by prepackaged filings and time spent in reorganization (Daily, 1996). Additionally, in line with the agency perspective, the evidence further suggests that board independence can reduce corporate misconduct (Neville, Byron, Post, & Ward, 2019).

Second, board monitoring and control also influence firms' strategic actions. Specifically, four types of strategic actions may be relevant to this stream of literature: innovation, diversification, antitakeover provisions, and strategic alliance. In today's economy, it is critical for firms to maintain competitive advantages by offering innovative products and services. Consequently, a firm's R&D investments reflect its strategic importance of innovation (Hill & Snell, 1988). Since R&D investment decisions involve a high level of risks, it may be subject to agency problems, where the principal welcomes long-term high-risk and high-return opportunities, and the agent is reluctant to do so. Interestingly, research examining the relationship between board composition and firms' innovation not only shows mixed results but also conflicts with the agency perspective. For example, the proportion of outsider directors on board is found to be negatively related to R&D expenditures (Baysinger, Kosnik, & Turk, 1991; Hill & Snell, 1988). Others find no evidence suggesting that outsider representation influences R&D intensity (Hoskisson, Hitt, Johnson, & Grossman, 2002; Kor, 2006).

Board composition and leadership structure can influence managers' pursuit of diversification strategy. As suggested by agency theory, top managers have personal interests to pursue diversification strategy as diversification increases firm size, which leads to higher compensation and reduced career risks. However, research finds greater board independence may not curtail managers' tendency to pursue diversification. On the contrary, outsider director representation on board increases the scope of a firm's diversification (Hill & Snell, 1988). Although positive changes in board structure can increase the board's independence from management, such changes are associated with higher levels of CEO ingratiation and persuasion behaviors, which in turn offset the effect of increased board independence and lead to a subsequent increase in the level of corporate diversification (Westphal, 1998). Additionally, extant research has found that board monitoring has an impact on M&A returns (Goranova et al., 2017), however, the limited research in this area reflects a greater need to examine the performance implication of Board Chair orientations in the M&A setting.

Prior research also explores how board monitoring and control influence firms' strategy in the takeover context. The anti-takeover provisions are thought to provide top managers job security and are not aligned with the best interests of shareholders (Fama & Jensen, 1983), thus the adoption of these provisions represents another corporate decision where conflicts of interest may arise (Johnson, Daily, & Ellstrand, 1996). Several studies have investigated the relationship between board composition and the adoption of these provisions. For instance, Kosnik (1987) reported that boards with greater outsider director representation were more likely to hold out against the managerial attempts to pay greenmail. In a later study, she found that outside directors' equity interest has little effect on resistance to such transactions and that those directors who had relatively long tenure and similar principal occupations are likely to refrain

from greenmail transactions (Kosnik, 1990). Additionally, another study reported similar findings that the proportion of outsider directors, outsider director equity ownership, and duality structure had little effect on the adoption of antitakeover provisions (Sundaramurthy, 1996).

Board monitoring and control can affect firms' alliance activities. Managerial opportunism described in agency theory may be revealed in the choice of strategic alliance partners. Since top managers may face the threats of job loss and compensation reduction due to alliance failures, they may be less likely to choose alliance partners that can increase shareholder value (Kang & Zaheer, 2018). For example, Kang and Zaheer (2018) found that managerial incentives increased firms' tendency to select relationally risky distant alliance partners over existing and new close ones, while board monitoring and control by outside directors increased firms' tendency to pursue existing and distant alliance partners. In addition, firms are less likely to form alliance partnerships with outside directors' home companies when their boards have greater control over the CEO due to the distrust resulted from the tight control (Gulati & Westphal, 1999).

Third, board monitoring and control have an impact on several outcomes related to top managers, including CEO compensation, duality leadership structure, CEOs' cognition and behaviors, and executive turnover. As a key internal control mechanism, the board of directors is responsible for setting CEOs' compensation (Walsh & Seward, 1990). Although the goal of board control is to link CEO compensation to firm performance, not to restrict compensation in general, research has found that the more control the board has, the lower compensation a CEO receives (Boyd, 1994). However, other studies have shown findings that are contrary to our expectations. For example, Finkelstein and Hambrick (1989) found that, as an indicator of board control, outside directors' equity ownership had no impact on CEOs' compensation. Conyon and

Peck (1998) reported similar findings that board control and vigilance had limited effect in shaping top managers' compensation. Although agency theorists argue that duality leadership structure heightens CEO entrenchment, previous studies contend that board independence and vigilance are positively related to CEO duality (Finkelstein & D'aveni, 1994; Wang, DeGhetto, Ellen, & Lamont, 2019). Research finds that greater board control can increase CEOs' ingratiation and persuasion behaviors (Westphal, 1998). However, greater board control also decreases CEOs' social identification with the corporate elite, which reduces the strategic help provided to other CEOs (McDonald & Westphal, 2010). Furthermore, power and control of inside and outside constituencies may also influence changes in top management. For example, increasing venture capital representation on the board leads to significant changes in top management, whereas simply increasing outside director representation on board may not lead to top management team (TMT) changes (Boeker & Wiltbank, 2005). See Table 2.2.2 for a detailed overview of the consequences of board monitoring and control.

INSERT TABLE 2.2.2 ABOUT HERE

Section 2.3 Board Collaboration/ Involvement

Although agency theorists emphasize the role of directors as an independent internal control mechanism, the board leadership literature suggests that directors have another critical role, which is to provide resources (e.g., legitimacy, advice and counsel, and links to other firms) to top managers on important strategic issues (Pfeffer & Salancik, 1978). Research in this stream is deeply rooted in stewardship theory and resource dependence theory (Pfeffer & Salancik, 1978). Following these perspectives, the board views managers as stewards who are intrinsically motivated to behave in ways that are consistent with shareholders' best interests. Consequently,

directors are more likely to develop trust and collaboration with management. Directors not only enable firms to minimize dependence or gain resources but also serve as strategic consultants or sounding boards to management. Thus, it is not surprising that the board of directors has become more involved in firms' strategic decision-making (Judge & Zeithaml, 1992). Additionally, increased environmental complexity and global competition have also led to increased board engagement and inclusion to navigate environment issues (Pearce & Zahra, 1991).

Researchers have recognized three types of institutional pressures that force the board to become more involved in strategic decision-making: exposure to litigation, pension funds, and the market for corporate control (Judge & Zeithaml, 1992). Because a board is a legal entity governed by state law and has the fiduciary duty on behalf of shareholders, directors may be held personally liable for negative consequences if they are found to be negligent in monitoring and control and their involvement in strategic decision-making processes (Glaberson & Powell, 1985). Due to the increasing size of pension funds and the costs to exit, these pension fund managers also pressure boards to increase their involvement and close monitoring (Johnson & Greening, 1999). Furthermore, the market for corporate control represents another force that exerts pressure on boards for more involvement in strategic decision-making, as firms that are run inefficiently and have declining performance may be disciplined by unwanted takeovers (Judge & Zeithaml, 1992).

Section 2.3.1. Antecedents of Board Collaboration/ Involvement

In addition to these three types of institutional forces, researchers have investigated other factors that may promote boards' involvement in firms' strategic decision-making processes. First, a number of studies find that board attributes related to composition, structure, and size can influence the level of board involvement. For example, Westphal (1999) found that the

proportion of outside directors appointed after CEO appointment increased the level of advice and counsel interaction. Judge and Zeithaml (1992) asserted that insider director representation on a board was negatively related to board involvement. Similarly, research supports the assertion that outside directors' interests are aligned with those of the shareholders whom they represent, thus boards are more likely to be involved in strategic decisions when outside directors' representation on a board is high (Johnson, Hoskisson, & Hitt, 1993; Tashakori & Boulton, 1983). However, Ruigrok, Peck, and Keller (2006) did not find evidence to support such a claim. Additionally, when directors represent heterogeneous interests, the board is more likely to be involved in strategic decisions (Ravasi & Zattoni, 2006). Post and Byron (2015) reported that a higher proportion of female directors on the board increased board involvement. Furthermore, prior research suggests that CEO duality decreases board involvement because this type of leadership structure may hinder outside directors' abilities to propose or challenge strategic propositions or may make directors feel that their involvement in strategic decisions is less needed (Knockaert, Bjornali, & Erikson, 2015; Ruigrok et al., 2006).

Second, professional and social ties among strategic leaders can affect the level of board involvement and collaboration with management. For instance, directors' friendship ties with top managers increase their trust in management and the level of collaboration (Hoitash, 2011; Westphal, 1999; Zhang, 2013). CEOs' support can also increase boards' participation in strategic planning processes (Tashakori & Boulton, 1983). Furthermore, in a stable environment, directors are more likely to contribute to strategic decision-making and provide advice to management when they hold a directorship at firms that are strategically related to the focal firm but are more likely to do so in an unstable environment when they hold a directorship at firms that differ in strategic relatedness from the focal firm (Carpenter & Westphal, 2001). Contrary to expectations,

Ruigrok and colleagues (2006) reported that directors' interlocks — particularly interlock ties with bank partners and business partners — inhibited rather than promote boards' involvement in strategic decision-making.

Third, several studies suggest that directors' human and social capital enhance their abilities to participate in strategic decision-making processes (Forbes & Milliken, 1999; Hillman & Dalziel, 2003; Ravasi & Zattoni, 2006; Rindova, 1999). Kor and Misangyi (2008) found that among younger entrepreneurial firms, the lack of industry experience among top managers can be offset by the presence of outside directors who had extensive industry experience, and such experience supplementing contributed to board-management collaboration.

Next, board processes can also influence boards' involvement in strategic decision-making. For example, Tashakori and Boulton (1983) reported that conducting evaluations of board performance and making information available to directors were related to greater board participation in the strategic planning process. Zhu, Wang, and Bart (2016) also confirmed that directors' information availability and information utilization help them to become involved in strategic decision-making. They further reported that board meeting frequency can also increase boards' involvement (Zhu et al., 2016). Some studies suggest that directors are more concerned with certain strategic issues, thus are more likely to be involved in discussion and decision-making of these issues, such as environmental concerns, socio-political issues, competition, information technology, and CEO succession planning (Berns & Klarner, 2017; Tashakori & Boulton, 1983). Additionally, researchers also find that complexity and uncertainty associated with strategic decisions increase boards' involvement (Rindova, 1999).

Lastly, prior research shows that certain firm and TMT attributes may also affect the level of board involvement. At the firm level, firm age is positively related to board involvement,

whereas the levels of diversification are negatively related to board involvement (Judge & Zeithaml, 1992). In terms of TMT attributes, Johnson and colleagues (1993) assert that top managers' equity stakes are negatively related to board involvement, while outside directors' ownership is positively related to board involvement. Additionally, executives' educational level, top management team tenure, and top management organizational tenure are negatively associated with board involvement in strategic decision-making. TMT diversity — in terms of the following characteristics: functional background, education, industry background, founding experience, and executive experience — is found to increase board collaboration with management (Bjornali, Knockaert, & Erikson, 2016; Knockaert et al., 2015). Table 2.3.1 shows a detailed overview of the antecedents of board collaboration/ involvement.

INSERT TABLE 2.3.1 ABOUT HERE

Section 2.3.2. Consequences of Board Collaboration/ Involvement

Researchers have devoted attention to the outcomes of board collaboration/involvement. When directors proactively participate in strategic decision-making, they can increase the quality of decisions by collecting more information on a broader range of issues related to the decision, interpreting information from a broader range of perspectives, and evaluating and selecting the best alternatives (Rindova, 1999). Bjornali and colleagues (2016) contended that board involvement influences TMT effectiveness, which leads to better venture performance in high-tech start-up firms. A number of studies also show that firms whose directors collaborate with management in strategic decision-making have higher performance (Judge & Zeithaml, 1992; Westphal, 1999; Zahra & Pearce, 1989). In addition, Gulati and Westphal (1999) reported that cooperation in strategic decision-making between CEOs and their boards engendered mutual

trust and promoted alliance formation between the focal firm and directors' home companies. Researchers also investigate the positive impact of board involvement on the performance of international joint ventures (IJVs), indicating that such relationship becomes stronger for joint ventures with broader functional scope as well as for joint venture partners that have market overlap (Klijn, Reuer, Van den Bosch, & Volberda, 2013). See Table 2.3.2 for a detailed overview of the consequences of board collaboration/ involvement.

INSERT TABLE 2.3.2 ABOUT HERE

Section 2.4 Control Orientation and Collaboration Orientation

Building upon previous research, researchers begin to explore new constructs in the board leadership literature, such as Board Chair control and collaboration orientations. Krause (2017: 698) first introduced these new constructs, which he defined as the corporate governance approach a separate Board Chair applied to his or her working relationship with the CEO. He asserted that Board Chairs can adopt a control orientation, a collaboration orientation, or both. Given the number of U.S. firms with a separate CEO/chair leadership structure is increasing post-Sarbanes-Oxley, understanding the corporate governance orientation(s) that Board Chairs may apply to their working relationship with their CEOs becomes more important (Krause, 2017).

Control orientation is deeply rooted in the agency perspective, where the primary role of the board is to mitigate the conflicts of interests stemming from the separation of ownership and control (Eisenhardt, 1989; Fama & Jensen, 1983). Board Chairs are likely to show a control orientation when they adopt the agency perspective and consider monitoring, evaluating, and disciplining the CEO to be key characteristics of their working relationships with their CEO

(Krause, 2017). Further, control orientation is also more prevalent and required during and after periods of poor firm performance or unethical behaviors conducted by executives. Thus, control-oriented Board Chairs possess structural power over the CEO (Finkelstein, 1992) and they are likely to frequently inquire about the CEO's strategic choices and performance outcomes. The working relationship between a control-oriented Board Chair and a CEO is often marked by Board Chair's power over the CEO.

Conversely, collaboration orientation is rooted in the stewardship framework, which focuses on gains derived from trust and collaboration rather than risks and costs due to managerial opportunism (Davis et al., 1997). Under this framework, Board Chairs are likely to show a collaboration orientation when they view the primary role of directors as facilitating effective managerial decision-making rather than independent oversight and disciplining management (Krause, 2017). Consequently, collaboration-oriented Board Chairs are likely to be a source of advice and counsel and create an environment of trust and cooperation (Shen, 2003). As prior research suggested, human capital and social capital are valuable resources that the directors bring to the focal firm, which enable them to participate in strategic decision-making. The provision of advice and counsel is a direct way through which boards can collaborate with management to formulate strategies (McDonald, Westphal, & Graebner, 2008). Thus, the working relationship between a collaboration-oriented Board Chair and a CEO may be characterized as cooperative.

As Krause (2017) indicated, Board Chairs may exhibit either control orientation or collaboration orientation, or both. Aside from the individual attributes of the chair, situational factors may also influence the type of orientations exhibited. For instance, following poor performance or scandals such as a fraud and a managerial misconduct, board control may seem

to be more critical, while collaboration is more appropriate when firms face a complex and uncertain environment. However, at other times, board guidance and board control may be both needed. For example, in light of the recent global pandemic COVID-19, the global economic condition is gloomy, and many firms are in danger of bankruptcy. During such times, board control and board collaboration are needed to help firms navigate through this challenging and complex environment.

Section 2.4.1 Relative Power between Board and CEO

The working relationships between Board Chair and CEO may be influenced by their relative power. As discussed previously, boards of directors have been tasked with three key functions: control, strategy, and service (Fama & Jensen, 1983; Pearce & Zahra, 1991; Provan, 1980). Hence, considerations of the distribution of power between the board and CEO seem essential in our understanding of the working relationships between the Board Chair and CEO.

Power has been defined as the capacity of individual actors to exert their will (Finkelstein, 1992). Strategic leaders' power can be attributed to their ability to cope with internal and external uncertainties (Finkelstein, 1992). For example, most directors on boards are selected either for their expertise and familiarity with the firm or for their association and involvement with the external entities that the firm must interact with (Provan, 1980). Their knowledge about the firm and their associations with other firms and entities are likely to equip them with tools to mitigate the uncertainties. Similarly, CEOs' power arises from their legitimate authority, broad knowledge of firms and industries they serve in, and their strong impacts on firms' structure, internal processes, and strategic directions (Daily & Johnson, 1997; Mizruchi, 1983).

Power is a multi-dimensional construct. In his examination of the power among top executives, Finkelstein (1992) proposed and empirically tested four dimensions, which he labeled as structural, ownership, expert, and prestige power. Structural power has also been referred to as hierarchical or legitimate power (Astley & Sachdeva, 1984; Hambrick, 1981). Because of their formal organizational positions, strategic leaders and managers who have a legitimate right to exert influence are powerful. For example, holding the position of Board Chair or CEO indicates one's power. Holding multiple important positions simultaneously may further increase one's power (Mizruchi, 1983; Ocasio, 1994).

Ownership power arises from strategic leaders' capacity to act on behalf of the shareholders. All other things being equal, those who maintain ownership positions with significant shareholdings are likely to be more powerful than those without an ownership interest in the firm (Zald, 1969). For example, an important part of CEO compensation is typically stock and/or stock options, as a result, CEOs can derive ownership power as their ownership stake increases over time. Additionally, strategic leaders can also derive ownership power from their status either as a founder or as a relative of the firm's founder. For instance, managers who are founders or related to founders can reduce uncertainties arising from the board through their long-term interaction with the board, thus, are more powerful than other managers (Finkelstein, 1992).

Expert power refers to strategic leaders' abilities to cope with environmental contingencies and contribute to the firm's success (Finkelstein, 1992; Hambrick, 1981). One source of expert power is the CEOs' functional education and experience relative to the strategies and functional requirements of the firm. Additionally, corporate decision-makers who have diverse functional backgrounds have the opportunities to develop contacts and relationships

with key constituents within and outside the firm. These contacts and relationships, as well as their diverse expertise, allow the decision-makers to better address the environmental uncertainties their firms face (Daily & Johnson, 1997). The greater is their abilities to reduce environmental uncertainties, the greater is their expert power.

Prestige power stems from personal prestige and status (Finkelstein, 1992). Strategic leaders gain prestige when they have graduated from an elite educational institution, when they hold elite managerial positions, as well as when they are appointed as directors on other organizations' boards (D'Aveni, 1990; Finkelstein, 1992). The advantages that strategic leaders obtain from their elite educational status and social networks play a significant role in establishing the firm's legitimacy and reducing the environmental uncertainties. For example, D'Aveni (1990) found that the exit of prestigious top executives occurred in the five years before a bankruptcy filing. He contended that the management bailout phenomenon may have given rise to important external stakeholders withdrawing support from the firm, which may have led to the subsequent bankruptcy filing (D'Aveni, 1990).

Although power accrues to board of directors and CEOs who have the abilities to manage firm uncertainties, the relative power between these two actors can influence a number of organizational outcomes as well as the corporate governance orientations that the board adopts. Extant research has highlighted several reasons why powerful boards are necessary for organizational effectiveness, including serving as effective "checks and balances" in corporate governance, providing counsel and advice, as well as access to resources, and creating organizational mission, goals, and corporate identity (Pearce & Zahra, 1991). When boards of directors have more power vis-à-vis the CEOs, such boards are a true instrument of corporate governance as they are more effective at monitoring and evaluating firm and CEO performance

and taking appropriate actions to ensure organizational effectiveness. Thus, such strong and powerful boards are in a better position to adopt a control approach. With a powerful board in place, the preferences of the boards are more likely to be realized. For example, Zajac and Westphal (Zajac & Westphal, 1996) have shown that, in the context of CEO succession, more powerful boards are more likely to change CEO characteristics in the direction of their own demographic profile. Consequently, directors are more likely to provide support to CEOs who share similar demographic attributes. Additionally, with a more powerful board, directors are likely to engage in more discussion and debate that allow more diverse perspectives to emerge (Zahra & Pearce, 1989). Hence, board power also enables the boards to adopt a collaborative approach.

While the board is, in theory, the more powerful actor as it has the authority to hire and fire CEOs, in reality, its power may be compromised by a powerful CEO (Daily & Johnson, 1997). CEOs can exert power over the board by controlling the firm-specific information that they provide to the directors (Mace, 1971; Zald, 1969), which is especially true in firms where the CEO is the only insider director on the board. When CEOs have more power vis-à-vis the board, CEOs tend to take a more dominant and active role, as a result, their preferences tend to prevail. For example, prior research has found that when incumbent CEOs are more powerful than their boards of directors, CEOs seek to appoint new directors who are demographically similar, and consequently more sympathetic, to them (Westphal & Zajac, 1995). Additionally, the more power the CEO has over the board and its decision-making, the less likely those decisions will affect CEOs adversely (Alexander, Fennell, & Halpern, 1993). With a powerful CEO and a relatively weak board, the board often functions as “rubber stamps” of managerial decisions. Thus, such boards are unlikely to adopt the control approach. Additionally, given the

inherently weak position of a less powerful board, a powerful CEO, as the central figure in corporate decision-making, may not consider directors as true partners in configuring firms' strategic directions (Pearce & Zahra, 1991). A collaborative approach is unlikely unless the powerful CEOs perceive that directors' expertise, social network, and involvement contribute to firm performance.

Section 2.4.2 Board Interlocks

The types of working relationship orientations exhibited by the Board Chair may be influenced by board interlocks. A board interlock occurs when an individual serves as a director on the board of more than one company (Fich & White, 2005). The interlocking director forms a linkage between the organizations in which he or she serves as a director (Pennings, 1980). The prevalence of board interlocks has become increasingly high as interlocking directorates are an effective and low-cost way of communication and transmitting information across linked firms (Haunschild, 1993). Additionally, Pfeffer and Salancik (1978) concluded that board interlocks help firms cope with environmental uncertainties, gain access to diverse resources and skills, and enhance legitimacy for the focal firm. In light of its prevalence in corporations, researchers have attempted to understand how board interlocks influence firm performance. Given that board interlocks change the dynamics in the boardroom, they are likely to shape the corporate governance orientations that Board Chairs may apply to their working relationships with CEOs.

Interestingly, two prominent perspectives provide contrasting insight on the board interlocks-firm performance relationship — namely, the agency perspective and the resource dependence perspective (Zona, Gomez-Mejia, & Withers, 2018). From the agency perspective, board interlocks are detrimental to firm performance. Many interlocking directors are officers of other companies, and they may be uncomfortable judging another CEO. As a result, they may be

less likely to monitor the management in order to maintain social status and network cohesion (Mizruchi, 1996; Westphal & Khanna, 2003; Zona et al., 2018). Owing to compromised board independence and impaired monitoring, board interlocks give rise to CEO entrenchment and increased power (Finkelstein, 1992), higher compensation (Geletkanycz, Boyd, & Finkelstein, 2001), and anti-takeover defense tactics, such as poison pills (Davis, 1991). Impaired monitoring may be especially true in the case of reciprocal CEO interlocks (wherein the CEO of firm i sits on the board of firm j , and the CEO of firm j sits on the board of firm i). Fich and White (2005) concluded that reciprocal CEO interlocks are instruments that primarily enhance the benefits of CEOs rather than those of their shareholders. Following this perspective, interlocking directorates may be inversely related to the control orientation. However, prior research has also suggested that interlocks are instruments of corporate control (Mizruchi, 1996). For example, previous studies show that the appointments of bankers to a firm's board tend to increase following periods of declining performance, which suggests that following poor performance interlocking directorates reflect shareholders' and boards' attempt to monitor and control over management (Mizruchi & Stearns, 1988; Richardson, 1987). Taken together, the relationship between board interlocks and control orientation may be more complex than what we currently know, which can be one area that requires further investigation.

From the resource dependence perspective, board interlocks are beneficial to firm performance. The resource dependence theory depicts a corporation as an open system, whose performance is dependent on contingencies in the external environment and its ability to obtain critical resources (Pfeffer & Salancik, 1978). As previously discussed, one of the key functions of boards of directors is the provision of resources, including both tangible (e.g., better terms of trade in resource acquisition) and intangible (e.g., advice and counsel, legitimacy, and channels

of communication) resources (Hillman & Dalziel, 2003). Through the resource dependence lens, serving as a conduit between the firm and external organizations, interlocking directors can facilitate knowledge transfer and the diffusion of practices (Shropshire, 2010). For instance, interlocking directors can provide details of both successful and failed practices that have been implemented in other firms, and such information may be difficult to retrieve otherwise. Further, board interlocks serve as a mechanism for organizations to reduce environmental contingencies and dependence through their external connections (Beckman, Haunschild, & Phillips, 2004; Lang & Lockhart, 1990). Following this perspective, a number of benefits are derived from interlocking directorates, thus, they should enhance firm performance as well. A recent meta-analysis provides support for the positive relationship between interlocks and firm performance (Drees & Heugens, 2013). Given the various benefits and performance implications stemming from board interlocks and the increasing uncertainties in the external environment, board interlocks should lead to more collaboration between the board and management.

Section 2.4.3 Recent Research on Control and Collaboration Orientations

Given the recency of these new constructs, there is a limited amount of research that has examined the antecedents and consequences of Board Chair control orientation and collaboration orientation. For example, drawing on the gender stereotype research, agency theory, and stewardship theory, Oliver and colleagues (2018) find that firms appointing a female CEO are more likely to adopt a collaboration orientation and such an effect becomes weaker when the board has a high level of female board representation. Krause (2017) suggests that Board Chairs can adopt a control orientation and/or a collaboration orientation and these two contrasting orientations have differing effects on firm performance contingent upon the firm's past performance. Specifically, at high levels of past performance, the effect of control orientation

becomes increasingly negative whereas the effect of collaboration orientation becomes increasingly positive; conversely, at low levels of past performance, the effect of control orientation becomes increasingly positive whereas the effect of collaboration orientation becomes increasingly negative.

Despite these findings contribute to our understanding of Board Chair orientations, a great deal remains unknown. Scholars have called for more research on factors that determine the orientation(s) a Board Chair exhibits and contended that such research efforts “constitutes a productive avenue of future research” (Krause, 2017: 711). Furthermore, there is a limited amount of research examining the demographic dissimilarities (relational demography) within the Board Chair-CEO dyad, this research can be important given that more firms choose to have a split leadership structure. Accordingly, Study 1 of this dissertation intends to explore the relationship between Board Chair-CEO demographic dissimilarities and the working relationship orientation(s) a Board Chair may choose to adopt. This research not only responds to scholarly calls but also extends our current understanding of determinants of control and collaboration Board Chair orientations.

In addition, as described above, we know relatively little about the performance implications of these Board Chair orientations, especially performance in the M&A settings. Given the prevalence of M&A activities as firms’ strategic initiatives to gain access to certain markets and resources, it is beneficial to investigate the effects of these contrasting Board Chair orientations on acquisition outcomes. Thus, Study 2 of this dissertation aims at examining the consequences of Board Chair orientations in the M&A context. In the following section, I will provide a literature review on M&A.

Section 2.5 M&A Literature Review

M&As have long been a highly popular strategy for external growth and corporate development and are becoming increasingly common in many industries despite data indicating that the majority of M&As fail to realize the expected or profitable returns (Hitt et al., 2009). The Institute for Mergers, Acquisitions, and Alliances (IMAA, 2019) reports that more than 70,000 M&As have been announced in the United States between 2015 and 2019, with an approximate total value of \$10 trillion. Given the prevalence of M&A transactions, researchers in multiple fields continue to conduct scholarly research to enrich our understanding of the M&A phenomenon. However, there is limited research specifically focuses on how different corporate governance approaches impact firms' acquisition activities and subsequent performance. To this end, this dissertation extends the Board Chair orientation literature to the M&A setting and examines the performance implications of differing corporate governance approaches.

With the increasing interest in M&A research, several schools of thought have emerged (Bauer & Matzler, 2014; Haspeslagh & Jemison, 1991). First, the financial school examines the performance and wealth effects of M&As based on market-based measures, such as stock prices of the acquiring firm within a certain time frame around the announcement day (Haleblian & Finkelstein, 1999; Haspeslagh & Jemison, 1991; Wilcox, Chang, & Grover, 2001). Second, the field of economics has emphasized factors such as economies of scale and market power as motives for M&As and has examined the performance with mostly accounting-based measures (Ravenscraft & Scherer, 1987). Third, the strategic management school has studied M&As as a means of diversification, focusing on the impacts of certain deal characteristics on firm performance, such as business relatedness, similarity, and complementarity between the acquiring and acquired firms (Haspeslagh & Jemison, 1991; Larsson & Finkelstein, 1999). Fourth, the organizational behavior school has investigated the effects of organization-related

variables on performance, such as acquisition experience, cultural fit or clash, and the degree of integration (Haleblian & Finkelstein, 1999; Haleblian, Kim, & Rajagopalan, 2006). Lastly, derived from the strategic management and the organizational behavior schools, the process school contends that effective and efficient processes, especially the integration process, can determine the success of M&A transactions (Birkinshaw, Bresman, & Håkanson, 2000).

The process of acquisition involves many activities that the acquiring firms must complete. These activities can be broadly grouped into two phases: the decision-making phase and the integration phase (Haspeslagh & Jemison, 1991). In the decision-making phase, the acquiring firms usually consider multiple potential target firms, obtain target firms' information for negotiation and due diligence procedures, and for assessing their strategic fit and cultural fit (Muehlfeld, Rao Sahib, & Van Witteloostuijn, 2012). Once acquisition deals are officially announced, the acquiring firms need to complete strategic and administrative activities related to regulatory compliance, final negotiations, and preparations for integration (Clougherty, 2005; Haspeslagh & Jemison, 1991; Muehlfeld et al., 2012). During the integration phase, executives of both firms collaborate and make changes in "the functional activity arrangements, organizational structures and systems, and cultures of combining organizations to facilitate their consolidation into a functioning whole" (Pablo, 1994: 806). While, in theory, the integration phase should produce benefits, however, the reality varies widely. Prior research suggests that firms may not be able to realize the projected benefits when organizational incompatibilities exist in areas such as management styles, reward and evaluation systems, organizational structures, or organizational cultures (Datta, 1991). In the following sections, I will provide a literature overview for three acquisition-related outcomes of interest, namely, acquisition intensity, target selection, and post-acquisition performance.

Section 2.5.1 Acquisition Intensity and Behaviors

Despite those acquisitions are complex and laborious processes, many factors motivate firms and managers to pursue acquisitions. First, firms may use acquisitions as a method to maximize shareholder value (Haleblian et al., 2009). For example, acquisitions, especially horizontal acquisitions, are motivated by the desire to increase market power (Kim & Singal, 1993) and efficiency (Banerjee & Eckard, 1998). Firms engage in acquisitions to generate economies of scope by redeploying assets and transferring competencies (Capron, Dussauge, & Mitchell, 1998; Karim & Mitchell, 2000) and to protect shareholders from poor management by disciplining ineffective managers (Agrawal & Walkling, 1994).

Second, a substantial amount of research shows that acquisitions are made because managers attempt to maximize their own self-interest (Haleblian et al., 2009). Evidence suggests that acquiring CEOs' compensation (Agrawal & Walkling, 1994), bonuses (Grinstein & Hribar, 2004), and stock option grants (Sanders, 2001) generally increase after acquisitions as well as their discretion and power, which reduces their employment risks (Gomez-Mejia & Wiseman, 1997; Haleblian & Finkelstein, 1993). In a related vein, research has shown that CEOs with negative relative pay standing status attempt to realign their pay with that of their peers by engaging in acquisition activities (Seo, Gamache, Devers, & Carpenter, 2015).

Third, certain firm characteristics may motivate firms to pursue acquisitions. For instance, firms' recent experience in acquisition increases their likelihood of engaging in subsequent acquisitions (Haleblian et al., 2006; Peng & Fang, 2010). Specifically, the acquisition experience of a particular type (e.g., horizontal and vertical) increases the likelihood of

subsequent acquisitions of the same type (Amburgey & Miner, 1992). Additionally, firms' strategic positions may have a strong impact on their acquisition behaviors. For example, firms following a multi-domestic international strategy are more likely to pursue acquisitions than firms following a global international strategy (Harzing, 2002).

Lastly, a number of individual characteristics prompt CEOs to pursue acquisitions. For example, CEO age is negatively related to CEOs' acquisitiveness such that younger CEOs tend to make more acquisitions (Yim, 2013). Additionally, CEO hubris — exaggerated self-confidence — can influence CEOs' decisions to undertake acquisitions (Brown & Sarma, 2007). CEOs' regulatory focus may impact their acquisition behaviors differently (Gamache, McNamara, Mannor, & Johnson, 2015). Specifically, CEOs with a strong promotion focus tend to engage in more acquisitions whereas CEOs with a strong prevention focus tend to undertake fewer acquisitions (Gamache et al., 2015). In a similar argument, research has found that CEOs who witness their competitors' winning CEO awards will engage in more intensive acquisition activities (Shi, Zhang, & Hoskisson, 2017).

Section 2.5.2 Target Selection

Given that firms use acquisition as a means to acquire resources from external sources, target selection decisions may impact the subsequent integration process and acquisition success. When making target selection decisions, decision-makers typically consider two factors: product line and geographic location (Chakrabarti & Mitchell, 2013). First, decision-makers need to decide which product lines to expand — related or unrelated product lines. Acquiring target firms with related product lines allow firms to combine operations, reduce duplicative functions, increase economies of scale and scope (Chakrabarti & Mitchell, 2013), and redeploy and integrate resources (Capron et al., 1998). Related businesses provide firms with opportunities to

benefit from greater synergy (Graebner & Eisenhardt, 2004) and improved competitive positions (Chakrabarti & Mitchell, 2016). In addition, acquiring firms' stock prices also benefit from the market perception of synergies at the time of related acquisitions announcements (Krishnan, Krishnan, & Lefanowicz, 2009). However, related acquisitions also require more complicated search activities and higher levels of post-acquisition integration, and these potential costs may offset some of the potential benefits (Trautwein, 1990). Additionally, related diversification activities may also face more regulatory assessment for M&A approval due to their tendency to create monopolistic power. On the contrary, unrelated product lines limit firms' ability to transfer knowledge or share resources. Since managers tend to be more familiar with the related product lines in terms of products, operations, markets, and technologies (Govindarajan, 1989; Gupta, 1984), they consider unrelated acquisitions to be riskier (Sitkin & Pablo, 1992).

Second, geographic location consideration is also pertinent to acquisition target selection decisions. Although firms do not aim to acquire geographically distant target firms per se, distant acquisitions can provide acquiring firms with access to inexpensive labor and new resources, supplies, and markets. This is especially evidenced by the increasing volume of cross-border acquisitions worldwide — from 23% of total M&A deals in 1998 to 45% in 2007 (Erel, Liao, & Weisbach, 2012). However, extant research also notes that, relative to geographically distant targets, firms tend to prefer geographically proximal targets (Chakrabarti & Mitchell, 2013, 2016). For example, Erel and colleagues (2012) found that approximately two-thirds of the 226 cross-border acquisitions by New Zealand companies were of Australian companies and the main target of Hong Kong-based companies was China. In a related vein, research has shown that acquiring firms experience higher returns when they acquire geographically proximal targets (Uysal, Kedia, & Panchapagesan, 2008).

Several advantages arising from geographic proximity may explain this phenomenon. For one, proximity allows acquiring and target firms to share resources, reduce cost, and create operational synergy. This effect has been well documented in banking as well as other industries (Eckbo & Thorburn, 2000; Houston, James, & Ryngaert, 2001). The second advantage is that geographic proximity facilitates the transmission of information, especially “soft” information (Uysal et al., 2008). As opposed to hard information, which is quantifiable, easy to codify, transmit, and interpret, such as a firm’s financial statements, age, and size, soft information is context-specific, difficult to codify, and distorts at a distance, such as motivation, goals, team dynamics, and organizational culture (Chakrabarti & Mitchell, 2013). Proximity allows acquiring firms access to soft information about target firms through interactions with target firms’ employees, managers, suppliers, and customers. Consequently, geographically close acquiring firms can make more informed decisions in acquisition processes than distant acquiring firms. Third, geographically close acquisitions potentially face fewer integration difficulties due to issues such as differences in language, time zone, currency exchange issues while repatriating sales income, and legal requirements and restrictions across host and target nations.

Besides product lines and geographic location, research suggests that the size of the target firm may also influence acquiring firms’ target selection decisions. Acquiring firms are more likely to consider smaller firms as potential targets. For one, a larger acquisition is more difficult to finance than a smaller acquisition. Raising funds by issuing a large volume of debt can substantially increase acquiring firms’ financial distress. Alternatively, paying for a large acquisition with stock can dilute the acquirer’s ownership of the combined company and can potentially lead to a loss of control for incumbent management (Gorton, Kahl, & Rosen, 2009). However, extant research shows mixed views of the relationship between acquisition premium

paid and target size. For example, there is compelling evidence that large firms tend to be overvalued and CEOs may pay a hefty premium for large firms (Grinstein & Hribar, 2004; Harford & Li, 2007; Hayward & Hambrick, 1997). Recent studies also show that overpayment potential is lower in acquisitions of large target firms (Alexandridis, Fuller, Terhaar, & Travlos, 2013). Nevertheless, target firm size is an important factor worthy of consideration.

Section 2.5.3 Acquisition Performance

Extensive research has investigated a variety of determinants that influence acquisition performance. In this dissertation, I place these predictors into five broad groups: acquirer-target similarities/ dissimilarities, relevant prior experience, pre-acquisition and post-acquisition decisions, temporal perspective, and deal characteristics. I will provide a detailed overview of each group in the following section.

First, the similarities and/or dissimilarities between the acquiring and target firms affect post-acquisition performance. A number of studies have examined how the business relatedness of the acquired firm to their acquirers in terms of resource or product-market similarities impacts the post-acquisition performance of the acquiring firm (King, Dalton, Daily, & Covin, 2004). Specifically, acquiring related firms allows the acquirers to efficiently utilize their resources and reduce costs, which lead to superior post-acquisition performance (Capon, Hulbert, Farley, & Martin, 1988; Kusewitt Jr, 1985; Palich, Cardinal, & Miller, 2000; Singh & Montgomery, 1987). Industry familiarity can significantly reduce the need for acquiring firm managers to learn the newly acquired business (Finkelstein & Halebian, 2002; Hitt, Harrison, & Ireland, 2001). Researchers also found that differences, rather than similarities, between resources in the acquiring and target firms contributed to synergy creation and higher performance (Harrison, Hitt, Hoskisson, & Ireland, 1991).

Moreover, aside from similarities and dissimilarities from a financial aspect, researchers have examined other factors from a non-financial aspect. For instance, strategic complementarity — the extent to which the product strategies of an acquiring firm and its target differ — leads to higher acquisition performance (Kim & Finkelstein, 2009). The complementarity between functional backgrounds of TMT in the acquiring firm and target is positively related to post-acquisition performance (Krishnan, Miller, & Judge, 1997). However, the difference in the management styles between the acquiring and the target is negatively related to post-acquisition performance (Datta, 1991). Additionally, the perceived culture compatibility with the acquiring firm leads to higher post-merger performance (Very, Lubatkin, Calori, & Veiga, 1997) whereas perceived culture differences are detrimental to shareholders' value (Chatterjee, Lubatkin, Schweiger, & Weber, 1992). In a related vein, while power distance value differences undermine the long-term post-acquisition performance (Huang, Zhu, & Brass, 2017), status differences between the acquiring and target firms contribute to a more positive market reaction to the acquisition announcement and better post-acquisition performance (Shen, Tang, & Chen, 2014).

Second, relevant prior experience may influence post-acquisition performance. Many studies suggest that having prior acquisition experience is generally beneficial to post-acquisition performance (Bruton, Oviatt, & White, 1994; Fowler & Schmidt, 1989; McDonald et al., 2008). Some of them have attempted to narrow down the types of experience, for instance, the experience of small losses in prior acquisitions (Hayward, 2002) and the experience in making large, related acquisitions (Ellis, Reus, Lamont, & Ranft, 2011) both have a positive impact on performance. However, whether and how prior acquisition experience influences post-acquisition performance has been inconclusive. Other researchers have found this relationship to be negative (Ellis et al., 2011), insignificant (Zollo & Singh, 2004), U-shaped (Haleblian &

Finkelstein, 1999), or even inverted U-shaped (Hayward, 2002). In a related vein, research has shown that through prior acquisitions, firms can build up M&A capability and develop a dedicated M&A function, which is positively related to M&A performance (Trichterborn, Zu Knyphausen-Aufseß, & Schweizer, 2016). Furthermore, previous alliance experience with the target firm can also significantly improve performance (Finkelstein & Halebian, 2002; Porrini, 2004). Taken together, the impact of relevant prior experience on acquisition performance may be complex, and important contingency factors that shape this relationship exist.

Third, certain pre-acquisition and post-acquisition decisions affect acquisition performance. Amongst the pre-acquisition decisions, acquisition motives have been linked to post-acquisition performance. For example, firms that pursue operating synergies are likely to experience highly positive and highly negative long-term returns than firms pursuing financial synergies (Rabier, 2017). In declining industries, firms adopting the consolidation-oriented acquisition strategy outperform those adopting the diversification-oriented strategy in terms of both market-based and operating performance measures (Anand & Singh, 1997).

Once acquisition deals are completed, decisions related to the integration process are vital to post-acquisition performance. Empirical evidence suggests that higher levels of integration process depth lead to better acquisition performance (Zollo & Singh, 2004). For example, post-acquisition asset divestiture and resource redeployment contribute to higher long-term acquisition performance (Capron, 1999). The acquiring firms experience positive abnormal returns when transferring their own resources to the target, not vice versa (Capron & Pistre, 2002). Additionally, integration depth and speed can influence acquisition performance through the achievements of internal reorganization and market expansion (Cording, Christmann, & King, 2008). Another type of post-acquisition decision that has been linked to acquisition

performance is TMT retention. Extensive research suggests that TMT turnover following an acquisition is detrimental to acquisition performance due to the losses of valuable human and social capital (Zollo & Singh, 2004). This has been found true regardless of where the high turnover occurs, the acquiring or target firms (Cannella & Hambrick, 1993; Cording et al., 2008; Zollo & Singh, 2004).

Fourth, factors related to the temporal perspective also influence acquisition performance. Building on the first-mover literature, researchers have examined the relationships between preemptive acquisitions (Carow, Heron, & Saxton, 2004), early movers in acquisition waves (McNamara, Halebian, & Dykes, 2008), and acquisition performance. Additionally, researchers have devoted attention to how acquisition frequency impacts acquisition performance. For example, a high rate of acquisitions harms acquisition performance (Laamanen & Keil, 2008) and the temporal distance among multiple acquisitions — specifically, not too temporally close or distant from the previous acquisition — is beneficial to performance outcomes (Hayward, 2002). Furthermore, the speed or pace of integration also has an impact on acquisition performance (Cording et al., 2008; Homburg & Bucerius, 2006; Schweizer, 2005).

Fifth, some deal characteristics may also influence post-acquisition performance, such as the acquired percentage of the target firm, shared ownership of both acquiring and target firms, and payment method. For example, prior research indicates that on average, post-acquisition financial performance improves significantly when an acquiring firm acquires a higher percentage of the target (Fowler & Schmidt, 1989). When more owners overlap in their ownership of both the acquiring and target firms, the acquiring firms are more likely to experience decreased shareholder value through the M&A deals (Goranova, Dharwadkar, & Brandes, 2010). Additionally, the payment method used for the acquisition may also predict the

subsequent acquisition performance (King et al., 2004). Specifically, cash payment, rather than stock payment, signals manager expectations that post-acquisition performance will be better (King et al., 2004). Furthermore, researchers have noted that the acquisition performance decreases significantly when target firms contested an acquisition (Fowler & Schmidt, 1989) or when the target/ acquired firms have themselves recently acquired other firms — what has been termed as nested acquisitions (Zorn, Sexton, Bhussar, & Lamont, 2018).

In sum, although a large body of research has produced considerable insights on various determinants of firms' acquisition behaviors, target selection considerations, and acquisition performance, little attention has been devoted to factors concerning the Board Chair-CEO dyad. Specifically, how Board Chair's corporate governance orientations influence firms' acquisition activities, target selection considerations, and post-acquisition performance. In the next chapter, I will develop specific hypotheses to test these relationships.

Chapter 3

Dissertation Hypotheses

This chapter develops the primary hypotheses of interest for this dissertation. The first four hypotheses address the gaps identified in the relational demography literature and the Board Chair corporate governance orientation literature. Specifically, the first two hypotheses focus on how the demographic dissimilarities between Board Chair and CEO influence Board Chair orientations. The next two hypotheses focus on how the political ideology congruence between Board Chair and CEO shapes the relationship between their demographic dissimilarities and Board Chair orientations. The next eight hypotheses address gaps related to the outcomes of Board Chair corporate governance orientations. Specifically, the first six of these eight hypotheses explore the relationships between these contrasting Board Chair orientations and firms' acquisition activities and performance implications (i.e., acquisition intensity, target-selection riskiness, and post-acquisition performance). The remaining two hypotheses examine how firms' absorptive capacity either strengthens or weakens these relationships. This dissertation focuses on Board Chair rather than the characteristics for BOD as a whole is because Board Chair leads and represents the board as a whole and is typically considered as a proxy for the board. Additionally, Board Chair works with CEO closely and their working relationship can be important to firm outcomes.

Section 3.1: Study 1: Chair-CEO Demographic Dissimilarities, Political Ideology Congruence, and Board Chair Orientations

3.1.1: Chair-CEO Demographic Dissimilarities and Board Chair Orientations

Demographic characteristics such as age, gender, and race are associated with outcomes such as performance, job attitudes, selection and hiring, and turnover (e.g., Judge, Weiss,

Kammeyer-Mueller, & Hulin, 2017; O'Reilly III, Caldwell, & Barnett, 1989; Waldman & Avolio, 1986). In addition to viewing these demographic characteristics as individuals' attributes or a unit's or group's compositional attributes, some researchers propose that it is necessary and beneficial to examine the demographic dissimilarities between individuals or relational demography (Tsui & O'Reilly III, 1989). Prior research in this stream has investigated the effects of relational demography in different contexts, such as demographic differences between team members or within the supervisor-subordinate dyads (Chatman & Flynn, 2001; Tsui & O'Reilly III, 1989). However, the effects of demographic differences within the dyad between the Board Chair and CEO remain unclear, especially how their demographic dissimilarities shape their working relationships.

The self-categorization theory provides an appropriate lens to examine the impact of chair-CEO demographic dissimilarities on Board Chairs' corporate governance orientations. According to self-categorization theory, individuals tend to place themselves and others into different categories based on different attributes such as gender, age, and race (Turner, 1987). Through the categorization process, others are perceived either as in-group members who share the same demographic attributes as one's self or as out-group members who have different demographic attributes from one's self. After categorization, an individual's impression and judgments about others may be influenced by the initial categorization (Williams, 2001). Further, such categorization processes allow individuals to assume positive identities for themselves and their in-group members, but not for their out-group members (Ashforth & Mael, 1989). Individuals derive self-esteem from their in-group memberships and thus tend to view in-group members more favorably than they do out-group members.

One manifestation of intergroup bias is people's tendency to view their out-group members in a less positive light. Hence, people tend to increase intergroup distinctiveness by perceiving in-group members as more attractive, trustworthy, and cooperative than out-group members (Tsui et al., 2002). Prior research suggests that individuals tend to perceive out-group members as less capable and effective than in-group members (Dovidio & Gaertner, 2010; Fiske, 1998). For example, there is evidence indicating that white male managers tend to regard female and racial minorities as less qualified and competent in leadership positions (Carton & Rosette, 2011; Rosette, Leonardelli, & Phillips, 2008). In addition, individuals tend to overly discount their out-group members' achievements and success (McDonald et al., 2018; Park & Westphal, 2013). Individuals are prone to systematically overestimate the extent to which out-group members' career success and achievements are owing to special advantage or treatments (Hewstone, 1990; Pettigrew, 1979). For example, men tend to believe that women's career success is partly due to preferential selection practices such as affirmative action and whites tend to hold similar beliefs concerning the career successes of African Americans (Kane & Whipkey, 2009).

Moreover, another manifestation of intergroup bias is the so-called "ultimate attribution error," which is people's tendency to favor in-group members over out-group members by making external attributions for negative outcomes and failures of in-group members and internal attributions for out-group members in similar situations (Hewstone, 1990). For example, a Board Chair is likely to attribute a firm's poor performance to external factors such as uncertainty in the industry environment if the CEO is an in-group member, however, the Board Chair is likely to attribute the poor performance to internal factors such as the CEO's decision-making errors or weak leadership if the CEO is an out-group member (Hewstone, 1990;

Pettigrew, 1979). Similarly, a Board Chair should be prone to make attributions to internal factors, such as CEO's capabilities and experience, for firm's high performance if the CEO is an in-group member but attribute the high performance to external factors such as luck or industry growth if the CEO is an out-group member. Prior research provides evidence that intergroup bias is also present among corporate strategic leaders, for instance, white male CEOs tend to make negative or internal attributions for the low performance of the minority CEOs' firms (Park & Westphal, 2013).

According to the theory, Board Chairs will preconsciously categorize their demographically dissimilar CEOs as out-group members. As a result, Board Chairs may view these CEOs in a less positive light as they form impressions and judgments about their CEOs' strategic leadership capabilities and effectiveness. Such biased impressions and judgments may subconsciously influence Board Chairs' trust and cooperative behaviors toward their CEOs. Moreover, prior research suggests that demographic attributes such as age, gender, and education influence strategic leaders' decision-making and risk-taking behaviors (Andreou, Louca, & Petrou, 2017; Faccio, Marchica, & Mura, 2016; Li & Tang, 2010; MacCrimmon & Wehrung, 1990). Differences in these relevant demographic attributes may cause Board Chairs and CEOs to hold different perspectives and approaches to important strategic issues. Additionally, due to the intergroup bias, Board Chairs may discount their demographically different CEOs' past success and perceive them as less competent. Taken together, owing to the intergroup bias arising from the out-group categorization, Board Chairs are likely to take the agency perspective. As a result, they are likely to frequently inquire about the decisions and activities of demographically dissimilar CEOs, monitor the effectiveness of their strategic actions, and perhaps discipline them for performance failures. Thus, this study hypothesizes:

Hypothesis 1: Demographic dissimilarities between the Board Chair and CEO are positively related to Board Chair's control orientation toward the CEO.

Extensive evidence suggests that individuals vary their trust and cooperation depending on the categorizations of in-group and out-group memberships based on demographic characteristics (Brewer & Kramer, 1985; Kramer, 1991). For example, engineers are less likely to communicate with their colleagues in a project team when their age and tenure differ from those of their colleagues (Zenger & Lawrence, 1989). Tsui, Egan, and O'Reilly (1992) found that visible demographic dissimilarities in age, gender, and race had an impact on individuals' commitment to the team and organizational goals and objectives. The similarity in race-ethnicity also influences individuals' attitudes toward their workgroup, specifically, they will have higher levels of workgroup commitment, greater feelings of group cohesiveness, and higher evaluation of workgroup productivity (Riordan & Shore, 1997). Moreover, Chatman and Spataro (2005) reported that bank officers who were demographically different from their coworkers behaved significantly less cooperative in business units emphasizing individualistic rather than collectivistic cultural values, whereas demographically similar people behaved cooperatively regardless of the cultural emphasis in their business unit. Scholars also contend that following the appointment of a racial minority or female CEO at their firm, white male top managers tend to feel less strongly identified with their organizations, which, in turn, leads them to provide less help to their fellow executives, especially those racial minority and female colleagues (McDonald et al., 2018). In sum, individuals are less likely to build trust and cooperate with out-group members.

Additionally, Board Chairs are likely to form negative impressions and judgments about demographic dissimilar CEOs owing to the intergroup bias. They will have greater psychological distance from out-group CEOs and will be less likely to discuss important strategic issues with

them. They may perceive their out-group CEOs as less capable and trustworthy. Hence, they may be reluctant to provide the resources, advice, and guidance. Furthermore, Board Chairs will be less likely to offer help to out-group CEOs, seek to alleviate their job demands and collaborate with them on strategic decisions. Thus, this study hypothesizes:

Hypothesis 2: Demographic dissimilarities between the Board Chair and CEO are negatively related to Board Chair's collaboration orientation toward the CEO.

3.1.2: The Moderating Role of Chair-CEO Political Ideology Congruence

Recategorization theory provides relevant insights on how intergroup bias can be reduced, thus can explain how the effects of relational demography between the Board Chair and CEO on Board Chair orientations change. Prior research suggests that people's initial categorizations of others are usually based on visible, surface-level attributes, such as age, gender, and race (Williams, 2001). Recategorization theory posits that people can modify their initial cognitive representations of a person's group membership if they consciously process additional information about that person's similarities to them in deep-level attributes (Harrison, Price, & Bell, 1998; Pettigrew, 1998). These deep-level attributes include people's beliefs, values, and attitudes as the knowledge of these deep-level attributes can only be learned through frequent interactions and extended information gathering (Harrison et al., 1998). Once out-group members are found to possess similarities on some deep-level dimensions, they will be recategorized as in-group members based on those dimensions. As a result, the negative intergroup bias associated with their previous out-group membership will be lessened (Gaertner et al., 1989). For example, through frequent contact and interactions, a group of white male executives who share in-group memberships based on visible demographic characteristics is likely to view a minority executive as an in-group member when they learn that the minority executive is more like them on other dimensions, such as beliefs and values. Consequently, the

negative intergroup bias toward the minority executive will be reduced and the interpersonal attraction will be increased.

Prior research provides empirical evidence that meaningful interactions promote the recategorization process, which can mitigate people's tendency to treat those who are dissimilar in demographic attributes as out-group members. For example, demographically dissimilar team members are reluctant to cooperate and experience low levels of group cohesiveness at first because of their initial out-group categorizations (Harrison et al., 1998). However, this relationship becomes weaker as the salience of surface-level demographic attributes dissipates over time and team members can find similarities through meaningful interactions (Chatman & Flynn, 2001; Harrison et al., 1998). In an experiment, Gaertner and colleagues (1989) found that members who maintained in their original group categorization had greater levels of bias than did members whose group membership were altered by the recategorization treatment conditions. These findings confirm that recategorization facilitated by increased interactions among group members reduces intergroup bias.

To induce the recategorization of demographically dissimilar individuals into a common in-group identity, mere contact and interactions with them may not be enough to mitigate intergroup bias or promote trust (Chatman & Flynn, 2001). Prior research suggests that the basis by which people preconsciously categorize others is affected by the strength with which people identify with the particular category (Gaertner et al., 2000; Gaertner, Dovidio, Anastasio, Bachman, & Rust, 1993). A deep-level, strongly held category of shared values and beliefs may decrease the salience of demographic attributes as the primary basis for the initial out-group categorization, hence can reduce the associated intergroup bias (McDonald et al., 2018). One of the deep-level, strongly held beliefs that can serve as the basis for recategorization is political

ideologies, as people tend to form a relatively strong sense of common identity in terms of political ideologies, specifically their stance on the conservatism-liberalism dimension.

Moreover, political ideology reflects people's beliefs of "how society should be governed" (Jost, Federico, & Napier, 2009: 309), thus, it is plausible that it also influences people's beliefs of how corporations should be governed and that it enters into strategic leaders' decision-making.

Therefore, political ideology is particularly relevant and salient in terms of the basis for categorization.

The political science and political psychology literature provides ample evidence that individuals' political ideologies reflect their values (Barnea & Schwartz, 1998; Goren, Federico, & Kittilson, 2009; Layman, 1997; Rosenberg, 1956). It has been defined as "an interrelated set of attitudes and values about the proper goals of society and how they should be achieved" (Tedin, 1987: 65). Political ideologies serve not only as a lens through which individuals view the world but also as a basis for actions (Tedin, 1987). Considerable research suggests that an individual's political ideology is a highly stable and enduring personal attribute, more or less solidified by adulthood (Gupta & Wowak, 2017; Jost, 2006).

Scholars have largely concluded that the liberalism-conservatism spectrum is especially important for understanding people's fundamental values (Jost et al., 2009). According to Jost (2006: 654), the liberal-conservative dimension "has been the single most useful and parsimonious way to classify political attitudes for more than 200 years." Individuals with liberal ideologies are concerned with civil rights, and they are sensitive to a variety of social issues, such as diversity, social justice, egalitarianism, social change, environmental issues, and controls over markets (Schwartz, 1996). Conversely, conservatives place more emphasis on

individualism, property rights, free markets, and they value order, stability and status quo, and respect for authority (Jost, Glaser, Kruglanski, & Sulloway, 2003; Schwartz, 1996).

Since liberals and conservatives have fundamental distinctions, liberal and conservative corporate decision-makers undertake strategic actions differently. For example, consistent with the liberal preferences for protecting the environment and seeking social justice, firms led by liberal CEOs were found to devote more resources to their CSR practices than did firms led by conservative CEOs (Chin et al., 2013). Additionally, firms with more conservative-leaning executives engage in less risk-taking than firms with more liberal-leaning executives (Christensen, Dhaliwal, Boivie, & Graffin, 2015; Hutton, Jiang, & Kumar, 2014). Similarly, conservative CEOs are less likely to engage in M&A activities, and when they do, they are more likely to use cash as the payment method and select public firms from the same industry as targets (Elnahas & Kim, 2017). A recent study also suggests that directors' political ideologies influence their decision-making in corporate governance mechanisms, such as setting CEO compensation (Gupta & Wowak, 2017). Specifically, these researchers found that conservative boards paid CEOs more than liberal boards. In sum, these studies collectively show that corporate decision makers' political ideologies have meaningful implications on their decisions and actions, but little is known about whether similarities in political ideologies between Board Chairs and their CEOs strengthen or weaken the effects of intergroup bias associated with the out-group categorizations.

Given that political ideology is a deep-level personal belief that can act as a basis for the recategorization of group memberships, I theorize that the similarities in political ideologies between Board Chairs and their CEOs enable Board Chairs to modify their initial cognitive representations of out-group memberships for CEOs who have dissimilar demographic

characteristics. After processing the relevant information, Board Chairs are able to recognize that their demographically dissimilar CEOs are also like them in some deep-level dimensions, such as their points of view regarding status quo, risk-taking, and authority. Subsequently, Board Chairs will consciously recategorize their CEOs as in-group members based on the common identity they identified. As a result, interpersonal liking and attraction should increase, and the initial intergroup bias should be reduced. Therefore, I expect that when Board Chairs share similar political ideologies with demographically dissimilar CEOs, they should view the CEOs' abilities and past success with less negative bias and feel less of the need to inquire about the CEOs' decisions and monitor the effectiveness of their actions. In contrast, the increased interpersonal liking and attraction can lead Board Chairs to increase their trust toward their CEOs, so their disinclinations to provide advice and counsel, offer help, and collaborate with demographically dissimilar CEOs will be attenuated. Hence, as indicated in Figure 1.1, I formally make the following two hypotheses:

Hypothesis 3: Similarities in political ideologies between a Board Chair and CEO moderate the positive relationship between chair-CEO demographic dissimilarities and control orientation, such that the relationship is weakened when Board Chair and CEO share similar political ideologies.

Hypothesis 4: Similarities in political ideologies between a Board Chair and CEO moderate the negative relationship between chair-CEO demographic dissimilarities and collaboration orientation, such that the relationship is weakened when Board Chair and CEO share similar political ideologies.

Section 3.2: Study 2: The Effects of Board Chair Orientations on Acquisition Outcomes

The following section aims to explore the implications of Board Chairs' control orientation and collaboration orientation on firms' strategic actions and subsequent performance. Given that M&As have become one the most crucial and visible strategic actions of firms (Gamache et al., 2015; Hitt et al., 2001), it is important to examine how different Board Chair

orientations influence CEOs' preferences in pursuing M&A activities and the subsequent acquisition outcomes, specifically, acquisition intensity, target selection riskiness, and post-acquisition performance.

3.2.1: Board Chair Control Orientation and Acquisition Outcomes

A board's approach to corporate governance dictates board roles and structures. The control approach places an emphasis on authority and discipline (Sundaramurthy & Lewis, 2003). As the "ultimate internal monitor," the board's most crucial role is to "scrutinize the highest decision-makers within the firm" and mitigate the conflicts of interests between the decision-makers and shareholders (Fama, 1980: 294). Accordingly, control-oriented Board Chairs, informed by the agency perspective, are likely to consider independent oversight as the primary responsibility of the board of directors. As a result, they are likely to frequently question the CEOs' decisions and actions and monitor their performance outcomes (Krause, 2017). These control-oriented actions may create a "us vs. them" mentality in the eyes of CEOs. The CEOs may perceive such independent oversight and close scrutinization as a potential external threat to their jobs and stable income, as a threat is defined as a "circumstance in which individuals, groups, or organizations perceive impending negative or harmful consequences of their vital interests" (Amabile & Conti, 1999: 631).

The threat rigidity theory — positing that "a threat to the vital interests of an entity ... will lead to forms of rigidity" (Staw, Sandelands, & Dutton, 1981: 502) — helps explain how executives typically react to external threats. According to the threat rigidity theory, external threats can trigger two types of responses (Staw et al., 1981). First, such a threat hinders CEOs' willingness and abilities to process information. Staw and colleagues suggest that the restrictions of information processing may be manifested as "a narrowing in the field of attention, a

simplification in information codes, or a reduction in the number of channels used” (1981: 502). Furthermore, prior search suggests that stress, anxiety, and arousal caused by threats also interfere with information processing (Staw et al., 1981). For example, stress induces problem-solving rigidity as stressed people are less flexible in their choices of solution methods (Cowen, 1952). Anxiety, like stress, impedes visual discrimination because anxious people are less sensitive to visual stimulation (Eriksen & Wechsler, 1955). Similarly, arousal can narrow the range of cues processed, decrease flexibility, and induce responses that are familiar or well-learned (Eysenck, 1976).

Second, threats also affect executives’ span of control. Staw and colleagues contend that when a threat takes place, “power and influence can become more concentrated or placed in higher levels of a hierarchy” (1981: 502). Consequently, executives tend to marginalize the role and influence of their group members on final decisions (Gladstein & Reilly, 1985; Shi et al., 2018). Threats not only induce greater centralization of control but also heighten the distinctions between in-group and out-group (Greve, 2011). Accordingly, threats may increase executives’ intergroup bias toward out-group peer managers. Given that CEOs are likely to perceive tight control and independent oversight as an external threat to their personal interest, they are expected to display rigidity in their pursuit of M&A activities.

3.2.1.1: Board Chair Control Orientation and Acquisition Intensity

An acquisition can be a complex process that requires large amounts of knowledge sharing and information processing on the part of CEOs. As an important source of external growth and corporate development, acquisitions can be completed through two broad phases: (1) the decision-making phase, including target screening and selection, deal negotiation, and due diligence, and (2) the integration phase (Bauer & Matzler, 2014; Jemison & Sitkin, 1986;

Muehlfeld et al., 2012; Zollo & Singh, 2004). During the decision-making stage, owing to concerns related to secrecy and competitive bidding, CEOs must evaluate substantial amounts of ambiguous information under considerable time pressure (Coff, 2003; Jemison & Sitkin, 1986; McDonald et al., 2008). Based on the information processed, CEOs need to assess the strategic and organizational fit between the focal firm and the target firm (Jemison & Sitkin, 1986; Muehlfeld et al., 2012). Once deals are announced, CEOs need to engage in both strategic and administrative activities associated with regulation compliance and final negotiations (Haspeslagh & Jemison, 1991). In the integration phase, firms make various changes on different organizational dimensions, including sociocultural, production, marketing, and system integration (Bauer & Matzler, 2014). The greater integration and changes, the more time and effort it takes managers and employees to study and understand the acquired firm (Bragado, 1992).

According to the threat rigidity theory, CEOs facing controlling Board Chairs will be less likely to engage in acquisitions. First, facing threats arising from boards' tight monitoring and independent oversight, CEOs' attention will be diverted to the impending threat. Consequently, CEOs may experience restricted information processing as they seek to limit the amount, complexity, and types of information that they receive (D'Aveni & MacMillan, 1990). For example, CEOs may be unwilling to collect information about potential target firms or analyze that information to select promising targets. Similarly, under the threat, CEOs are less likely to spend endless hours conducting laborious due diligence and negotiations. Moreover, prior research found that managers were more likely to rely on consistency of well-established routines and practices, and were less open to change and experiments (Griffin, Tesluk, & Jacobs, 1995). These responses make it difficult for CEOs to deal with changes that are necessary for the

post-acquisition integration process. In sum, due to restricted information processing, CEOs who face external threats are less likely to engage in these demanding tasks involved in the acquisition process.

Second, when facing potential threats, CEOs are less likely to pursue acquisition activities because they tend to maintain constriction of control. According to the threat rigidity theory, power and influence become more concentrated in a threatening situation (Gladstein & Reilly, 1985; Staw et al., 1981). Centralization of authority is also a well-documented response in the organizational crisis literature (Barker III & Mone, 1998; Prechel, 1994). Thus, under threat, the concentration of power enables CEOs to take greater control over the imminent threatening situations and focus more on what they know to have already worked in other situations (Gladstein & Reilly, 1985; Shi et al., 2018; Shimizu, 2007).

Additionally, the threat rigidity effect suggests that firms are likely to conserve their resources and avoid new activities (D'aveni, 1989; Staw et al., 1981). However, acquisitions lead to consequences that are opposite to what the threat rigidity hypothesis suggests because acquisition activities tend to increase the breadth of distribution of power. As an important source for external growth and corporate development (Bauer & Matzler, 2014), M&A activities enable firms to expand their sizes and hierarchy, which leads to increased complexity. The bigger and more complex the firms are, the more challenging it is for CEOs to exercise control as well as for strategic decisions to move from the top down (Shi et al., 2018). Moreover, the large amounts of financial capital required for acquisitions may result in excessive debt, which may result in further tight control. CEOs may seek out actions or victories to loosen the board's tight control. However, given the levels of effort and financial capital required, the complexity, and the potential underperformance associated with acquisitions, CEOs facing controlling Board

Chairs are more likely to engage in other actions that are less complex and produce relatively guaranteed benefits. Taken together, in the face of impending threats associated with board monitoring, CEOs are less likely to respond in favor of acquisitions that involve processing large amounts of complex information, a multitude of organizational changes, and widened span of control. Accordingly, this dissertation makes the following prediction:

Hypothesis 5: A Board Chair's control orientation is negatively related to his or her firm's acquisition intensity.

3.2.1.2: Board Chair Control Orientation and Target Selection Riskiness

Board Chairs' control orientation may influence their CEOs' preferences in the selection of acquisition targets. In particular, as suggested by the threat rigidity effect, CEOs may select target firms that manifest low levels of risks in the face of threats arising from boards' tight monitoring and control (Staw et al., 1981). Since acquisitions are expensive, risky, and can affect an organization's business portfolio and its employees' lives and welfare, it is critical to select the right target firm. Prior research contends that two factors are salient in determining whether a firm is a risky target for acquisition — namely, product line and geographic location (Chakrabarti & Mitchell, 2013). Further, the size of the target firm is directly linked to the size of an acquisition deal, which also influences the level of risk involved. Next, I will discuss target selection riskiness in terms of relatedness, geographic proximity, and target firm size.

First, product line considerations influence the level of perceived risks of target firms. During the target selection stage, CEOs need to consider whether to expand product lines in related businesses or unrelated businesses. The relatedness refers to the resource or product-market similarities between the acquiring firm and the target firm (King et al., 2004). Acquiring target firms in related businesses allows top managers to effectively employ their “dominant logic” (King, Dalton, Daily, & Covin, 2004: 189) — what they have already known to achieve

success in the acquired business. Managers' familiarity with the industry and market of the acquired business can significantly reduce their need to learn new knowledge, which involves processing complex and up-to-date information (Hitt, Harrison, & Ireland, 2001). Thus, consistent with the threat rigidity hypothesis, CEOs facing imminent threats arising from the board's monitoring and control will exhibit rigidity or inability to explore something new, thus, are likely to pursue related acquisitions.

Despite there are issues associated with related diversification (i.e., coordination cost), prior research has documented a number of benefits of acquiring target firms in related businesses. For example, related acquisitions can create efficiency through synergy, maximize a firm's value, and achieve higher post-acquisition performance (Capon et al., 1988; Harrison et al., 1991; Kusewitt Jr, 1985). Related acquisitions also facilitate resource redeployment, which can enhance firms' competitive advantage (Barney, 1991; Capron et al., 1998). Further, agency theorists also noted that managers are prone to make unrelated acquisitions to satisfy their personal interests (Bergh, 1997; Hill & Snell, 1988; Jensen & Meckling, 1976), whereas related acquisitions can reduce the financial risks associated with acquisitions (Bergh, 1997). In sum, these studies collectively suggest that working with control-oriented Board Chairs, CEOs who face the threat of being disciplined or terminated should be unwilling to acquire firms in unrelated business.

Second, target firms' geographic proximity to the acquiring firm can reduce acquisition risks. The strategic geography literature has shown that geographic distance plays an important role in various strategic decisions, including venture capital (Sorenson & Stuart, 2001), financial investment (Coval & Moskowitz, 1999), and corporate actions (Landier, Nair, & Wulf, 2007). Despite recent advances in technology, corporate decision-makers still face information and

access restrictions, which may result in spatially uninformed decisions (Golledge, 2002).

Scholars have made a similar argument in the acquisition context such that the difficulty of search for an acquisition target increases with the geographic distance between the acquiring firm and potential target firms, especially when the search involves a great deal of information processing (Chakrabarti & Mitchell, 2013). Well-documented evidence has shown that insufficient information about the potential target firms increases transaction costs and the risks of adverse selection (Reuer & Ragozzino, 2008; Shen & Reuer, 2005). Geographic proximity can reduce the information asymmetry between the acquiring and target firms and the risks of adverse selection (Ragozzino & Reuer, 2011). Furthermore, acquiring target firms that are close, on one hand, can lower a number of costs in transportation, integration, and monitoring the newly acquired firm, on the other hand, build up the potential for local monopolies (Grote & Ueber, 2006). Additionally, there are other complicating factors associated with geographically distant acquisitions, such as differences in time zone, language, legal systems, and cultural norms and values. Given that CEOs facing controlling Board Chairs tend to respond with restricted information processing and constriction of control, they are likely to avoid target firms that they have difficulty gathering information about and widen their span of control. Thus, they are prone to select less risky target firms that are geographically close to their firms.

Third, despite motivated by self-interest to acquire large firms (Morck, Shleifer, & Vishny, 1990; Shleifer & Vishny, 1989), CEOs may restrain such a desire when working with control-oriented Board Chairs. For one, acquisitions require a substantial amount of financial capital from the acquiring firms. It is especially true when acquiring large target firms, as large firms are more likely to be overvalued (Moeller, Schlingemann, & Stulz, 2004). It is usually difficult to finance acquisitions by issuing debt and adding more debt can also significantly

increase the likelihood of financial distress (Gorton et al., 2009). Additionally, Gorton and colleagues (2009) pointed out that acquiring large firms with alternative payment methods such as stocks can dilute the acquiring firm's ownership of the combined company, which may result in a loss of control for the incumbent management. Moreover, prior research has noted that large firms tend to be further along in the lifecycle and perhaps have depleted their growth opportunities (Moeller et al., 2004), and acquiring large firms leads to greater loss for the shareholders of the acquiring firms (Scanlon, Trifts, & Pettway, 1989). Hence, under boards' close monitoring, CEOs are likely to acquire smaller target firms, which can reduce their firms' financial burden, maintain relatively tight control of the combined company, ease the integration process, and produce better outcomes for shareholders. Taken together, I theorize that working with control-oriented Board Chairs, CEOs are likely to choose smaller target firms that are geographically close and are in related business.

Hypothesis 6: A Board Chair's control orientation is negatively related to target firms' riskiness indicated by unrelatedness, geographic distance, and firm size.

3.2.1.3: Board Chair Control Orientation and Post-acquisition Performance

Facing threats, CEOs are likely to respond with restricted information processing (Staw et al., 1981), which may lead to incomplete information gathering, biased interpretation of information, and reduced ability to absorb new knowledge. Insufficient or inaccurate information about the target firm can increase the acquiring firm's transaction costs and the risks of adverse selection (Reuer & Ragozzino, 2008; Shen & Reuer, 2005). Further, CEOs' restricted information processing may also have a negative impact on due diligence. Research has highlighted the importance of due diligence in the success of M&As. For example, many companies in the 1980s surprisingly found that the major costs of acquisition stemmed from resolving problems not uncovered during due diligence rather than the purchase of the target

company (Harvey & Lusch, 1995). Given its importance, research suggests that an effective due diligence process needs to cover multiple aspects, including financial, legal, environmental, human resources, management, information system, and others (Harvey & Lusch, 1995; Howson, 2017). Facing threat, CEOs' restricted information processing may hamper their abilities to conduct diligent auditing processes. Lastly, the restricted information processing may hinder the integration process. As the threat rigidity effect suggested, CEOs become rigid and inflexible in the face of threats (Staw et al., 1981). They are prone to excessively rely on previously learned knowledge and are not open to new knowledge. As a result, they may not be receptive to learning from the acquired company and even impose their own styles and routines on the management of the acquired firm. Researchers have noted that such behaviors can result in a loss of identity among top managers at the acquired firm, increased distrust and conflict, declining productivity, and poor post-acquisition performance (Datta, 1991; Hirsch & Andrews, 1983; Ivancevich, Schweiger, & Power, 1987). Thus, I predict that Board Chairs' control orientation has a negative impact on the firm's post-acquisition performance.

Hypothesis 7: A Board Chair's control orientation is negatively related to acquiring firms' post-acquisition performance.

3.2.2: Board Chair Collaboration Orientation and Acquisition Outcomes

Unlike the control approach, the collaborative approach is rooted in the stewardship theory. In this view, managers are seen as stewards who identify with the firm and internalize its mission, and whose interests are aligned with those of their principals (Donaldson & Davis, 1991). Davis and colleagues further point out that, even in situations where the interests of the managers and the principals are not aligned, as stewards, managers can still place "higher value on cooperation than defection" (1997: 24). From this perspective, managers can be trusted to

protect and maximize shareholders' wealth (Davis et al., 1997). Therefore, the board of directors should strive to foster a trusting environment in which cooperation is valued (Shen, 2003).

Grounded in these assumptions, the collaboration approach emphasizes service over monitoring and control (Sundaramurthy & Lewis, 2003). A large body of research has identified the service of providing management advice and counsel as another way for boards to contribute to strategic issues (Johnson et al., 1996; Pfeffer & Salancik, 1978; Westphal, 1999; Zahra & Pearce, 1989). Boards can collaborate with management by serving as a sounding board (Bacon & Brown, 1975). As a part of the collaboration, the board of directors can provide service to the CEOs by reducing their job demands, freeing them to focus on the day-to-day responsibilities of managing the firm (Hambrick et al., 2005), relieving them from the responsibilities of the board leadership (Krause & Bruton, 2014), and helping them to be more effective in the CEO role (Lorsch & Zelleke, 2005). Additionally, a collaboration approach may be driven by strategic selection and engagement of board members to further firms' strategic goals and objectives. In sum, the collaboration approach can strengthen board-management ties and decision-making (Sundaramurthy & Lewis, 2003). In fact, it has been noted that the best CEO-board relationships include frequent collaboration in the strategic decision-making process (Alderfer, 1986).

3.2.2.1: Board Chair Collaboration Orientation and Acquisition Intensity

Given that both the theoretical foundation and the practical significance of collaboration orientation emphasize cooperation and partnership, the resource dependence theory may provide an appropriate lens to explain the influence of Board Chair collaboration orientation on firms' acquisition behaviors and outcomes. The resource dependence theory recognizes the influence of external forces on firms' actions and posits that as open systems, firms are dependent on contingencies in the external environment (Pfeffer & Salancik, 1978). Despite environmental

constraints, managers can take actions to reduce environmental uncertainty and dependence (Pfeffer & Salancik, 1978). According to the resource dependence logic, firms may be motivated to engage in M&As as such strategic actions can help them to reduce competition and manage interdependence with other firms by absorbing them (Pfeffer, 1976). However, some scholars have found that while independence increases M&As, the power imbalance between two organizations curtails them (Casciaro & Piskorski, 2005).

From the resource dependence perspective, boards are seen as firms' assets contributing to value creation and sustained growth because they provide firms with resources that are not available otherwise (Hillman, Withers, & Collins, 2009). Pfeffer and Salancik (1978) propose that directors bring several benefits to firms, such as advice and counsel, channels of information flow, preferential access to resources, and legitimacy. When Board Chairs adopt the collaboration orientation, firms are more likely to benefit from their "resource-rich" directors and have control over vital resources that are needed for them to navigate through the environmental uncertainties. As a result, firms can be better positioned by increasing their power over other firms and decrease others' power over them. Hence, Board Chairs' collaboration orientation is likely to increase firms' acquisition activities.

Hypothesis 8: A Board Chair's collaboration orientation is positively related to firm acquisition intensity.

3.2.2.2: Board Chair Collaboration Orientation and Target Selection Riskiness

As discussed above, when the Board Chair is collaboration-oriented, the board is more likely to focus on the assistance it can provide to management. Directors are more likely to mobilize resources to help firms manage the environmental uncertainties and serve as a source of advice and counsel for the CEO when undertaking strategic actions. Working with a board that emphasizes a collaborative and cooperative partnership with the management, CEOs are likely to

take more risks and frame them as opportunities. In the M&A context, they may be incentivized to acquire target firms that are not in a related business. By doing so, their firms can achieve expansion to product markets new to them, also known as product diversification (Hitt, Hoskisson, & Ireland, 1994). Such strategic actions can provide companies additional growth opportunities, especially when limits to growth exist in their core businesses (Hitt, Tihanyi, Miller, & Connelly, 2006). Furthermore, working with collaboration-oriented Board Chairs, CEOs may be more motivated to acquire knowledge from new areas. As previous research noted, operating in diverse product markets can increase firms' exposure to various events and ideas, which can give rise to a more extensive knowledge base (Huber, 1991). Additionally, acquisitions of unrelated businesses can boost the acquiring firms' cash flow, debt capacity, and financial slack (Bergh, 1997). Elevations on these dimensions can make the acquiring firms more financially sound and credit-worthy, thus allow them to bargain more effectively in external capital markets and reduce capital costs, which in turn creates financial synergy for the acquiring firms (Bergh, 1997; Higgins & Schall, 1975; Levy & Sarnat, 1970; Stapleton, 1982). Hence, working with collaboration-oriented Board Chairs, CEOs should be motivated to seek new growth opportunities, new knowledge, and financial returns by making unrelated acquisitions.

Similarly, CEOs are likely to acquire geographically distant firms. As previously discussed, firms are more likely to obtain resources and benefits from directors when their Board Chairs adopt a collaboration approach. The resources and benefits obtained enable firms to expand and grow into distant geographic regions by acquiring targets in those areas. These expansions create opportunities to penetrate new markets and increase profitability. Additionally, acquisitions of geographically distant target firms allow the acquiring firms to utilize their existing knowledge in a new environment. Through these acquisitions, the acquiring firms are

able to underscore their existing core competencies and gain unique knowledge (Hitt et al., 2006). Furthermore, operations in diverse and distant locations enable the acquiring managers to receive a wider range of information and identify problems they would have missed otherwise (Barkema & Vermeulen, 1998; Kiesler & Sproull, 1982). Previous research also indicates that repeated cycles of routines and operations within the familiar environment give rise to blindness to opportunities and threats outside of the familiar setting (Abrahamson & Fombrun, 1994; Levinthal & March, 1993). Hence, working with collaboration-oriented Board Chairs, CEOs are more likely to enter into new markets, identify new customers, suppliers, and testing new grounds in a distant location.

Lastly, working with collaboration-oriented Board Chairs, CEOs are likely to acquire relatively large firms. Given the important benefits that a collaborative board can bring, larger firms may seem to have more potential for synergy and appear more attractive to acquire compared to smaller firms. Larger firms typically have higher levels of economies of scale and more resources (Gorton et al., 2009). They usually have relatively developed skills and competencies in manufacturing, marketing, sales, distribution, and finance. These skills and competencies enable the acquired target firm to collaborate with the acquiring firm jointly or focus on projects independently. Additionally, there may be less competition in acquiring large firms. Conversely, competition arises when more firms show interest in acquiring the smaller firm, and competitive bidding can drive up the price to seal the deal (Granstrand & Sjölander, 1990). Moreover, consistent with the agency perspective, CEOs who are motivated by self-interest have the tendency to acquire large firms (Morck et al., 1990; Shleifer & Vishny, 1989). When working with a board that emphasizes service over control, CEOs' opportunistic tendencies may become more pronounced. Taken together, working with collaboration-oriented

Board Chairs, CEOs are likely to make bolder and riskier acquisition decisions by selecting riskier target firms.

Hypothesis 9: A Board Chair's collaboration orientation is positively related to target firms' riskiness indicated by unrelatedness, geographic distance, and firm size.

3.2.2.3: Board Chair Collaboration Orientation and Post-acquisition Performance

Board Chairs' collaboration orientation may enhance the CEOs' abilities to complete acquisition processes, which can lead to higher post-acquisition performance. First, collaboration-oriented Board Chairs emphasize service over control and discipline (Sundaramurthy & Lewis, 2003). To this end, boards of directors will seek to reduce the CEOs' job demands and relieve them from board leadership responsibilities (Hambrick et al., 2005; Krause & Bruton, 2014) so that they could devote sufficient time and effort to each stage of the acquisition process. For example, working with collaboration-oriented Board Chairs, CEOs can free themselves to focus on tasks such as information gathering, target screening, negotiation, and due diligence. Devoting more time to these critical phases of acquisition can help CEOs minimize information asymmetry and become better stewards. There is a high likelihood of acquisition failure if the acquiring firm selects the wrong target firm or pays too much premium (Hitt et al., 2009). Board Chairs' collaboration approach allows the CEO to select a viable target firm with complementary resources and accurate valuation.

Second, as the integration phase is a critical determinant of post-acquisition performance, the acquisition literature underscores the importance of the integration process during which CEOs and executives take actions to combine two previously separate entities (Cording et al., 2008). Since collaboration-oriented Board Chairs focus on creating an environment valuing trust and cooperation (Oliver et al., 2018), their leadership approach may have ripple effects on the CEOs and other executives in both the acquiring and the acquired firms. Mutual trust and

cooperative attitudes and behaviors can facilitate knowledge and capabilities transfer during the integration process, which in turn enhances the post-acquisition performance (Melkonian, Monin, & Noorderhaven, 2011; Stahl, Larsson, Kremershof, & Sitkin, 2011). Therefore, in the M&A setting, Board Chairs' collaboration orientation leads to better outcomes in the decision-making process and integration process, thus has a positive impact on post-acquisition performance.

Hypothesis 10: A Board Chair's collaboration orientation is positively related to acquiring firms' post-acquisition performance.

3.2.3: The Moderating Effects of Absorptive Capacity

This study aims to identify factors that may strengthen or weaken the effects of two contrasting Board Chair orientations on firms' acquisition activities and post-acquisition performance. As the threat rigidity theory predicted, working with control-oriented Board Chairs, CEOs tend to respond rigidly due to restricted information processing and constriction of control (Staw et al., 1981). However, under the resource dependence rationale, CEOs tend to take bolder steps and make riskier decisions owing to their collaborative relationship with the board. Thus, factors that enhance CEOs' abilities to process information and utilize resources should change the effects of control orientation and collaboration orientation respectively. In other words, when CEOs have greater abilities to process information and utilize the full benefits of resources the threat rigidity effect should be dampened whereas the effect of collaboration should be strengthened.

Specifically, this section examines how absorptive capacity influences these relationships. Absorptive capacity is a firm's ability to "recognize the value of new, external information, assimilate it, and apply it to commercial ends" (Cohen & Levinthal, 1990: 128). At its core, absorptive capacity performs three key functions: first, searching and acquiring valuable

external knowledge like a radar; second, comprehending, exploiting, and transforming the newly acquired knowledge like a processor; and third, converting that knowledge from the individual level to the organizational level by sharing and diffusing it like a converter and transmitter (Song et al., 2018). These key functions of absorptive capacity allow firms to gain competitive advantages (Zahra & George, 2002). However, a firm's absorptive capacity is not merely directed toward acquiring and assimilating external knowledge but also processing internal knowledge (Rothaermel & Alexandre, 2009). Balancing both internal and external absorptive capacities is central for firms' sustained competitive advantage and long-term survival and success (Lewin, Massini, & Peeters, 2011). Absorptive capacity not only facilitates information processing but also enhances organizational learning by effectively utilizing valuable intangible resources obtained, such as directors' experience and expertise in strategic initiatives.

3.2.3.1: Absorptive Capacity, Board Chair Control Orientation, and Acquisition

Outcomes

Absorptive capacity should temper the negative impacts of Board Chair control orientation on firms' acquisition behaviors and outcomes. As discussed previously, when facing the external threat arising from Board Chairs' control orientation, CEOs tend to respond to the perceived threat with restricted information processing (Staw et al., 1981). When absorptive capacity is high, firms have robust knowledge structures in place (Lane et al., 2006), so CEOs are more effective at acquiring, interpreting, and applying relevant information. As a result, in threatening situations, they may not feel the need to limit growth activities that require complex information processing, such as acquisitions. In addition, a key reason CEOs are likely to choose a related, close, and small firm is because they tend to resort to what they have already known and reduce risks when facing potential threats. When absorptive capacity is high, CEOs are

better able to exploit external knowledge (Cohen & Levinthal, 1990). Accordingly, they are more equipped to handle the cognitive demands, generate new insights, recognize new opportunities, and modify the way firms view themselves and their competitive landscape (Zahra & George, 2002). Thus, CEOs may feel less pressured to select target firms that are in related business and geographically close to the acquiring firm. Moreover, although CEOs' restricted information processing may be particularly detrimental to post-acquisition performance, such negative effects may be lessened when absorptive capacity is high because CEOs can not only effectively exploit external knowledge but also integrate it with existing knowledge in ways to maximize its effectiveness (Kogut & Zander, 1992). Successful knowledge integration may aid firms to create innovation and maintain competitive advantages (Hitt et al., 2009). Taken together, when absorptive capacity is high, CEOs' threat rigidity tendencies of reducing acquisition activities and selecting less risky target firms will be weakened as well as the negative threat rigidity effect on post-acquisition performance. Thus, I formally make the following hypothesis:

Hypothesis 11: Absorptive capacity moderates the negative relationships between Board Chair control orientation and (a) acquisition intensity, (b) target firms' riskiness, and (c) post-acquisition performance, such that the negative relationships are weaker when the firm has a high level of absorptive capacity.

3.2.3.2: Absorptive Capacity, Board Chair Collaboration Orientation, and Acquisition

Outcomes

Absorptive capacity should amplify the positive effect of collaboration orientation. As a dynamic capability, absorptive capacity helps firms to achieve and sustain competitive advantages (Zahra & George, 2002). At a high level of absorptive capacity, firms can effectively transform and transmit the acquisition-related information and tacit knowledge provided by the collaborative board. This knowledge can help firms navigate the acquisition process with efficiency. The ease and familiarity with the acquisition processes should increase firms'

acquisition behaviors. Further, when absorptive capacity is high, firms are better able to identify and value external knowledge, assimilate it, and apply it commercially (Cohen & Levinthal, 1990). Firms have greater abilities to exploit and transforming knowledge and apply it to other areas, such as acquiring a target firm in an unrelated business or a distant location. Thus, the effect of Board Chair collaboration orientation on target selection riskiness should be stronger when firms have a higher level of absorptive capacity. A high level of absorptive capacity not only enables firms to achieve first-mover advantages and quick responsiveness to customers (Zahra & George, 2002) but also superior innovation and performance (Kostopoulos, Papalexandris, Papachroni, & Ioannou, 2011). As such, absorptive capacity can enhance firms' ability to integrate newly acquired external knowledge with its existing knowledge during the integration process, thus, it is expected to strengthen the positive relationship between collaboration orientation and post-acquisition performance. Taken together, I posit the following hypothesis:

Hypothesis 12: Absorptive capacity moderates the positive relationships between Board Chair collaboration orientation and (a) acquisition intensity, (b) target firms' riskiness, and (c) post-acquisition performance, such that the positive relationships are stronger when the firm has a high level of absorptive capacity.

INSERT TABLE 3.1 ABOUT HERE

Chapter 4

Research Design and Methodology

This chapter focuses on explaining the research design, measurements of constructs, and analytical methodologies that to be used in order to examine the proposed relationships in this dissertation. Section 4.1 discusses the study, its research design, and the sample inclusion criteria. Next, Section 4.2 describes how to operationalize each key construct. Table 4.1 summarizes the key variables, operationalizations, and corresponding data sources. Finally, Section 4.3 provides an overview of the analytical techniques used to test the hypotheses.

Section 4.1: Study Design and Research Strategy

The primary purpose of this dissertation is to examine the antecedents and outcomes of Board Chair control orientation and collaboration orientation. Since only firms with a separate Board Chair could exhibit Board Chair orientations as defined in this dissertation, the sample is restricted to public firms that separate their Board Chair position from the CEO position. Further, since 2010, the Securities and Exchange Commission (SEC) has required public firms to disclose the rationale behind their choice of Board Chair in their corporate proxy statements (Krause, 2017). These passages from the corporate proxy statements have been used to assess the types of Board Chair orientations (e.g., Krause, 2017; Oliver et al., 2018). Thus, following these prior studies, data on Board Chair orientations will be collected from these proxy statements. Specifically, the sample in Study 1 is drawn from publicly traded firms with a separate Board Chair from 2010 to 2013, inclusive.

Since Study 2 examines the impacts of Board Chair orientations on firms' acquisition activity and performance. Thus, the Board Chair orientation data will be used in Study 2 as well. Additionally, only fully completed acquisition deals are included where the acquiring firms

purchased at least 50 percent equity stake of the target company. Given that firms may not see immediate returns generated from acquisitions, firms' performance data for the following three years after a focal acquisition will be collected.

Data will be collected from multiple sources. Board Chair and CEO demographics are collected from Execucomp and Boardex databases. When it is not available on these databases, other sources will be used, such as company websites, Google, Bloomberg, LinkedIn, and Facebook, etc. Political ideology information is collected from the Federal Election Commission website. Board Chair orientation information is from the proxy statements, and the acquisition data are from the Securities Data Corporation Platinum database. Other financial and operating data are collected from COMPUSTAT, CRSP, and Risk Metrics.

Section 4.2: Dissertation Variables and Measures

Study 1 Variables

Section 4.2.1: Board Chair Orientations

The dependent variables of interest in this study are the *control orientation* and *collaboration orientation* that Board Chairs exhibit at firms with the split board leadership structure. To collect and identify these orientations, this study follows the methodology used by Krause (2017), which involves content-analyzing specific passages in proxy statements devoted to explaining and justifying board leadership structure. According to coding instructions developed by Krause (2017), one person reads each passage and independently assesses the presence or absence of the two Board Chair orientations (see Appendix A for details of coding instruction). Following the same procedure, a second coder randomly selects approximately ten percent of the passages in the sample and codes them independently. The coders will be provided with an explanation of each orientation as well as examples of how firms employ each one in

their rationale for justifications. Inter-rater reliability¹ is compared, and two coders discuss any discrepancy until an agreement is reached.

Each orientation is measured using a dichotomous variable. Specifically, when an orientation is identified in a firm's proxy statement discussion of its board leadership structure, it is coded as "1", otherwise "0". However, a value of 0 or the absence of one orientation does not indicate anything about the other orientation. Any firm with a separate Board Chair may exhibit one, both, or neither orientations in their proxy statement. In the final sample, 39% of the firms exhibit a control orientation and 56% of the firms exhibit a collaboration orientation. These rates are consistent with those found by Oliver et al. (2018) — 35% and 52% respectively.

Section 4.2.2: Chair-CEO Demographic Dissimilarities

The independent variables of interest in this study are *Board Chair-CEO demographic dissimilarities*. Following prior research (Tsui & O'Reilly III, 1989; Tsui et al., 2002), this study focuses on five demographic variables: age, gender, race, firm tenure, and CEO job tenure. Age and tenure are measured in years. Gender is coded as 1 indicating male and 2 indicating female. Race is coded based on pictures or bios with 1 designating white and 2 designating nonwhite.

The demographic dissimilarities are created by calculating the differences between values for the demographic variables of the Board Chair and the CEO. For example, age difference is calculated by subtracting CEO age from the Chair's age. Similarly, the firm tenure difference is obtained by using the Chair's firm tenure minus the CEO's firm tenure. The difference scores of gender and race are dichotomous, with 0 denoting that the Board Chair and CEO are of the same gender or race and 1 denoting that they are of different genders or races.

¹ The mean inter-rater reliability for control orientation is 0.88 and the mean inter-rater reliability for collaboration orientation is 0.92.

The final sample for Study 1 includes 634 male and 18 female CEOs whose ages are between 37 and 80, 690 male and 14 female Board Chairs whose ages are between 42 and 89. Of these CEOs and Board Chairs, over 93% are Caucasian. The average firm tenure for Board Chairs is 15.5 years and for CEOs is 4.6 years. The average CEO job tenure for Board Chairs is 16.2 years and for CEOs is 6.6 years.

Section 4.2.3: Chair-CEO Political Ideology Congruence

The moderator of interest in this study is *Board Chair-CEO political ideology similarity*. Political donation data are used to generate measures of Board Chair liberalism and CEO liberalism respectively. Prior studies suggest that individuals' long-term political donations strongly reflect their personal ideologies (Briscoe, Chin, & Hambrick, 2014; Chin et al., 2013; Gupta & Wowak, 2017). Accordingly, this study adopts the structure of Chin et al. (2013) measure, which examines the extent to which individuals exhibit a long-term pattern of supporting the Democratic Party, as opposed to the Republican Party. The political donation data of more than \$200 are cataloged and made publicly available by the Federal Election Commission (FEC). Following prior research (Briscoe et al., 2014), this study focuses on Board Chairs' and CEOs' contribution records for six to ten years prior to their becoming Board Chair or CEO of the focal firm. This window is wide enough to encompass at least three congressional election cycles and one presidential election.

Next, four indicators are calculated based on the contribution data, which together represent an individual's political liberalism index. These four indicators include behavioral commitment (the number of donations to Democratic recipients divided by total donations to Democratic and Republican recipients), financial commitment (the dollar amount of donations to Democratic recipients divided by total amount to Democratic and Republican recipients),

persistence of commitment (the number of years of donations to Democratic recipients divided by total years to Democratic and Republican recipients), and scope of commitment (the number of distinct Democratic recipients divided by the total number of distinct recipients of both parties). To address potential zero values in the calculation, .1 is added to all numerators and .2 to all denominators (Chin et al., 2013). The mean of these four indicators becomes an individual's overall political liberalism score. Scores range from zero to one, with scores above 0.50 indicating the extent of liberalism whereas scores below 0.50 indicating the extent of conservatism. Finally, following prior research in calculating demographic similarity (Riordan & Wayne, 2008), the Chair-CEO political ideology congruence is calculated by using $-\sqrt{\frac{\sum (S_i - S_j)^2}{n}}$, where S_i is the Board Chair's overall political liberalism score and S_j is the CEO's overall political liberalism score.

Section 4.2.4: Control Variables

I control for several variables relating to the CEO, board of directors, firm, and industry. Following prior research (Oliver et al., 2018), *CEO compensation*, measured as the natural log of the CEO's salary, is a proxy of the board's valuation of the CEO. The *minority directors* variable is the percentage of directors who are not white, as these directors may experience in-group or out-group pressures (Oliver et al., 2018). Additionally, I control CEO's age, gender, race, firm tenure, and job tenure. As mentioned earlier, age and tenure are measured in years whereas race and gender are measured as dichotomous variables.

Furthermore, I control for *firm size*, which is measured as the natural log of total employees. *Prior performance* is measured as ROA in the year leading up to the proxy statement since prior performance has implications on the Board Chair orientations. Additionally, I control for the industry environment, such as dynamism and munificence. Following prior studies

(Boyd, 1990), I regress the focal firm's sales against time for five years prior to the focal year for each SIC code. *Dynamism* is measured using sales variability, which is the standard error of the regression slope coefficient. *Munificence* is measured using the sales growth rate, which is the regression slope coefficient. Finally, I control for the industry effect by using the 1-digit SIC code and the year effect.

Study 2

Section 4.2.5: Acquisition Intensity, Target Selection Riskiness, and Post-acquisition Performance

Acquisition intensity is operationalized as the number of acquisitions in a given firm year (Chen, Crossland, & Huang, 2016). As discussed previously, target selection riskiness includes three variables: unrelatedness, geographic distance, and relative size. *Unrelatedness* is measured as a dichotomous variable with 1 indicating that the acquiring and target firms are not in the same industry using the four-digit SIC code and with 0 indicating the two firms are in related industries (Goranova et al., 2010; Zorn et al., 2018). *Geographic distance* is measured as the number of miles between coordinates for the zip codes of the acquiring and target firm headquarters (Chakrabarti & Mitchell, 2013, 2016). Following Chakrabarti and Mitchell's work (2013, 2016), the distance d_{ab} between two points a and b equals:

$C[\arccos[\sin(lat_a)\sin(lat_b)+\cos(lat_a)\cos(lat_b)\cos(|lon_a-lon_b|)]]$, where lat and lon refer to the latitude and longitude of the locations a and b . C is a constant — 3,437, to be exact — that converts the results to miles on the surface of the earth. To capture the size of the target firm, I use *relative size*, which is measured as the ratio of target firm asset size to acquiring firm asset size (Zollo & Singh, 2004). As have prior studies (Ellis et al., 2011; Zollo & Singh, 2004), I operationalize an acquiring firm's post-acquisition performance using return on assets (ROA),

because it is less sensitive to estimation bias due to changes in leverage or bargaining power following M&A deals (Krishnan et al., 1997). Specifically, *acquisition performance* is measured as the ROA one year after the acquisition (Ellis et al., 2011).

Section 4.2.6: Board Chair Orientations

Board Chair *control orientation* and *collaboration orientation* will be operationalized the same way as in study I. In the final sample for this study, 42% of the firms exhibit a control orientation and 61% of the firms exhibit a collaboration orientation.

Section 4.2.7: Absorptive Capacity

Following prior research (Dushnitsky & Lenox, 2005; Song et al., 2018), I use a firm's number of patents as a proxy for its absorptive capacity. This data will be collected from the Patent Full-Text Database at patft.uspto.gov.

Section 4.2.8: Control Variables

In Study 2, I control for the following variables, such as *firm size*, *prior performance*, *CEO compensation*, *CEO ownership*, *dynamism*, and *munificence*. These variables have been shown to influence firms' acquisition activities and performance (Chen et al., 2016; Goranova et al., 2010; Malhotra, Reus, Zhu, & Roelofsens, 2018). *Firm size* is measured as the number of employees in the year of acquisition. *Prior performance* is measured as firms' retained earnings in the year prior to a focal acquisition. *CEO compensation* is calculated as the natural log of CEO total compensation, and *CEO ownership* is the percentage of shares owned by the CEO. *Dynamism and munificence* are operationalized as in Study 1.

Additionally, I control for other variables that are commonly included in the M&A research. For the acquiring firm's *financial slack*, I followed prior research and used the category of potential slack, measured as the ratio of income before taxes and interest charges to interest

charges (Lungeanu, Stern, & Zajac, 2016). *Acquisition experience* is measured as the number of acquisitions completed during the past five years prior to a given acquisition (Zorn et al., 2018). *Payment method* is a dichotomous variable with 1 denoting cash payment and with 0 denoting stock payment or a combination of cash and stock (Hayward, 2002). Table 4.1 provides an overview of key variables and control variables included in this dissertation.

INSERT TABLE 4.1 ABOUT HERE

Section 4.3: Dissertation Statistical Analyses

I used Generalized Linear Model (GLM) to test the proposed relationships in both studies. GLM allows researchers to specify both the distribution from which the data are produced (e.g., Gaussian, Poisson, negative binomial, gamma) and the relationship between the expected value of the dependent variable and the linear predictor (e.g., identity, logit, probit, complementary log-log, power). In Study 1, to examine how demographic dissimilarities predict control and/or collaboration orientations, I used the binomial family and the logit link since the dependent variables of interest are binary. In Study 2, to examine how Board Chair orientations influence acquisition intensity, I used the Poisson family and the log link; to examine how the predictors influence the probability of selecting an unrelated target firm, I used the binomial family and the logit link as well. For the remaining tests, I used the Gaussian family and the identity link. In addition, in order to minimize potential concerns with heteroscedasticity and non-independence of observations, I also included the robust standard error option across clusters defined by firms.

Chapter 5

Results

This chapter aims to explain the empirical results of both Studies 1 and 2. Section 5.1 focuses on the results of Study 1 whereas Section 5.2 focuses on those of Study 2. In addition, Sections 5.1.1 and 5.2.1 will provide some additional analyses as robustness checks for the results of the primary analyses. Lastly, Sections 5.1.2 and 5.2.2 provide some supplementary tests to better understand the key constructs of interest.

Section 5.1: Study 1 Results

Table 5.1 shows the correlations for all of the variables in the primary analyses in Study 1. The low correlations between covariates suggest multicollinearity is not likely to bias the estimates. Although the GLM models do not allow for variance inflation factors (VIF), the mean VIFs for linear models using OLS range between 1.79 and 2.24. These numbers are well below the suggested thresholds where multicollinearity may become a concern.

INSERT TABLE 5.1 ABOUT HERE

In Study 1, Hypothesis 1 predicts that the demographic dissimilarities between Board Chair and CEO are positively related to Board Chair's control orientation toward the CEO. Specifically, I examined several demographic attributes, such as age, gender, race, firm tenure, and job tenure. Tables 5.2 and 5.3 display the results of the GLM models corresponding to the demographic differences in terms of these demographic attributes. For age difference, Model 1 of Table 2 shows the parameter estimates from the controls-only model, and Model 2 shows that age difference has a marginally positive relationship with the probability of adopting a control orientation ($b = 0.06, p = 0.06$) whereas squared age difference has a negative relationship with it

($b = -0.00$, $p = 0.01$). Thus, this examination provides partial support to Hypothesis 1. In addition, I examined the marginal effect of the age difference, which suggests that one year increase on the age difference increases the probability of adopting a control orientation by 1.4 percent.

In terms of gender and race differences, I did not find support for Hypothesis 1. As shown in Table 5.2, Models 4 and 7 display the parameter estimates of the control variables only whereas Models 5 and 8 depict the estimates when gender and race differences are added to the models respectively. Based on the results, gender difference ($b = -0.08$, $p = 0.90$) and race difference ($b = 0.23$, $p = 0.61$) have little effect on control orientation.

Tables 5.3 shows the results corresponding to differences in firm tenure and CEO job tenure. Models 1 and 4 display the controls-only models whereas Models 2 and 5 show the parameter estimates when firm tenure difference and CEO job tenure difference are included in the models respectively. The results show that both Chair-CEO firm tenure difference ($b = -0.03$, $p = 0.01$) and job tenure difference ($b = -0.03$, $p = 0.02$) are negatively related to the probability of adopting a control orientation. Further, the marginal effect examinations show that one year increase in Chair-CEO firm tenure difference means the probability of adopting a control orientation decreases by 0.7 percent whereas one year increase in Chair-CEO job tenure difference means the probability of adopting a control orientation decreases by 0.6 percent. Taken together, these results show no support for Hypothesis 1.

INSERT TABLE 5.2 & 5.3 ABOUT HERE

Hypothesis 2 posits that the demographic dissimilarities between Board Chair and CEO are negatively related to Board Chair's collaboration orientation toward the CEO. The same

demographic variables are examined for this dependent variable. The GLM results are listed in Tables 5.4 and 5.5, in which Models 1, 4, and 7 are the controls-only models whereas Models 2, 5, and 8 included the independent variables of interest.

Model 2 in Table 5.4 shows that neither age difference ($b = 0.02, p = 0.52$) nor the squared term ($b = -0.00, p = 0.57$) has little effect on the probability of adopting a collaboration orientation. Similarly, gender difference ($b = 0.25, p = 0.76$) and race difference ($b = -0.03, p = 0.94$) are not significantly related to the adoption of a collaboration orientation (see Models 5 and 8 in Table 5.4). Furthermore, Table 5.5 indicates that firm tenure difference ($b = -0.01, p = 0.35$) and job tenure difference ($b = -0.01, p = 0.35$) have little effect on the probability of adopting a collaboration orientation, as shown in Models 2 and 5 respectively. Overall, the results do not provide support for Hypothesis 2.

 INSERT TABLE 5.4 & 5.5 ABOUT HERE

Hypothesis 3 states that the political ideology congruence between a Board Chair and CEO attenuates the relationship between demographic dissimilarities and the probability of adopting a control orientation. First, Model 3 in Table 5.2 shows that the interactions between political ideology congruence and age difference ($b = 0.06, p = 0.59$) or squared age difference ($b = 0.00, p = 0.98$) are not statistically significant. Second, Model 6 in Table 5.2 displays the interaction between political ideology congruence and gender difference, which is marginally significant ($b = -6.90, p = 0.05$). Figure 5.1 plots the two-way interaction effects between political ideology congruence and gender difference, which indicates that, at a high level of gender difference, high political ideology congruence (i.e., 1 standard deviation above the mean) — relative to low political ideology congruence (i.e., 1 standard deviation below the mean) —

reduces the probability of adopting a control orientation. Thus, from this standpoint, the results provide partial support for Hypothesis 3. Third, Model 9 in Table 5.2 displays the estimate for the interaction between political ideology congruence and race difference, which is not statistically significant ($b = -1.44, p = 0.48$). Lastly, with respect to firm tenure difference and job tenure difference, I did not find support for Hypothesis 3, as Models 3 and 6 in Table 5.3 respectively show that the interactions between these variables and political ideology congruence not statistically significant ($b = 0.05, p = 0.44$; $b = -0.08, p = 0.22$). Thus, in terms of the joint effects of political ideology congruence and demographic dissimilarities, I only found partial support for Hypothesis 3, that is high political ideology congruence weakens the effect of gender difference on the probability of adopting a control orientation.

 INSERT FIGURE 5.1 ABOUT HERE

Hypothesis 4 predicts that the political ideology congruence between a Board Chair and CEO attenuates the relationship between demographic dissimilarities and the probability of adopting a collaboration orientation. In Table 5.4, Model 3 suggests that the interactions between political ideology congruence and age difference or squared age differences are not statistically significant ($b = 0.06, p = 0.65$; $b = -0.00, p = 0.61$). Model 6 indicates that the joint effect of political ideology congruence and gender difference on the probability of adopting a collaboration orientation is not statistically significant ($b = -3.41, p = 0.57$). Further, Model 9 shows that the joint effect of political ideology congruence and race difference on the probability of adopting a collaboration orientation is not statistically significant as well ($b = -0.97, p = 0.66$). In addition, Table 5.5 depicts similar results, as Model 3 and Model 6 both show non-significant results for the interactions between political ideology congruence and firm tenure difference ($b =$

0.10, $p = 0.17$) and job tenure difference ($b = 0.01$, $p = 0.84$). Taken together, Hypothesis 4 is not supported.

Section 5.1.1: Robustness Tests for Study 1

Additional tests were conducted to ensure the robustness of the results. First, I tested the GLM models using alternative measurements for two control variables: firm size and prior performance. Firm size is measured using the logarithm of total assets in the year of the proxy statement whereas prior performance is measured using Tobin's Q in the prior year of the proxy statement. The results are consistent with those of the primary tests.

Second, following prior research (e.g., Oliver et al., 2018), I tested the models using seemingly unrelated bivariate probit (SUBP) to examine the probability of Board Chair orientations. Given that both dependent variables of interest derive from the same firm and proxy statement, they may share contemporaneous error terms. Accordingly, SUBP accounts for contemporaneous error terms across two equations (Baum & Christopher, 2006; Oliver et al., 2018). Additionally, I included robust standard errors clustered by firms. The results are also in line with the results obtained in the primary analyses.

Section 5.1.2 Supplementary Analyses for Study 1

Although Chair-CEO demographic dissimilarities did not predict control or collaboration orientations as proposed, I also conducted additional analyses examining whether these individual demographic attributes and some board characteristics have any impact on control or collaboration orientations. There are several findings worth noting. First, when holding CEOs' other demographic attributes constant, CEO age has an inverted U-shaped relationship with control orientation but not with collaboration, as shown by the coefficients and the levels of significance for age ($b = 0.66$, $p = 0.04$) and the squared term of age ($b = -0.01$, $p = 0.04$)

respectively. The negative relationship between CEO ownership and collaboration orientation is marginally significant ($b = -0.20, p = 0.07$). Further, Board Chairs' firm tenure and CEO job tenure both have a negative relationship with control orientation ($b = -0.04, p = 0.01$; $b = -0.03, p = 0.03$), holding CEO characteristics constant. Moreover, board independence has a positive relationship with control orientation ($b = 5.43, p = 0.00$) and board minority has a positive relationship with collaboration orientation ($b = 4.31, p = 0.01$). Lastly, I also tested the effects of CEO or Board Chair political ideology on control and collaboration orientations. The results suggest liberal Board Chairs are more likely to adopt control orientation ($b = 1.25, p = 0.03$).

Section 5.2: Study 2 Results

Table 5.6 shows the correlation matrix for the key variables in Study 2. The low correlations between covariates suggest multicollinearity is not likely to bias the estimates. Although the GLM models do not allow for variance inflation factors (VIF), the mean VIFs for linear models using OLS range between 1.67 and 1.76. These numbers are well below the suggested thresholds where multicollinearity may become a concern.

 INSERT TABLE 5.6 ABOUT HERE

Given that Study 2 examines the effects of control and collaboration orientations on three broad dependent variables — acquisition intensity, target selection riskiness, and acquisition performance, I will show the results related to each of these variables by grouping the relevant hypotheses together. Hypothesis 5 posits that a Board Chair's control orientation is negatively related to the firm's acquisition intensity whereas Hypothesis 8 posits that a Board Chair's control orientation is positively related to the firm's acquisition intensity. Models 1-3 in Table 5.7 present the results of this examination. First, Model 1 shows the estimates of the controls-

only models; then control and collaboration orientations are added to the equation in Model 2. The results do not provide support for H5 as control orientation has a positive relationship with acquisition intensity ($b = 0.34, p = 0.00$), which is opposite to the prediction. However, H8 is marginally supported as collaboration has a marginally significant relationship with acquisition intensity ($b = 0.17, p = 0.09$). In addition, Hypotheses 11a and 12a predict that firms' absorptive capacity weakens the relationships mentioned above respectively. As shown in Model 3 of Table 5.7, the interaction term between absorptive capacity and control orientation is marginally significant ($b = 0.00, p = 0.06$) whereas the interaction term between absorptive capacity and collaboration orientation is not significant ($b = -0.00, p = 0.61$). Thus, Hypotheses 11a and 12a are not supported. Figure 5.2 plots the interaction between absorptive capacity and control orientation, which suggests that the positive relationship between control orientation and acquisition intensity becomes stronger as absorptive capacity increases.

 INSERT TABLE 5.7 & FIGURE 5.2 ABOUT HERE

With respect to target selection riskiness, I examine it in terms of the unrelatedness, the geographic distance, and the relative firm size between the acquiring and the target firms. Table 5.8 provides the relevant results. Models 1, 4, and 7 show the results of the models that have control variables only, Models 2, 5, and 8 show results of the models that include the predict variables of interest, and Models 3, 6, and 9 show results of the models with interactions.

H6 predicts that a Board Chair's control orientation is negatively related to target firms' riskiness indicated by unrelatedness, geographic distance, and firm size whereas H9 posits that a Board Chair's collaboration orientation is positively related to target firms' riskiness indicated by unrelatedness, geographic distance, and firm size. First, in terms of unrelatedness, Model 2 in

Table 5.8 indicates that control orientation has little effect on unrelatedness ($b = -0.13, p = 0.56$). However, although significant, collaboration orientation has a negative effect on unrelatedness ($b = -0.48, p = 0.04$). Thus, these results show no support for H6 and H9 in terms of unrelatedness. Second, Model 5 suggests that, in terms of geographic distance, H6 and H9 are not supported as well. As seen in Model 5, control orientation ($b = 0.19, p = 0.46$) and collaboration orientation ($b = -0.27, p = 0.34$) are not significant predictors of the geographic distance between the acquiring and the target firms. Lastly, Model 8 presents the results related to the effects of Board Chair orientations on relative size. As predicted, control orientation is negatively related to relative size ($b = -0.04, p = 0.04$). However, contrary to prediction, collaboration orientation has little effect on it ($b = -0.02, p = 0.42$). Thus, taken together, H6 is partially supported as control orientation is only negatively related to target firms' riskiness indicated by firm size but H9 is not supported.

 INSERT TABLE 5.8 ABOUT HERE

Furthermore, H11b predicts that absorptive capacity weakens the negative relationship between control orientation and target firms' riskiness whereas H12b predicts absorptive capacity strengthens the positive relationship between collaboration orientation and target firms' riskiness. Thus, the interaction terms between control or collaboration orientations and each aspect of firm riskiness were shown in Models 3, 6, and 9 of Table 5.8. According to Model 3, the joint effect of between absorptive capacity and control orientation ($b = -0.00, p = 0.59$) and that between absorptive capacity and collaboration orientation ($b = 0.00, p = 0.72$) on unrelatedness are not statistically significant respectively. Next, Model 6 indicates the above-mentioned moderating effect has little impact on geographic distance as the interaction terms are not statistically significant ($b = -0.00, p = 0.53$; $b = -0.00, p = 0.45$). Contrary to prediction,

Model 9 of Table 5.8 shows that absorptive capacity strengthens the negative effect of control orientation on relative size ($b = -0.00, p = 0.03$). Figure 5.3 displays the joint effect of control orientation on relative size. However, the moderating effect of absorptive capacity on the relationship between collaboration orientation and relative size is not statistically significant ($b = 0.00, p = 0.10$). Taken together, H11b and H12b are not supported.

 INSERT FIGURE 5.3 ABOUT HERE

H7 proposes that a Board Chair's control orientation is negatively related to acquiring firms' post-acquisition performance whereas H10 proposes that a Board Chair's collaboration orientation is positively related to acquiring firms' post-acquisition performance. Table 5.7 lists the models predicting this outcome. As predicted, Model 5 indicates control orientation is negatively related to performance ($b = -0.03, p = 0.00$) but collaboration orientation is not ($b = 0.00, p = 0.94$). Thus, H7 is empirically supported but H10 is not.

H11c depicts that absorptive capacity weakens the negative relationship between control orientation and performance whereas H12c predicts that it strengthens the positive relationship between collaboration orientation and performance. According to Model 6 of Table 5.7, the interaction between absorptive capacity and control orientation is statistically significant and it has a positive coefficient ($b = 0.00, p = 0.01$), which provides empirical validation for H11c. H12c is not supported as the interaction between absorptive capacity and collaboration orientation is marginally significant and it has a negative coefficient ($b = -0.00, p = 0.08$).

Figures 5.4 and 5.5 illustrate these interaction plots.

 INSERT FIGURES 5.4 & 5.5 ABOUT HERE

Section 5.2.1: Robustness Tests for Study 2

I took multiple additional steps to ensure the robustness of the results. First, I tested the GLM models using alternative measurements for two control variables: firm size and prior performance. Firm size is measured using the logarithm of total assets in the year of the proxy statement whereas prior performance is measured using Tobin's Q in the prior year of the proxy statement. The results are consistent with those of the primary tests. Second, I also tested these models using alternative measurements for some dependent variables when possible. For example, post-acquisition performance was also measured as, following an acquisition, the Tobin's Q in year two, the ROA in year three, and the average ROA of the first three years following an acquisition. Additionally, relative size was measured as the relative market cap between the target and the acquiring firms. The results are consistent with the results of the primary analyses.

Lastly, in order to address the potential endogeneity issue, I also followed recent recommendations (i.e., Semadeni, Withers, and Certo, 2014) and tested the primary main effects of control and collaboration orientations using two-stage least square (2SLS) analysis. Two-stage least squares regression first estimates the endogenous explanatory variable of interest using control variables and the exogenous instrumental variables identified and then uses the estimates from the first-stage regression to replace the endogenous explanatory variable in the second stage — thereby helping to parse out potential bias due to endogeneity (Semadeni *et al.*, 2014). The instrument variables — board independence and interlocks, which are selected based on their strong correlations with the predictors. Board independence is calculated as the ratio of the number of independent board members to the total number of directors on the board and interlocks are the average number of boards each director is appointed to. To support the

selection of the instruments and ensure their appropriateness, I followed best practices to test the relevance and the exogeneity of these instruments (Semadeni *et al.*, 2014). Relevance is tested using the first-stage *F*-test statistic, with our findings for the effects of control orientation (all values less than $p = 0.05$) suggesting the instruments are valid predictors of the independent variable of interest. Exogeneity is tested using Hansen's *J* statistic, with the findings (all values in excess of $p = 0.05$) indicating instruments are independent of the residuals and thus, valid for use. Overall, these results are consistent with the results of the primary analyses (see Tables 5.9 and 5.10 for details).

INSERT TABLES 5.9 & 5.10 ABOUT HERE

Section 5.2.2: Supplementary Analyses for Study 2

In the current study, control and collaboration orientations are measured as dichotomous variables following prior research (Krause, 2017). However, I focused on a subset of the sample (i.e., observations for the year 2013) and coded these constructs as continuous variables. Specifically, I used NVivo software to analyze these proxy statements and measured these variables as the ratio of the number of words used describing control or collaboration orientations to the total number of words used.

In order to examine whether different measurements of control and collaborations influence the results, I first conducted t-tests to see if the two different measurements have equal variances. The t-tests suggest they do not have equal means. Second, I tested the hypotheses in Study 2 with GLM analyses using both measurements and only the observations in the year 2013. The test results suggest that the two measurements lead to approximately the same results. Table 5.11 shows the comparison of results.

INSERT TABLE 5.11 ABOUT HERE

Chapter 6

Discussion and Conclusion

This dissertation proposed separate models to examine the antecedents and outcomes of control and collaboration orientations. Based on the results presented in Chapter 5, I will provide discussions of what these results mean and some potential limitations of both studies in Sections 6.1 and 6.2 respectively. Additionally, in Section 6.2, I will provide possible directions for future research to further expand this line of scholarly work.

Section 6.1: Implications

Section 6.1.1: Study 1 Implications

Study 1 aims to understand whether and how demographic dissimilarities between Board Chairs and CEOs can influence the corporate governance orientations that Board Chairs may exhibit. Specifically, I examined Chair-CEO demographic dissimilarities in age, gender, race, firm tenure, and CEO job tenure. Among these demographic variables, only age difference shows an inverted U-shaped relationship. As age difference is calculated as subtracting the CEO age from that of the Board Chair, thus, the results suggest that age difference at low to moderate levels (i.e., when Board Chair is a little bit older than the CEO) increases the likelihood of the Board Chair adopting a control orientation. However, as the age difference continues to increase to high levels (i.e., when Board Chair is a lot older than CEO), the likelihood for the Board Chair to exhibit a control orientation will in turn decrease.

This finding perhaps can be explained by the theories of career stages (Hambrick & Fukutomi, 1991; Super, 1980). Super (1957) proposes four career stages: establishment, advancement, maintenance, and decline. According to Super (1980), these stages are distinct periods of psychological and behavioral exploration, adaptation, and stabilization following

pivotal events. Generally speaking, when the Chair-CEO age difference is relatively low², Board Chairs are likely to be in the relatively early stage of their career, such as advancement or maintenance. The values that dominate these stages are instrumental (e.g., financial stability, reputation, and status) (Ryff & Baltes, 1976). Thus, they are likely to adopt a control orientation during these stages as they are heavily invested in their roles as the first line of defense of the shareholders. However, when the Chair-CEO age difference is relatively high, Board Chairs are likely to be in the late stage or decline stage, during which they expect to retire soon, thus they are likely to separate themselves psychologically from their work role. As a result, their tendency to adopt the control orientation will be reduced. Similarly, this logic can also be applied to account for the negative relationships between firm tenure difference and CEO job tenure difference and control orientation. As the tenure differences increase, Board Chairs are likely to be near or in the decline stage. Hence, being “in the saddle” too long may also reduce their propensity to frequently monitor CEO’s decisions and performance as they approach retirement. However, gender and race differences do not influence the types of orientations Board Chairs adopt.

These findings suggest that individuals’ time-variant demographic attributes may have a stronger impact on how Board Chairs approach their working relationship with their CEOs. This also offers practical implications. For firms whose Board Chair is much older than the CEO or has much longer firm tenure or CEO tenure than the CEO, the Board Chair is less likely to adopt a control orientation. In light of this finding, the board should still take action to ensure adequate oversight of the management. For example, the board may appoint independent directors to lead different committees and appoint an independent Lead Director to work with the Board Chair.

² The average age for CEOs in the sample is 54.6 years old ranging from 37 to 80 years old whereas the average age for Board Chairs in the sample is 66.6 years old ranging from 42 to 89 years old.

This approach is consistent with our finding that board independence is positively related to Board Chair control orientation. It would also be beneficial for board members to frequently conduct site visits to ensure that the CEO provides accurate information to the board and that the firm's performance is on the right track.

Although the findings suggest that the demographic differences between the Board Chair and the CEO have little effect on Board Chair collaboration orientation, the presence of minority directors on board is positively linked to the probability that the Board Chair adopts a collaboration orientation. In order to acquire valuable career and social resources, minority directors have to maintain broad and diverse social networks (Ibarra, 1992,1993). Prior research indicates that minorities tend to develop more diverse social capital than white males do (Ibarra, 1992,1993; Miller & Del Carmen Triana, 2009). Their broad range of social contacts, in turn, provides minority directors a great deal of non-redundant information (Miller & Del Carmen Triana, 2009), which enables them to share information and resources and create a collaborative board dynamic. Thus, working with resource-rich minority directors, the Board Chair can be expected to adopt a collaboration orientation and provide guidance and advice to the CEO. Again, this is also consistent with the resource dependence perspective.

Finally, Study 1 also intends to unpack the conditions when Board Chairs are more likely to select control and/or collaboration orientations, especially from the political ideology perspective. Although I did not find empirical support for the proposed relationship, findings of the supplementary tests suggest liberal Board Chairs are more likely to adopt a control orientation. This finding may be in line with the liberal preferences for protecting the environment, achieving social justice, and making external attributions when making evaluations (Schwartz, 1996). Because liberal Board Chairs may have a strong tendency to make external

attributions whereby responsibility for outcomes is assigned to situational factors (e.g., chance, system) rather than person-based factors (e.g., talent), they are less likely to bank on the CEO's abilities and are more likely to monitor and evaluate firm performance.

In sum, this study makes several contributions. On one hand, it adds to the Board Chair orientation literature by identifying novel antecedents at multiple levels. At the individual level, liberal Board Chairs show the tendency to exhibit control orientations. At the dyadic level, some time-variant relational demographic attributes influence the propensity of the Board Chair to adopt control orientation. At the group level, the presence of minority directors also exerts influence on control orientation. These new findings can enhance our understanding of the board leadership phenomenon. On the other hand, this study also contributes to the political ideology literature by suggesting that liberal and conservative strategic leaders may engage in distinct corporate governance approaches.

Section 6.1.2: Study 2 Implications

Study 2 focuses on the consequences of Board Chair orientations in the acquisition context. Specifically, it examines how Board Chair orientations influence the acquiring firms' acquisition intensity, target selection riskiness, and post-acquisition performance. First, the results show that, as predicted, collaboration orientation has a positive relationship with acquisition intensity, even though the relationship is marginally significant. Collaboration-oriented Board Chairs are likely to provide CEOs with advice and guidance and reduce CEOs' job demands so that they can focus more on formulating and implementing strategic actions. As theorized, Board Chairs' doing so increases CEOs' ability to engage in more acquisition activities.

However, unlike the predicted direction, the results also show that Board Chairs' control orientation also increases firms' acquisition intensity. This result may be explained by the cognitive evaluation theory, which assumes that individuals have innate needs for autonomy and competence (Ryan & Deci, 2000). When external pressure or mechanisms of control impinge on an individual's sense of autonomy and competence, it could thereby reduce his or her intrinsic motivation to behave in ways that are consistent with external controls' expectations (Osterloh, Frost, & Frey, 2002; Shi, Connelly, & Hoskisson, 2017). Consistent with this theory, working with a control-oriented Board Chair who frequently monitors the CEO's decisions and evaluates the firm's performance, the CEO may perceive that the Board Chair has impinged on his or her sense of autonomy, thus, the external pressure could crowd out the CEO's intrinsic motivation to undertake acquisition for the right reasons. In fact, the CEO may be more likely to acquire firms in order to lessen the external control coming from the Board Chair.

Additionally, the results show that Board Chairs' control orientation is negatively related to the relative size, which provides support for the proposed hypothesis. As theorized, working with control-oriented Board Chairs, CEOs have relatively low power, thus, they may take a less risky approach by selecting smaller target firms (Grinstein & Hribar, 2004). Acquiring smaller firms reduces the possibility for the acquirer to obtain excessive debt. On the contrary, a larger acquisition is more difficult to finance than a smaller one. Raising funds by issuing a large volume of debt can substantially increase the acquirer's financial distress, which may, in turn, heighten the board's oversight of the CEO.

Further, the results show that Board Chair's control orientation is negatively related to acquiring firms' post-acquisition performance. As discussed in the previous chapter, the acquisition literature has focused on multiple categories of factors as predictors of acquisition

performance. For instance, deal characteristics (e.g., Fowler & Schmidt, 1989; Goranova et al., 2010; King et al., 2004), acquisition experience (e.g., Ellis et al., 2011; Haleblan & Finkelstein, 1999; Hayward, 2002), and temporal perspectives (e.g., Carow et al., 2004; Laamanen & Keil, 2008; McNamara et al., 2008). However, prior work has not examined how Board Chairs' control and/or collaboration orientations can influence firm performance. How a Board Chair approaches his or her working relationship with the CEO may have an impact on how the CEO undertakes strategic actions, which in turn influences the firm performance.

Collectively, these results suggest that when Board Chairs exhibit a control orientation, they are likely to closely monitor and oversee the CEO's decisions and actions, which may exert a great deal of pressure on the CEO. Such tight control and oversight can backfire because the CEO may undertake acquisitions, well thought out or not, as a means to lessen the control and pressure or to justify the dissatisfying performance outcomes. Similarly, the Board Chair orientation sets the tone for the working relationship between the Board Chair and the CEO. It is often marked with power distance, authority, and discipline when the Board Chair exhibits a control orientation. The CEO may perceive the tight oversight and control as a potential threat to his or her employment or personal interests, thus, is likely to respond with restricted information processing. This can reduce the CEO's ability and willingness to screen and select viable targets, conduct negotiation, and due diligence, and manage integration, which leads to a negative impact on the acquisition performance. Following this line of logic, the board may dismiss the CEO for his or her poor performance, which may result in TMT turnover and disruption to a certain extent. On the contrary, when Board Chairs entrust the CEO to do what he or she was hired to do and allow the CEO with certain levels of autonomy, the CEO may be more motivated to prove his or her mettle in leading the organization rather than minimize the potential threat.

In summary, Study 2 also makes contributions in multiple ways. For one, it adds to the Board Chair orientation literature by examining novel consequences of the constructs. As the empirical findings suggest, the implications of Board Chair orientations go beyond the working relationship between the Board Chair and the CEO and can be extended to influence the firms' specific strategic actions and outcomes. Second, it makes a contribution to the acquisition literature by exploring new antecedents of firms' acquisition behavior, target selection riskiness, and acquisition performance. This also enhances our understanding of firms' motivation for pursuing acquisitions, selecting a particular type of target firms, and how Board Chair orientations influence acquisition performance.

Section 6.2: Limitations and Future Research

As with most research, this dissertation has limitations, which in turn provide interesting directions for future research. First, consistent with extant research on Board Chair orientations, I dichotomize these constructs (e.g., Krause, 2017; Oliver et al., 2018). While I found evidence that Board Chair control orientation influences firms' acquisition intensity, target firm selection approach, and post-acquisition performance, this operationalization may not be able to fully reflect the extent to which Board Chairs are control-oriented or collaboration-oriented. Although I conducted supplementary tests in which Board Chair orientations are measured as continuous variables, the sample size is only limited to the firm year of 2013. Although the findings from the supplementary tests validated the primary results, however, the sample size is relatively small. Future studies can further explore these constructs as continuous variables to capture how changes in Board Chair's control orientation and/or collaboration orientation affect firms' acquisition intensity, target selection riskiness, and post-acquisition performance.

Second, the current sample only focuses on the Board Chair orientations over years from 2010 to 2013, which is a relatively short period of time. It is difficult to predict how the effects of Board Chair orientations may change over a longer period of time. Future studies can expand the sample size to include a longer time frame and more recent years in order to tease out the long-term effects of Board Chair orientations.

Third, the current data on Board Chair orientations are collected from the firms' proxy statements. Although the proxy statements are reviewed and approved by the Board of Directors and they disclose the rationale why the firm chooses to adopt a certain type of board leadership structure, these passages in the proxy statements may be limited to fully recount the corporate governance orientations a Board Chair may exhibit. Future research may explore other types of data, for example, interviews of Board Chairs, minutes of board meetings and executive sessions. This type of data can provide even richer insight into boards' thought processes regarding their leadership. Different types of data also can validate the accuracy of the proxy statement in reflecting a board's orientation.

Lastly, there may be other predictors and outcomes of Board Chair orientations that this dissertation is not able to examine. Future studies can further explore the possibilities of other predictors and other organizational outcomes. For example, the corporate governance approaches that a Board Chair adopts may be highly influenced by the types of investors that the firm has, i.e., dedicated and/or transient institutional investors. Because they have differing investing preferences and behaviors, they may require the Board Chair to adopt distinct corporate governance approaches. Additionally, this dissertation only explored the effects of Board Chair orientations on the acquisition outcomes, however, it may influence other individual or organizational outcomes as well. For instance, at the individual level, Board Chair orientations

may influence CEOs' goal pursuit tendencies (promotion focus vs. prevention focus); at the firm level, Board Chair orientations may influence CEO compensation, CEO-TMT pay gap, CEO dismissal, other types of strategic initiatives. Future studies can further explore these unexamined territories.

Section 6.3 Conclusion

This dissertation focuses on Board Chairs who are not CEOs adopting a control and/or a collaboration orientation. From the relational demography perspective, I argue that the demographic dissimilarities between the Board Chair and the CEO may influence the type of orientations the Board Chair may exhibit. Also, I posit that these orientations have divergent effects on firms' acquisition behaviors, target selection riskiness, and acquisition performance. Although not all proposed relationships are supported, the present studies offer some interesting findings as well, which, coupled with the future research directions proposed, can help us take a step further toward a better understanding of the board leadership phenomenon.

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Table 2.2.1. Antecedents of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Beatty and Zajac, 1994	Administrative Science Quarterly	Top manager equity and top managers' noncash incentive portion of total compensation	Board monitoring	1984, U.S.	Firms with top managers having lower incentives from their compensation and lower equity holdings are more likely to high level of board monitoring.
Zajac and Westphal, 1994	Strategic Management Journal	Firm risk, CEO equity holdings, the proportion of CEO wealth change contingent on noncash sources	Managerial incentive compensations, board monitoring	1987-91, U.S.	Firm risk is negatively related to the use of managerial incentives. Owner and manager interest alignment (CEO equity holdings and the proportion of CEO wealth change contingent on noncash sources) is negatively related to board monitoring.
Westphal and Zajac, 1997	Administrative Science Quarterly	Proportion of CEO-directors on board	Control-enhancing changes in board structure, diversification, compensation contingency	1982-92, U.S.	The proportion of CEO-directors on board reduces the likelihood of control-enhancing changes in board structure. CEO-directors on board increase control-enhancing changes in board structure if they have experienced these changes at their firms. The proportion of CEO-directors on board reduces the likelihood of diversification and an increase in compensation contingency.
Westphal, 1999	Academy of Management Journal	CEO-board friendship ties, proportion of board appointed after CEOs' appointment	Board monitoring, board advice and counsel interaction on strategic issue, firm performance	Survey data from 243 CEOs and 564 outside directors	CEO-board friendship ties and portion of a board appointed after CEO appointment increase the level of advice and counsel interaction but have little effect on board monitoring. Board monitoring and collaboration by providing advice and counsel lead to better firm performance.
Forbes and Milliken, 1999	Academy of Management Review	N/A	N/A	N/A	Board processes (board effort norms, cognitive conflict, and the use of knowledge and skills) can enhance board task performance (control and service).

Table 2.2.1. Antecedents of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Carpenter and Westphal, 2001	Academy of Management Journal	Related board appointments in stable environment, heterogenous board appointments in unstable environment	Directors' perceived ability to contribute to board discussion, board advice interactions, board monitoring	Survey	Related board appointments in stable environment enhance board monitoring and board advice interactions. Heterogenous board appointments in unstable environment enhance board involvements.
Westphal and Khanna, 2003	Administrative Science Quarterly	Participation in elite-threatening actions, social distancing	Subsequent participation in elite-threatening actions	1999, U.S.	Directors who participate in elite-threatening actions will experience social distancing, director status weakens this relationship. Social distancing is negatively related to directors' subsequent participation in elite-threatening actions on other boards.
Hillman and Dalziel, 2003	Academy of Management Review	N/A	N/A	N/A	Directors' human and social capital enable them to monitor management and provide resources to a focal firm.
Westphal and Graebner, 2010	Academy of Management Journal	Negative analyst appraisals; formal board independence	Formal board independence, subsequent analyst appraisal	Survey	Negative analyst appraisals increase firms' formal board independence without increasing its actual board independence. Formal board independence in combination with CEO verbal impression management toward analysts leads to more positive subsequent analyst appraisal.
Chizema and Kim, 2010	Journal of Management Studies	Board size, business group affiliation, prior performance, debt ratio, foreign ownership ratio	Outside director representation	2002-06, Korea	Large firm size, business group affiliation, lower prior performance, higher debt ratio, and higher foreign ownership ratio lead to higher outside director representation on board.
Tuggle, Sirmon, Reutzel, and Bierman, 2010	Strategic Management Journal	Deviation from prior performance; duality	Directors' attention to monitoring	1994-2000, U.S.	Negative deviation from prior performance increases board attention to monitoring, whereas positive deviation from prior performance reduces board attention to monitoring. Duality reduces board attention to monitoring.

Table 2.2.1. Antecedents of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Reuer, Klijn, and Lioukas, 2014	Strategic Management Journal	Market overlap, R&D, cultural distance, environment uncertainty	International Joint Venture (IJV) board involvement	Survey	Partner market overlap does not increase board involvement, but collaboration involving R&D activities increases board involvement. Greater cultural distance and greater environmental uncertainty decrease board involvement.
Post and Byron, 2015	Academy of Management Journal	Female board representation	Monitoring, strategy involvement	Meta-analysis	Female board representation is positively related to board monitoring and strategy involvement.
Zhu and Yoshikawa, 2016	Strategic Management Journal	Government director's identification with the focal firm, government director's identification with the government	Managerial monitoring, resource provision	2011, China	Director identifications with the focal firm and with government are positively related to both managerial monitoring and resource provision.
Li, Krause, Qin, Zhang, Zhu, Lin, and Xu, 2018	Strategic Management Journal	Public reputation concern, boardroom transparency	Independent director's monitoring behavior	China	The difference in monitoring behavior between directors with public reputation concerns and directors with labor market concern is larger when board is more transparent.
Oliver, Krause, Busenbark, and Kalm, 2018	Strategic Management Journal	Female CEO Appointment, female board representation	Control orientation, collaboration orientation	2010-15, U.S.	The appointment of a female CEO is positively related to collaboration Board Chair orientation. Female board representation weakens this effect. Female CEO appointment has a positive effect on control orientation when female board representation is low and a negative effect when female board representation is high.

Table 2.2.2 Consequences of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Mizruchi, 1983	Academy of Management Review	N/A	N/A	N/A	A theoretical analysis of boards' power over CEO. The proportion of outside directors is positively related to CEO dismissal.
Hill and Snell, 1988	Strategic Management Journal	Outsiders on board	Innovation, diversification, profitability	1980, U.S.	Greater outsider representation on board is related to lower R&D, greater diversified scope, and higher profitability.
Tosi and Gomez-Mejia, 1989	Administrative Science Quarterly	Monitoring and incentive alignment	Ownership type	Survey, U.S.	The level of monitoring and incentive alignment is greater in owner-controlled than management-controlled firms.
Schellenger, Wood, and Tashakori, 1989	Journal of Management	Outside director representation	Financial performance	1986-87, U.S.	Outside director representation leads to better financial performance. Outsider director representation affects dividend policy.
Zahra and Pearce, 1989	Journal of management	Board composition, characteristics, structure, and process	Financial performance	N/A	Review of prior literature on board of directors and propose an integrative model, in which board attributes directly affect company performance, and indirectly through board's role in service, strategy, and control.
Finkelstein and Hambrick, 1989	Strategic Management Journal	Profitability, board vigilance	CEO compensation	1971, 1976, 1982-83, U.S.	The percentage shareholdings of outsider directors have no effect on CEO compensation. Board vigilance weakens the positive relationship between profitability and CEO compensation.
Kosnik, 1990	Academy of Management Journal	Outside director equity interest	Greenmail	1979-83, U.S.	Outside director equity interest does not have a direct effect on resistance to greenmail. The effect emerges when top management equity interest is low.

Table 2.2.2 Consequences of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Baysinger, Kosnik, and Turk, 1991	Academy of Management Journal	Percentage of insiders on board, concentration of equity ownership, stockholders	R&D spending	1981-83, U.S.	Ratio of insider directors on board and concentration of equity among institutional investors are positively associated with R&D expenditure.
Tosi and Gomez-Mejia, 1994	Academy of Management Journal	CEO pay monitoring	Firm performance	1986, 1988, U.S.	Higher monitoring of CEO pay is positively related to firm performance, the effect of monitoring diminishes as performance increases.
Finkelstein and D'Aveni, 1994	Academy of Management Journal	Board vigilance	CEO duality	1984-86, U.S.	Board vigilance is positively related to duality. Duality was less common when CEO had high informal power and when firm performance was high.
Boyd, 1994	Strategic Management Journal	Board control	CEO compensation	1980, U.S.	Board control is negatively related to CEO compensation.
Daily and Dalton, 1994	Strategic Management Journal	Duality, board independence	Bankruptcy	1990, U.S.	Firms that have duality structure and lower proportion of independent directors are associated with bankruptcy.
Boyd, 1995	Strategic Management Journal	CEO duality, munificence, dynamism, complexity	Firm performance	1980-84, U.S.	CEO duality has little effect on firm performance. Environmental dimensions moderate the duality-performance relationship.
Zahra, 1996	Academy of Management Journal	Ratio of outsiders on board, outsider director stock ownership, executive stock ownership, institutional stock ownership	Corporate entrepreneurship	1988-90	Executive stock ownership and long-term institutional ownership are positively related to corporate entrepreneurship. Short-term institutional ownership and outsider director ratio are negatively associated with corporate entrepreneurship.
Daily, 1996	Strategic Management Journal	Proportion of affiliated director on audit committee, institutional investor holdings	Bankruptcy status, prepackaged bankruptcy, time		Affiliated director proportion on audit committee and institutional investor holdings have no effect on firm's bankruptcy status. These two

Table 2.2.2 Consequences of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
			spent in reorganization		monitoring groups are associated with the nature of bankruptcy filing.
Baliga, Moyer, and Rao, 1996	Strategic Management Journal	Change in duality status	Operating performance	1980-91, U.S.	The market is indifferent to duality status change. Duality status changes has little impact on operating performance.
Sundaramurthy, 1996	Strategic Management Journal	Proportion of outside directors on board, outside director equity ownership, duality	The rate of adoption of antitakeover provisions	1984-88, U.S.	Proportion of outside directors on board, outside director equity ownership, and duality structure have little effect on the rate of adoption of antitakeover provisions.
Johnson, Daily, and Ellstrand, 1996	Journal of Management	N/A	N/A	N/A	Review board of director's literature from three aspects: control, service, and resource dependence roles that directors need to fulfill. Director independence influences a number of firm outcomes, such as financial performance, executive turnover, bankruptcy, CEO compensation, takeover, strategic orientation, etc.
Tosi, Katz, and Gomez-Mejia, 1997	Academy of Management Journal	Incentive alignment and monitoring	Managerial decisions	Experiment	Incentive alignment is a more powerful mechanism than monitoring for ensuring agents acting in owners' interests.
Dalton, Daily, Ellstrand, and Johnson, 1998	Strategic Management Journal	Board composition, board leadership structure	Firm financial performance	Meta-analysis	No evidence suggests a systematic relationship between board composition, board leadership structure and firm financial performance.
Canyon and Peck, 1998	Academy of Management Journal	Board monitoring	Top management compensation	1991-94, U.K.	Board control and vigilance variables had limited effect in shaping top management compensation.
Westphal, 1998	Administrative Science Quarterly	Structural board independence, CEO ingratiation and persuasion attempts	CEO ingratiation and persuasion attempts, diversification,	Survey	Positive changes in structural board independence is positively related to CEO ingratiation and persuasion attempts, which increases corporate diversification.

Table 2.2.2 Consequences of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
			CEO pay and contingency		
Westphal, 1999	Academy of Management Journal	CEO-board friendship ties, proportion of board appointed after CEOs' appointment	Board monitoring, board advice and counsel interaction on strategic issue, firm performance	Survey data from 243 CEOs and 564 outside directors	CEO-board friendship ties and portion of a board appointed after CEO appointment increase the level of advice and counsel interaction but have little effect on board monitoring. Board monitoring and collaboration by providing advice and counsel lead to better firm performance.
Gulati and Westphal, 1999	Administrative Science Quarterly	Interlock ties, board control, CEO-board cooperation	Alliance formation	1993-96, U.S.	Board control over CEO is negatively related to the likelihood of alliance formation; CEO-board cooperation is positively related to alliance formation.
Frankforter, Berman, and Jones, 2000	Journal of Management Studies	proportion of insider director, proportion of inside directors appointed during CEO tenure	Shark repellent adoption	1982-86, U.S.	The proportion of insider director has no effect on shark repellent adoption. The proportion of inside directors appointed during CEO tenure is weakly positively related to shark repellent adoption.
Coles, McWilliams, and Sen, 2001	Journal of Management	CEO/ chair separation, ratio of outsiders on board, director stock ownership	Firm performance	1984-88, U.S.	CEO/ Chair separation and outside director proportion are negatively related to performance.
Hoskisson, Hitt, Johnson, and Grossman, 2002	Academy of Management Journal	Institutional pension ownership, investment managers, outsider director on board, inside director	Internal innovation, external innovation	1985-91, U.S.	Outsider directors with equity have little effect on internal innovation, they emphasize external innovation
Westphal and Khanna, 2003	Administrative Science Quarterly	Participation in elite-threatening actions, social distancing	Subsequent participation in elite-threatening actions	1999, U.S.	Directors who participate in elite-threatening actions will experience social distancing, director status weakens this relationship. Social distancing is negatively related to directors' subsequent

Table 2.2.2 Consequences of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
					participation in elite-threatening actions on other boards.
Boeker and Wiltbank, 2005	Organization Science	Board independence, venture capital directors	TMT changes	1983-95, U.S.	Board independence has little effect on TMT change, however, increasing representation of venture capital on board leads to more change in top management.
Kor, 2006	Strategic Management Journal	CEO/chair separation, ratio of outsiders on board	R&D intensity	1990-95, U.S.	CEO/chair separation is positively related to R&D investment intensity, but ratio of outsider directors has little effect on R&D intensity.
Kroll, Walter, and Wright, 2008	Strategic Management Journal	Independent outside directors, board member ownership, blockholder board member ownership, board experiences	Acquisition market return	1997-2001, U.S.	Board independence, a higher percentage of blockholder board member ownership, and greater outside board member ownership are positively related to acquisition performance.
Arthurs, Hoskisson, Busenitz, and Johnson, 2008	Academy of Management Journal	Insider ratio, insider equity	IPO underpricing	1990-94, U.S.	More insiders on board allows greater vigilance in avoiding IPO underpricing. Insider equity has little impact on underpricing.
McDonald and Westphal, 2010	Academy of Management Journal	Board control	CEO social identification with the corporate elite, strategic help to other CEOs	Survey	Greater board control decreases CEOs' social identification with corporate elite, which reduces the strategic help provided to other CEOs.
Westphal and Graebner, 2010	Academy of Management Journal	Negative analyst appraisals; formal board independence	Formal board independence, subsequent analyst appraisal	Survey	Negative analyst appraisals increase firms' formal board independence without increasing its actual board independence. Formal board independence in combination with CEO verbal impression management toward analysts leads to more positive subsequent analyst appraisal.

Table 2.2.2 Consequences of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Tang, Crossan, and Rowe, 2011	Journal of Management Studies	CEO dominance, board power	Strategic deviance, performance extremeness	1997-2003, U.S.	CEO dominance leads to more strategic deviance which leads to performance extremeness. Powerful boards weaken the tendency of dominant CEOs towards performance extremeness.
Boivie, Lange, McDonald, and Westphal, 2011	Academy of Management Journal	Organizational identity, board independence	agency cost	Survey	CEO organizational identity reduces agency cost; when organizational identity is high, board independence becomes less beneficial in reducing agency cost.
Hillman, Shropshire, Certo, Dalton, and Dalton, 2011	Organization Science	Outside directorship, director block ownership	Shareholder discontent with director monitoring	2006, U.S.	The number of outside directorships is positively related and director block ownership is negatively related to shareholder discontent with director monitoring.
Ho, Wu, and Xu, 2011	Strategic Management Journal	IT investment, board independence	Firm performance	2001-05, China	IT investment-performance relation is more positive for firms with higher board independence.
Bednar, 2012	Academy of Management Journal	Board independence; media coverage.	Media coverage, CEO dismissal, CEO compensation	2001-05, U.S.	Increases in formal board independence increases subsequent favorability of media coverage. Media coverage favorability is negatively associated with subsequent increases in formal board independence.
Kock, Santaló, and Diestre, 2012	Journal of Management Studies	Market control, legal and regulatory system, stakeholder representation on board, equity-based managerial incentives	Environmental performance	1998-2000, U.S.	Exposure to market control, legal and regulatory system, higher stakeholder representation on board, equity-based managerial incentives increase firm's environmental performance.
Moore, Bell, Filatotchev, and Rasheed, 2012	Strategic Management Journal	Board independence	Likelihood of IPO in U.S. or U.K.	2002-06, non-US	Independent boards of firm do not influence the likelihood of foreign IPO listing in the US.

Table 2.2.2 Consequences of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Campbell, Campbell, Sirmon, Bierman, and Tuggle, 2012	Strategic Management Journal	Outside director percentage	Change in shareholder value	U.S.	Proportion of true outsider on board is negatively related to the change in shareholder value.
Klijn, Reuer, Van den Bosch, and Volberda, 2013	Journal of Management Studies	Board involvement	International Joint Venture (IJV) performance	1992-2008, Dutch	IJV performance will be higher when JV board is more involved in control and coordination.
Misangyi and Acharya, 2014	Academy of Management Journal	Outside director independence, outside director ownership	Firm profits	2005-06, U.S.	High profits result when CEO incentive alignment and board monitoring mechanism work together as complements rather than substitutes.
Lim and McCann, 2013	Organization Science	Negative attainment discrepancy, CEO stock option grants, outside director stock option	Firm risk taking	1992-2006, U.S.	CEO stock option weakens the relationship between negative attainment discrepancy and risk taking, whereas director stock options enhance risk taking.
Krause, 2017	Strategic Management Journal	Control orientation, collaboration orientation, past performance	Profitability growth	2011-12, U.S.	Control and collaboration orientations have little direct impact on firm's profitability growth. Their effects are contingent upon past firm performance.
Goranova, Priem, Ndofor, and Trahms, 2017	Strategic Management Journal	Board monitoring, institutional ownership concentration	M&A returns	1997-2006, U.S.	Board monitoring and institutional ownership concentration lead to less extreme M&A performance (fewer big losses and fewer big gains).
Mutlu, Van Essen, Peng, Saleh, Duran, 2018	Journal of Management Studies	Board independence, managerial incentives	Firm performance	Meta-analysis, China	Meta-analysis shows that board independence and managerial incentives are related to better firm performance. Over time, with the improvement in the quality of market institutions and development of financial markets, the monitoring mechanisms of the board and state ownership become more strongly related to firm performance, whereas the incentive mechanisms lose their significance.

Table 2.2.2 Consequences of Board Monitoring and Control

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Kang and Zaheer, 2018	Strategic Management Journal	Managers' stock ownership, board monitoring	Alliance formation	1992-2010, U.S.	Managerial incentives lead to managerial preference for relational risky distant alliance partners over existing and new close partners. Board monitoring is positively related to existing and distant partners over new close one.
Neville, Byron, Post, and Ward, 2019	Journal of Management	Board independence	Corporate misconduct	Meta-analysis	Board independence reduces corporate misconduct. This relationship may vary by the type of independence (on the whole board or on audit committee). The relationship is more negative in countries that are less corrupt.
Buyl, Boone, and Wade, 2019	Journal of Management	CEO narcissism, corporate governance practices	Policy riskiness	2006-14, U.S.	The positive effect of narcissism on policy riskiness is weakened when board monitoring is more effective (due to the presence of outside director expertise).
Wang, DeGhetto, Ellen, and Lamont, 2019	Journal of Management Studies	Board independence, board human capital, board ownership	CEO duality	Meta-analysis	Board independence and board human capital are positively related to CEO duality, board ownership is negatively related to CEO duality.

Table 2.3.1. Antecedents of Board Collaboration/ Involvement

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Tashakori and Boulton, 1983	Journal of Business Strategy	N/A	N/A	N/A	High outside director representation on board, information availability, board performance evaluation, CEO support, and discussion concerning environment, socio-political issues increase board involvement. Board involvement increased significantly in all phases of the strategic planning processes.
Zahra and Pearce, 1989	Journal of Management	N/A	N/A	N/A	Review of prior literature on board of directors and propose an integrative model, in which board attributes directly affect company performance, and indirectly through board's role in service, strategy, and control.
Judge and Zeithaml, 1992	Academy of Management Journal	Firm age, level of diversification, insider representation, board size	Board involvement in strategic decision-making process, financial performance	1985-87, U.S.	Firm age is positively related to board involvement, the level of diversification, insider representation and board size are negatively related to board involvement. Board involvement can increase firms' financial performance.
Johnson, Hoskisson, and Hitt, 1993	Strategic Management Journal	Outside director representation, outside director ownership	Board involvement	1985-90, U.S.	Outside director representation and outside director ownership lead to board involvement in restructuring. Top management team equity stakes and tenure are negatively related to board involvement in restructuring.
Fried, Bruton, and Hisrich, 1998	Journal of Business Venturing	VC representation on board	Board involvement in firm strategy	U.S.	VC representation on board in VC-backed firms increases board involvement.
Westphal, 1999	Academy of Management Journal	CEO-board friendship ties, proportion of board appointed after CEOs' appointment	Board monitoring, board advice and counsel interaction on	Survey data from 243 CEOs and 564	CEO-board friendship ties and portion of a board appointed after CEO appointment increase the level of advice and counsel interaction but have little effect on board

Table 2.3.1. Antecedents of Board Collaboration/ Involvement

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
			strategic issue, firm performance	outside directors	monitoring. Board monitoring and collaboration by providing advice and counsel lead to better firm performance.
Forbes and Milliken, 1999	Academy of Management Review	N/A	N/A	N/A	Board processes (board effort norms, cognitive conflict, and the use of knowledge and skills) can enhance board task performance (control and service).
Rindova, 1999	Journal of Management Studies	Complexity and uncertainty associated with strategic decision, directors' problem-solving expertise	Board involvement, engagement in cognitive tasks (scanning, interpretation, and choice)	N/A	Theorize that the complexity and uncertainty associated with strategic decision and directors' problem-solving expertise can increase board involvement, which, in turn, increases directors' engagement in cognitive tasks (scanning, interpretation, and choice). These cognitive tasks can increase the decision quality.
Carpenter and Westphal, 2001	Academy of Management Journal	Related board appointments in stable environment, heterogenous board appointments in unstable environment	Directors' perceived ability to contribute to board discussion, board advice interactions, board monitoring	Survey	Related board appointments in stable environment enhance board monitoring and board advice interactions. Heterogenous board appointments in unstable environment enhance board involvements.
Hillman and Dalziel, 2003	Academy of Management Review	N/A	N/A	N/A	Directors' human and social capital enable them to monitor management and shape strategies by providing resources to a focal firm.
Ravasi and Zattoni, 2006	Journal of Management Studies	Heterogeneity of interests represented in the board, director's relevant knowledge, presence of ex-ante conflict of resolution mechanisms	Board involvement	U.S.	Heterogeneity of interests represented in the board, directors' relevant knowledge, and presence of ex-ante conflict of resolution mechanisms shape how board members involve in strategic decision-making.

Table 2.3.1. Antecedents of Board Collaboration/ Involvement

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Ruigrok, Peck, and Keller, 2006	Journal of Management Studies	Board size, percentage of outside directors on board, duality, network of interlocking directorship, interlock ties with bank partners and business partners	Board involvement in strategic decision-making	1999-2000, Switzerland	CEO duality, and interlocks ties are negatively related to board involvement, but outside directors on board and board size have little impact on it.
Kor and Misangyi, 2008	Strategic Management Journal	Top manager industry experience	Outside director industry experience	1990-99, U.S.	A dearth of top management industry experience is offset by outside directors' industry experience, suggesting that board supplements top management with vital advice and counsel, which underscores board-management collaboration.
Hoitash, 2011	Journal of Business Ethics	Board-management social ties	Managerial compensation, the likelihood of disclosing material weakness in internal control and restatement	2004-05, U.S.	Social ties increase managerial compensation but decreases the likelihood of disclosing material weakness in internal control and financial restatement. Director-management social ties increase trust and the level of collaboration, facilitate knowledge-sharing and governing.
Zhang, 2013	Journal of Management & Governance	Board power over CEO, board trust in CEO, board-CEO relational risk	Board control task performance and service task performance	2003-05, Norway	Board power over CEO and board trust in CEO can reduce board-CEO relational risk, which has a negative effect on board control and service task performance.
Reuer, Klijn, and Lioukas, 2014	Strategic Management Journal	Market overlap, R&D, cultural distance, environment uncertainty	International Joint Venture (IJV) board involvement	Survey, U.S.	Partner market overlap does not increase board involvement, but collaboration involving R&D activities increases board involvement. Greater cultural distance and greater environmental uncertainty decrease board involvement.

Table 2.3.1. Antecedents of Board Collaboration/ Involvement

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Post and Byron, 2015	Academy of Management Journal	Female board representation	Monitoring, strategy involvement	Meta-analysis	Female board representation is positively related to board monitoring and strategy involvement.
Knockaert, Bjornali, and Erikson, 2015	Journal of Business Venturing	TMT diversity, CEO duality	Board service involvement	2008, Norway	TMT diversity positively affects board service involvement, CEO duality negatively affects board service involvement.
Bjornali, Knockaert, and Erikson, 2016	Long Range Planning	TMT diversity, TMT cohesion, board service involvement	Board service involvement, TMT effectiveness	2008, Norway	Higher level of TMT diversity leads to higher level of board involvement, which leads to TMT effectiveness.
Zhu, Wang, and Bart, 2016	Journal of Business Ethics	Board meeting frequency, outside board-meeting reviews, information utilization, board strategic involvement	Board involvement, organizational performance	2011-12, Canada	Board meeting frequency and information utilization are positively related to board strategic involvement, which contributes to organizational performance.
Berns and Klärner, 2017	Academy of Management Perspectives	N/A	N/A	N/A	Summarize CEO succession literature and develop of CEO succession process model, in which CEO-board collaboration during each phase plays an important role in the success of CEO succession.
Gabaldon, Kanadli, and Bankewitz, 2018	Long Range Planning	Board's job-related diversity, directors' knowledge and skills	Board strategic participation	2005-06, Norway	Board's job-related diversity is positively related to board's strategic participation, this relationship is mediated by board's use of knowledge and skills.
Oliver, Krause, Busenbark, and Kalm, 2018	Strategic Management Journal	Female CEO Appointment, female board representation	Control orientation, collaboration orientation	2010-15, U.S.	The appointment of a female CEO is positively related to collaboration Board Chair orientation. Female board representation weakens this effect. Female CEO appointment has a positive effect on control orientation when female board representation is low and a negative effect when female board representation is high.

Table 2.3.2. Consequences of Board Collaboration/ Involvement

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Zahra and Pearce, 1989	Journal of Management	N/A	N/A	N/A	Review of prior literature on board of directors and propose an integrative model, in which board attributes directly affect company performance, and indirectly through board's role in service, strategy, and control.
Judge and Zeithaml, 1992	Academy of Management Journal	Firm age, level of diversification, insider representation, board size	Board involvement in strategic decision-making process, financial performance	1985-87, U.S.	Firm age is positively related to board involvement, the level of diversification, insider representation and board size are negatively related to board involvement. Board involvement can increase firms' financial performance.
Westphal, 1999	Academy of Management Journal	CEO-board friendship ties, proportion of board appointed after CEOs' appointment	Board monitoring, board advice and counsel interaction on strategic issue, firm performance	Survey data from 243 CEOs and 564 outside directors	CEO-board friendship ties and portion of a board appointed after CEO appointment increase the level of advice and counsel interaction but have little effect on board monitoring. Board monitoring and collaboration by providing advice and counsel lead to better firm performance.
Gulati and Westphal, 1999	Administrative Science Quarterly	Interlock ties, board control, CEO-board cooperation	Alliance formation	1993-96, U.S.	Board control over CEO is negatively related to the likelihood of alliance formation; CEO-board cooperation is positively related to alliance formation.
Rindova, 1999	Journal of Management Studies	Complexity and uncertainty associated with strategic decision, directors' problem-solving expertise	Board involvement, engagement in cognitive tasks (scanning, interpretation, and choice)	N/A	Theorize that the complexity and uncertainty associated with strategic decision and directors' problem-solving expertise can increase board involvement, which, in turn, increases directors' engagement in cognitive tasks (scanning, interpretation, and choice). These cognitive tasks can increase the decision quality.

Table 2.3.2. Consequences of Board Collaboration/ Involvement

Author(s), Year	Journal	IV(s)	DV(s)	Sample	Relevant Findings
Anderson, Melanson, and Maly, 2007	Corporate Governance	N/A	N/A	Data from multiple countries	Findings show that directors believe boards should be partners with management, having greater role in strategy formulation, risk management, and operational planning, and serving as a sounding board for advice and counsel.
Hillman, Withers, and Collins, 2009	Journal of Management	N/A	N/A	N/A	Review resource dependence theory literature around five domains including board of directors.
Boyd, Haynes, and Zona, 2011	Journal of Management Studies	N/A	N/A	N/A	Review CEO-board relation literature focusing on theoretical perspectives and measurement schemes used.
Klijn, Reuer, Van den Bosch, and Volberda, 2013	Journal of Management Studies	Board involvement	International Joint Venture (IJV) performance	1992-2008, Netherlands	IJV performance will be higher when JV board is more involved in controlling and coordination.
Bjornali, Knockaert, and Erikson, 2016	Long Range Planning	TMT diversity, TMT cohesion, board service involvement	Board service involvement, TMT effectiveness	2008, Norway	Higher level of TMT diversity leads to higher level of board involvement, which leads to TMT effectiveness.
Zhu, Wang, and Bart, 2016	Journal of Business Ethics	Board meeting frequency, outside board-meeting reviews, information utilization, board strategic involvement	Board involvement, organizational performance	2011-12, Canada	Board meeting frequency and information utilization are positively related to board strategic involvement, which contributes to organizational performance.
Krause, 2017	Strategic Management Journal	Control orientation, collaboration orientation, past performance	Profitability growth	2011-12, U.S.	Control and collaboration orientations have little direct impact on firm's profitability growth. Their effects are contingent upon past firm performance.

Table 3.1. Dissertation Hypotheses

	Hypotheses
Study 1	
H1	Demographic dissimilarities between Board Chair and CEO are positively related to Board Chair's control orientation toward CEO. Age difference: $b = 0.06, p = 0.06$ (Marginally supported). Gender difference: $b = -0.08, p = 0.90$ (Not supported). Race difference: $b = 0.23, p = 0.61$ (Not supported). Firm Tenure difference: $b = -0.03, p = 0.01$ (Not supported). Job Tenure difference: $b = -0.03, p = 0.02$ (Not supported).
H2	Demographic dissimilarities between Board Chair and CEO are negatively related to Board Chair's collaboration orientation toward CEO. Age difference: $b = 0.02, p = 0.52$ (Not supported). Gender difference: $b = 0.25, p = 0.76$ (Not supported). Race difference: $b = -0.03, p = 0.94$ (Not supported). Firm Tenure difference: $b = -0.01, p = 0.35$ (Not supported). Job Tenure difference: $b = -0.01, p = 0.35$ (Not supported).
H3	Similarities in political ideologies between a Board Chair and CEO moderates the positive relationship between chair-CEO demographic dissimilarities and control orientation, such that the relationship is weakened when Board Chair and CEO share similar political ideologies. Interaction_{age}: $b = 0.06, p = 0.59$ (Not supported). Interaction_{Gender}: $b = -6.90, p = 0.05$ (Marginally supported). Interaction_{Race}: $b = -1.44, p = 0.48$ (Not supported). Interaction_{Firm Tenure}: $b = 0.05, p = 0.44$ (Not supported). Interaction_{Job Tenure}: $b = -0.08, p = 0.22$ (Not supported).
Study 2	
H5	A Board Chair's control orientation is negatively related to his or her firm's acquisition intensity. $b = 0.34, p = 0.00$ (Not supported).

	Hypotheses
H6	A Board Chair's control orientation is negatively related to target firms' riskiness indicated by unrelatedness, geographic distance, and firm size. Unrelatedness: $b = -0.13, p = 0.56$ (Not supported). Distance: $b = 0.19, p = 0.46$ (Not supported). Relative size: $b = -0.04, p = 0.04$ (Supported).
H7	A Board Chair's control orientation is negatively related to acquiring firms' post-acquisition performance. $b = -0.03, p = 0.00$ (Supported).
H8	A Board Chair's collaboration orientation is positively related to his or her firm's acquisition intensity. $b = 0.17, p = 0.09$ (Marginally supported).
H9	A Board Chair's collaboration orientation is positively related to target firms' riskiness indicated by unrelatedness, geographic distance, and firm size. Unrelatedness: $b = -0.48, p = 0.04$ (Not supported). Distance: $b = -0.27, p = 0.34$ (Not supported). Relative size: $b = -0.02, p = 0.42$ (Not supported).
H10	A Board Chair's collaboration orientation is positively related to acquiring firms' post-acquisition performance. $b = -0.00, p = 0.94$ (Not supported).
H11	Absorptive capacity moderates the negative relationships between Board Chair control orientation and (a) acquisition intensity, (b) target firms' riskiness, and (c) post-acquisition performance, such that the negative relationships are weaker when the firm has a high level of absorptive capacity. H11a: $b = 0.00, p = 0.06$ (Not supported). H11b unrelatedness: $b = -0.00, p = 0.59$ (Not supported). H11b distance: $b = -0.00, p = 0.53$ (Not supported). H11b relative size: $b = -0.00, p = 0.03$ (Not supported). H11c: $b = 0.00, p = 0.01$ (Supported).

	Hypotheses
H12	Absorptive capacity moderates the positive relationships between Board Chair collaboration orientation and (a) acquisition intensity, (b) target firms' riskiness, and (c) post-acquisition performance, such that the positive relationships are stronger when the firm has a high level of absorptive capacity. H12a: $b = -0.00$, $p = 0.61$ (Not supported). H12b unrelatedness: $b = 0.00$, $p = 0.72$ (Not supported). H12b distance: $b = -0.00$, $p = 0.45$ (Not supported). H12b relative size: $b = 0.00$, $p = 0.10$ (Not supported). H12c: $b = -0.00$, $p = 0.08$ (Not supported).

Table 4.1. Dissertation Measures and Data Sources

Constructs	Study	Proxy	Data Source
Control orientation	1 & 2	Whether firm's Board Chair exhibits a control orientation towards the CEO.	Proxy statement
Collaborative orientation	1 & 2	Whether firm's Board Chair exhibits a collaboration orientation towards the CEO.	Proxy statement
Chair- CEO demographics difference (gender, age, race, firm tenure, and job tenure)	1	Whether firm's Board Chair and CEO are of different gender and race. The differences in age and firm tenure between the Board Chair and the CEO, measured in years.	Execucomp, Boardex, ISS, Proxy statement Google, Bloomberg, company website, LinkedIn, Facebook
Chair-CEO Political ideology similarities	1	Whether the chair and CEO share the same political beliefs as indicated by their liberalism index using the average of four indicators: (1) behavioral commitment (number of donations to Democrat recipients over total donations to both Democratic and Republican recipients), (2) financial commitment (dollar amount of donations to Democrats over total dollar donations to both parties), (3) persistence of commitment (number of years of donations to Democrats over total years of donations to both parties), (4) scope of commitment (count of distinct Democratic donation recipients over total distinct recipients in both parties).	Federal Election Commission website
Acquisition Intensity	2	The number of acquisitions in a given firm year.	SDC
Target Selection Riskiness (relatedness, geographic distance, and relative size)	2	The extent to which an acquiring firm selects a risky target firm as indicated by three variables: (1) Unrelatedness (If acquirer and target in the same industry using 4-digit SIC). (2) Geographic distance (The distance between the acquiring and target firms' headquarters in miles). (3) Relative size (the ratio of target firm size acquiring firm size).	SDC, company website
Acquisition Performance	2	The acquiring firm's ROA one year after the focal acquisition.	Compustat, SDC
Absorptive Capacity	2	The number of patents issued to the acquiring firm.	Patent Full-Text Database

Table 4.1. Dissertation Measures and Data Sources

Constructs	Study	Proxy	Data Source
CEO compensation	1 & 2	The natural log of CEO's salary (1) and total compensation (2).	EXECUCOMP
CEO ownership	2	The percentage of outstanding shares owned by the CEO.	EXECUCOMP
Minority director	1	The percentage of directors who are not white.	Boardex
Firm Size	1 & 2	The natural log of total employees (1). The number of employees (2).	Compustat
Prior performance	1 & 2	ROA in the year leading up to the proxy statement (1). Retained earnings in the year leading up to the proxy statement (2).	Compustat
Dynamism	1 & 2	Sales variability.	Compustat
Munificence	1 & 2	Sales growth rate.	Compustat
Financial slack	2	The ratio of income before taxes and interest charges to interest charges.	Compustat
Acquisition experience	2	The number of acquisitions completed during the past five years prior to a focal acquisition.	SDC
Payment method	2	Whether the acquisition is paid with cash.	SDC

Table 5.1 Study 1 Means, standard deviations, and correlations

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1. Control	0.39	0.49																			
2. Collaboration	0.56	0.50	.05																		
3. Age difference	12.01	8.95	-.07	-.03																	
4. Squared age difference	224.29	237.73	-.11*	-.04	.89*																
5. Gender difference	0.04	0.20	.06	.03	-.11*	-.11*															
6. Race difference	0.17	0.38	.03	.02	-.07	-.01	-.03														
7. Firm tenure difference	11.26	12.11	-.17*	-.07	.30*	.27*	-.13*	-.08*													
8. Job tenure difference	9.56	13.47	-.12*	-.07	.36*	.31*	-.02	-.01	.46*												
9. Ideology congruence	-0.20	0.18	.01	-.01	.00	-.03	.03	-.08	.01	.01											
10. CEO age	54.61	5.94	-.03	.02	-.55*	-.50*	.06	-.13*	-.07	-.20*	.03										
11. CEO gender	1.03	0.16	.02	.06	-.07	-.08*	.72*	-.03	-.06	-.00	-.01	.05									
12. CEO race	1.14	0.35	.04	-.02	.08	.08*	-.06	.75*	-.03	.02	-.01	-.18*	-.02								
13. CEO firm tenure	4.65	4.82	.03	.03	-.14*	-.04	-.03	-.09*	-.24*	-.25*	.01	.35*	-.08	-.13*							
14. CEO job tenure	6.64	5.74	.07	.06	-.21*	-.13*	.02	-.06	-.22*	-.41*	.03	.39*	.01	-.10*	.69*						
15. Firm size	2.69	1.46	.10*	-.04	-.15*	-.11*	.08*	.10*	-.02	-.04	-.07	.10*	.08	.08	.04	.13*					
16. Prior performance	0.07	0.07	-.06	.08	.03	.06	.08	.11*	.03	.06	.15*	-.01	.05	.03	.03	.03	.00				
17. Minority	0.12	0.10	-.02	.12*	.04	.02	.09*	.15*	-.08	-.01	-.02	-.03	.12*	.19*	-.05	-.05	.32*	.04			
18. CEO salary	6.64	1.73	-.06	-.05	.12*	.09*	-.10*	-.04	.13*	.21*	-.00	-.04	.02	-.06	-.25*	-.25*	-.08	-.13*	-.06		
19. Dynamism	326.29	668.02	.05	.02	-.14*	-.05	-.03	.09*	.09*	.01	-.06	.08*	-.05	.04	-.05	.05	.28*	-.07	-.02	.03	
20. Munificence	148.49	431.46	-.00	.06	-.15*	-.11*	.05	.09*	-.02	-.02	.03	.11*	-.03	-.00	.03	.06	.25*	-.04	.02	.08*	.66*

Note. N=461. *M* and *SD* are used to represent mean and standard deviation, respectively. * indicates $p < .05$.

Table 5.2 Results of GLM Predicting Control Orientation

Control	Age Difference			Gender Difference			Race Difference		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Firm size	0.07 (0.12)	0.06 (0.12)	0.06 (0.12)	0.07 (0.12)	0.07 (0.12)	0.08 (0.12)	0.08 (0.12)	0.08 (0.12)	0.08 (0.12)
Prior performance	-1.04 (2.16)	-0.75 (2.11)	-0.70 (2.10)	-1.13 (2.14)	-1.12 (2.13)	-1.29 (2.14)	-0.86 (2.16)	-1.03 (2.16)	-1.02 (2.17)
Minority	-0.49 (1.66)	-0.43 (1.69)	-0.45 (1.68)	-0.66 (1.65)	-0.66 (1.66)	-0.61 (1.67)	-0.11 (1.66)	-0.32 (1.73)	-0.30 (1.73)
CEO salary	-0.07 (0.13)	-0.06 (0.14)	-0.06 (0.14)	-0.06 (0.13)	-0.07 (0.14)	-0.03 (0.13)	-0.06 (0.13)	-0.06 (0.13)	-0.05 (0.13)
CEO gender	-1.64 (1.22)	-1.77 (1.21)	-1.79 (1.21)				-1.69 (1.19)	-1.65 (1.21)	-1.69 (1.21)
CEO race	0.45 (0.60)	0.57 (0.60)	0.54 (0.61)	0.48 (0.60)	0.48 (0.60)	0.46 (0.60)			
CEO firm tenure	0.00 (0.05)	0.02 (0.05)	0.01 (0.05)	0.01 (0.05)	0.00 (0.05)	0.01 (0.05)	0.00 (0.05)	0.00 (0.05)	0.00 (0.05)
CEO job tenure	0.03 (0.04)	0.02 (0.04)	0.02 (0.04)	0.03 (0.04)	0.03 (0.04)	0.03 (0.04)	0.03 (0.04)	0.03 (0.04)	0.03 (0.04)
Dynamism	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Munificence	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Ideology congruence	0.58 (0.76)	0.44 (0.75)	-0.32 (1.06)	0.55 (0.74)	0.56 (0.74)	0.74 (0.75)	0.59 (0.76)	0.63 (0.75)	0.85 (0.81)
Age difference		0.06 (0.03)*	0.08 (0.05)						
Squared age difference		-0.00 (0.00)***	-0.00 (0.00)*						
Age difference x Ideology congruence			0.06 (0.12)						
Squared age difference x Ideology congruence			0.00 (0.01)						
CEO age				-0.01 (0.03)	-0.01 (0.03)	-0.01 (0.03)	-0.01 (0.03)	-0.01 (0.03)	-0.01 (0.03)
Gender difference					-0.08 (0.62)	-1.28 (0.86)			
Gender difference x Ideology congruence						-6.90 (3.55)*			
Race difference								0.23 (0.45)	-0.09 (0.62)
Race difference x Ideology congruence									-1.45 (2.03)
Constant	0.99 (1.85)	0.83 (1.90)	0.71 (1.89)	-0.33 (1.86)	-0.32 (1.87)	-0.53 (1.86)	1.89 (2.01)	1.79 (2.06)	1.91 (2.03)
Sample size	461	461	461	461	461	461	461	461	461
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors are listed in the parentheses. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Table 5.3 Results of GLM Predicting Control Orientation

Control	Firm Tenure Difference			Job Tenure Difference		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Firm size	0.08 (0.12)	0.09 (0.12)	0.09 (0.12)	0.09 (0.12)	0.09 (0.12)	0.10 (0.12)
Prior performance	-1.02 (2.15)	-0.94 (2.14)	-1.20 (2.15)	-1.05 (2.16)	-0.63 (2.17)	-0.59 (2.18)
Minority	-0.46 (1.68)	-0.68 (1.66)	-0.64 (1.65)	-0.61 (1.68)	-0.54 (1.68)	-0.55 (1.69)
CEO salary	-0.07 (0.13)	-0.03 (0.14)	-0.03 (0.13)	-0.07 (0.13)	-0.04 (0.14)	-0.04 (0.15)
CEO age	-0.00 (0.03)	-0.01 (0.03)	-0.00 (0.03)	-0.00 (0.03)	-0.01 (0.03)	-0.01 (0.03)
CEO gender	-1.63 (1.22)	-1.65 (1.18)	-1.67 (1.16)	-1.66 (1.24)	-1.64 (1.22)	-1.60 (1.24)
CEO race	0.43 (0.61)	0.39 (0.61)	0.40 (0.60)	0.45 (0.59)	0.39 (0.62)	0.43 (0.61)
CEO job tenure	0.03 (0.03)	0.02 (0.03)	0.02 (0.03)			
Dynamism	-0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)
Munificence	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Ideology congruence	0.58 (0.75)	0.61 (0.73)	0.01 (1.15)	0.61 (0.75)	0.60 (0.75)	1.43 (1.05)
Firm tenure difference		-0.03 (0.01)**	-0.02 (0.02)			
Firm tenure difference x Ideology congruence			0.05 (0.06)			
CEO firm tenure				0.03 (0.04)	0.01 (0.03)	0.02 (0.04)
Job tenure difference					-0.03 (0.01)**	-0.04 (0.02)**
Job tenure difference x Ideology congruence						-0.08 (0.06)
Constant	1.24 (2.32)	1.66 (2.33)	1.44 (2.39)	1.13 (2.33)	1.74 (2.34)	1.63 (2.35)
Sample size	461	461	461	461	461	461
Year	Yes	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors are listed in the parentheses. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Table 5.4 Results of GLM Predicting Collaboration Orientation in Study 1

Collaboration	Age Difference			Gender Difference			Race Difference		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Firm size	-0.29 (0.12)**	-0.29 (0.12)**	-0.30 (0.12)**	-0.29 (0.12)**	-0.29 (0.13)**	-0.29 (0.13)**	-0.29 (0.13)**	-0.29 (0.13)**	-0.29 (0.13)**
Prior performance	2.02 (2.14)	2.11 (2.17)	1.98 (2.20)	2.18 (2.16)	2.13 (2.17)	2.05 (2.16)	1.96 (2.15)	1.98 (2.14)	1.97 (2.13)
Minority	3.98 (1.68)**	4.00 (1.69)**	4.04 (1.70)**	4.24 (1.70)**	4.22 (1.69)**	4.26 (1.69)**	3.82 (1.81)**	3.86 (1.85)**	3.87 (1.86)**
CEO salary	-0.04 (0.08)	-0.04 (0.08)	-0.04 (0.08)	-0.03 (0.08)	-0.03 (0.08)	-0.02 (0.08)	-0.03 (0.08)	-0.04 (0.08)	-0.03 (0.08)
CEO gender	0.59 (0.77)	0.59 (0.78)	0.56 (0.77)				0.70 (0.75)	0.70 (0.75)	0.68 (0.75)
CEO race	-0.26 (0.61)	-0.27 (0.60)	-0.25 (0.59)	-0.40 (0.61)	-0.39 (0.62)	-0.40 (0.61)			
CEO firm tenure	-0.03 (0.05)	-0.03 (0.05)	-0.03 (0.05)	-0.03 (0.05)	-0.03 (0.05)	-0.03 (0.05)	-0.03 (0.05)	-0.03 (0.05)	-0.03 (0.05)
CEO job tenure	0.04 (0.04)	0.04 (0.04)	0.04 (0.04)	0.05 (0.04)	0.05 (0.04)	0.05 (0.04)	0.05 (0.04)	0.05 (0.04)	0.05 (0.04)
Dynamism	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Munificence	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)*	0.00 (0.00)*	0.00 (0.00)*
Ideology congruence	-0.77 (0.82)	-0.85 (0.85)	-0.89 (1.16)	-0.78 (0.82)	-0.79 (0.82)	-0.71 (0.82)	-0.78 (0.82)	-0.78 (0.83)	-0.65 (0.90)
Age difference		0.02 (0.03)	0.04 (0.05)						
Squared age difference		-0.00 (0.00)	-0.00 (0.00)						
Age difference x Ideology congruence			0.06 (0.13)						
Squared age difference x Ideology congruence			-0.00 (0.01)						
CEO age				-0.03 (0.03)	-0.03 (0.03)	-0.03 (0.03)	-0.02 (0.03)	-0.02 (0.03)	-0.02 (0.03)
Gender difference					0.25 (0.83)	-0.24 (1.26)			
Gender difference x Ideology congruence						-3.41 (6.07)			
Race difference								-0.03 (0.48)	-0.25 (0.72)
Race difference x Ideology congruence									-0.97 (2.20)
Constant	-0.22 (1.39)	-0.31 (1.41)	-0.30 (1.41)	1.82 (1.74)	1.81 (1.74)	1.73 (1.76)	0.65 (1.80)	0.67 (1.81)	0.74 (1.79)
Sample size	461	461	461	461	461	461	461	461	461
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors are listed in the parentheses. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Table 5.5 Results of GLM Predicting Collaboration Orientation in Study 1

Collaboration	Firm Tenure Difference			Job Tenure Difference		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Firm size	-0.28 (0.13)**	-0.28 (0.13)**	-0.26 (0.13)**	-0.26 (0.13)**	-0.27 (0.13)**	-0.27 (0.13)**
Prior performance	2.11 (2.18)	2.10 (2.18)	1.42 (2.21)	2.08 (2.18)	2.28 (2.18)	2.25 (2.18)
Minority	4.08 (1.70)**	4.02 (1.72)**	4.09 (1.69)**	3.88 (1.68)**	3.92 (1.66)**	3.91 (1.66)**
CEO salary	-0.02 (0.08)	-0.01 (0.09)	-0.01 (0.08)	-0.04 (0.08)	-0.03 (0.08)	-0.03 (0.08)
CEO age	-0.03 (0.03)	-0.03 (0.03)	-0.02 (0.03)	-0.02 (0.03)	-0.02 (0.03)	-0.02 (0.03)
CEO gender	0.66 (0.75)	0.65 (0.76)	0.60 (0.77)	0.60 (0.74)	0.62 (0.77)	0.61 (0.77)
CEO race	-0.35 (0.62)	-0.36 (0.62)	-0.32 (0.62)	-0.33 (0.62)	-0.37 (0.61)	-0.38 (0.61)
CEO job tenure	0.03 (0.03)	0.03 (0.03)	0.02 (0.03)			
Dynamism	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Munificence	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Ideology congruence	-0.75 (0.82)	-0.74 (0.81)	-2.04 (1.28)	-0.74 (0.82)	-0.74 (0.81)	-0.90 (1.09)
Firm tenure difference		-0.01 (0.01)	0.01 (0.02)			
Firm tenure difference x Ideology congruence			0.10 (0.07)			
CEO firm tenure				0.01 (0.03)	0.01 (0.03)	0.01 (0.03)
Job tenure difference					-0.01 (0.01)	-0.01 (0.02)
Job tenure difference x Ideology congruence						0.01 (0.07)
Constant	1.13 (1.95)	1.28 (1.97)	0.67 (2.10)	0.99 (1.93)	1.28 (1.95)	1.29 (1.96)
Sample size	461	461	461	461	461	461
Year	Yes	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes

Robust standard errors are listed in the parentheses. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Table 5.6 Means, standard deviations, and correlations in Study 2

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Acquisition Intensity	3.02	4.56																	
2. Performance	0.06	0.08	-.19*																
3. Unrelatedness	0.64	0.48	-.09*	-.05															
4. Distance	3.22	3.13	-.02	-.04	.34*														
5. Relative size	0.94	0.22	-.05	-.03	-.82*	-.63*													
6. Control	0.42	0.49	.08*	-.13*	.01	.03	-.16*												
7. Collaboration	0.61	0.49	.18*	.02	-.13*	-.07*	-.08	.11*											
8. Absorptive Capacity	234.69	545.99	.30*	.23*	.08*	.07*	-.25*	.06	-.02										
9. Firm size	53.73	170.07	.00	.06	-.01	-.00	.00	.06*	.01	.04									
10. Prior performance	6903.55	16356.54	.11*	.12*	.04	-.06	-.08	.11*	-.02	.22*	.47*								
11. CEO pay	8.97	1.47	.15*	-.09*	-.10*	-.05	.10	-.03	.01	-.12*	.05	-.02							
12. CEO ownership	1.02	3.88	.18*	.10*	-.08*	.04	-.24*	-.16*	-.12*	.30*	.04	.11*	.19*						
13. Slack	9.13	156.46	.02	-.03	-.03	-.02	.01	-.00	-.03	.04	.02	.04	.01	.00					
14. Acquisition experience	4.18	11.09	.55*	-.18*	.05	-.04	.01	-.00	.06*	.34*	.07*	.29*	.15*	.10*	.01				
15. Relatedness	0.36	0.48	.09*	.05	-1.0*	-.34*	.82*	-.01	.13*	-.08*	.01	-.04	.10*	.08*	.03	-.05			
16. Payment method	0.29	0.45	-.03	.02	-.54*	-.37*	.50*	-.07*	.04	-.18*	.03	.00	.04	-.05	.01	-.07*	.54*		
17. Dynamism	239.80	541.35	-.14*	.04	-.05	-.07*	.08	.01	.02	-.11*	.63*	.16*	.04	-.07*	.01	-.09*	.05	.12*	
18. Munificence	136.91	320.83	-.10*	.01	-.06	-.05	.07	.01	.05	-.07*	.37*	.11*	.09*	-.07*	.01	-.06*	.06	.10*	.71*

Note. *M* and *SD* are used to represent mean and standard deviation, respectively. * indicates $p < .05$.

Table 5.7 Results of GLM Predicting Acquisition Intensity and Acquisition Performance in Study 2

	Acquisition Intensity (H5, H8, H11a, & H12a)			Acquisition Performance (H7, H10, H11c, & H12c)		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Firm size	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)*	-0.00 (0.00)*
Prior performance	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)****	0.00 (0.00)****	0.00 (0.00)****
CEO pay	0.06 (0.07)	0.04 (0.04)	0.04 (0.04)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
CEO ownership	-0.00 (0.01)	0.01 (0.01)**	0.02 (0.01)**	0.00 (0.00)**	0.00 (0.00)	0.00 (0.00)
Slack	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Acquisition experience	0.03 (0.01)***	0.04 (0.01)****	0.04 (0.01)****	-0.00 (0.00)*	-0.00 (0.00)**	-0.00 (0.00)**
Relatedness	-0.12 (0.05)**	-0.14 (0.05)***	-0.15 (0.05)***	0.01 (0.01)	0.01 (0.01)	0.01 (0.01)
Payment method	-0.20 (0.05)****	-0.13 (0.05)**	-0.12 (0.06)**	-0.00 (0.01)	-0.00 (0.01)	-0.00 (0.01)
Dynamism	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Munificence	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Absorptive Capacity	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)****	0.00 (0.00)****	0.00 (0.00)***
Control		0.34 (0.09)****	0.28 (0.10)***		-0.03 (0.01)***	-0.03 (0.01)***
Collaboration		0.17 (0.10)*	0.16 (0.11)		-0.00 (0.01)	0.00 (0.01)
Absorptive Capacity x Control			0.00 (0.00)*			0.00 (0.00)***
Absorptive Capacity x Collaboration			-0.00 (0.00)			-0.00 (0.00)*
Constant	-0.27 (0.64)	-0.54 (0.38)	-0.41 (0.37)	0.07 (0.03)**	0.10 (0.03)***	0.11 (0.03)***
Sample size	765	765	765	739	739	739
Year	Yes	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Table 5.8 Results of GLM Predicting Target Selection Riskiness in Study 2

H6, H9, H11, &H12)	Unrelatedness			Distance			Relative Size		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model6	Model 7	Model 8	Model 9
Firm size	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)***	0.00 (0.00)****	0.00 (0.00)**	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Prior performance	0.00 (0.00)	0.00 (0.00)*	0.00 (0.00)*	-0.00 (0.00)**	-0.00 (0.00)**	-0.00 (0.00)*	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
CEO pay	-0.06 (0.06)	-0.07 (0.06)	-0.06 (0.06)	0.00 (0.07)	-0.00 (0.07)	0.00 (0.07)	0.00 (0.01)	0.00 (0.01)	-0.00 (0.01)
CEO ownership	-0.03 (0.02)*	-0.04 (0.02)***	-0.05 (0.02)**	0.00 (0.02)	0.01 (0.02)	0.00 (0.02)	-0.01 (0.00)**	-0.01 (0.00)***	-0.02 (0.01)**
Slack	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Acquisition experience	0.02 (0.01)	0.01 (0.01)	0.02 (0.01)	-0.02 (0.02)	-0.02 (0.02)	-0.02 (0.02)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Relatedness				-1.54 (0.29)****	-1.52 (0.29)****	-1.52 (0.29)****	0.61 (0.10)****	0.60 (0.10)****	0.62 (0.09)****
Payment method	-2.27 (0.21)****	-2.33 (0.22)****	-2.34 (0.22)****	-1.66 (0.30)****	-1.66 (0.30)****	-1.68 (0.30)****	0.10 (0.08)	0.10 (0.08)	0.09 (0.08)
Dynamism	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)*	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Munificence	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Absorptive Capacity	-0.00 (0.00)***	-0.00 (0.00)***	-0.00 (0.00)*	0.00 (0.00)**	0.00 (0.00)*	0.00 (0.00)****	-0.00 (0.00)****	-0.00 (0.00)****	-0.00 (0.00)
Control		-0.13 (0.23)	-0.10 (0.24)		0.19 (0.26)	0.28 (0.28)	-0.04 (0.02)**	-0.02 (0.02)	-0.02 (0.02)
Collaboration		-0.48 (0.24)**	-0.50 (0.25)**		-0.27 (0.28)	-0.15 (0.31)	-0.02 (0.02)	-0.03 (0.02)	-0.03 (0.02)
Absorptive Capacity x Control			-0.00 (0.00)			-0.00 (0.00)			-0.00 (0.00)**
Absorptive Capacity x.Collaboration			0.00 (0.00)			-0.00 (0.00)			0.00 (0.00)
Constant	1.44 (0.60)**	1.59 (0.59)***	1.56 (0.59)***	5.35 (1.69)***	5.36 (1.65)***	5.21 (1.70)***	0.28 (0.11)**	0.35 (0.12)***	0.35 (0.11)***
Year	762 Yes	762 Yes	762 Yes	760 Yes	760 Yes	760 Yes	231 Yes	231 Yes	231 Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$; **** $p < 0.001$

Table 5.9 2SLS Analyses on the Effect of Control Orientation on Various Acquisition Outcomes

	Acquisition. Intensity	Acquisition Intensity	Unrelatedness	Unrelatedness	Geographic Distance	Geographic Distance	Relative Size	Relative Size	Acquisition Performance	Acquisition Performance
Firm size	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)***	0.00 (0.00)***	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)***	-0.00 (0.00)***
Prior performance	-0.00 (0.00)***	-0.00 (0.00)****	0.00 (0.00)**	0.00 (0.00)***	-0.00 (0.00)****	-0.00 (0.00)***	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)****	0.00 (0.00)****
CEO pay	0.13 (0.07)*	0.12 (0.05)***	-0.01 (0.01)*	-0.01 (0.01)	-0.00 (0.06)	0.01 (0.06)	0.00 (0.01)	0.00 (0.01)	-0.00 (0.00)	-0.00 (0.00)
CEO ownership	0.04 (0.05)	0.22 (0.06)****	-0.01 (0.00)*	-0.02 (0.01)***	0.00 (0.02)	-0.01 (0.04)	-0.01 (0.01)	-0.02 (0.01)	0.00 (0.00)**	-0.00 (0.00)
Slack	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)*	-0.00 (0.00)**
Acquisition experience	0.30 (0.04)****	0.32 (0.03)****	0.00 (0.00)	0.00 (0.00)	-0.02 (0.01)	-0.02 (0.01)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)****	-0.00 (0.00)****
Relatedness	-0.57 (0.29)**	-0.74 (0.35)**			-1.51 (0.26)****	-1.50 (0.26)****	0.61 (0.09)****	0.58 (0.10)****	0.01 (0.01)	0.01 (0.01)
Payment method	-0.54 (0.27)**	0.27 (0.38)	-0.48 (0.03)****	-0.54 (0.04)****	-1.68 (0.26)****	-1.81 (0.30)****	0.10 (0.07)	0.11 (0.07)	-0.00 (0.01)	-0.01 (0.01)
Dynamism	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Munificence	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Absorptive capacity	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)**	-0.00 (0.00)	0.00 (0.00)***	0.00 (0.00)***	-0.00 (0.00)*	-0.00 (0.00)	0.00 (0.00)****	0.00 (0.00)****
Collaboration	0.95 (0.23)****	0.33 (0.32)	-0.09 (0.04)**	-0.04 (0.04)	-0.25 (0.25)	-0.18 (0.27)	-0.03 (0.02)	-0.00 (0.03)	-0.00 (0.01)	0.00 (0.01)
Control		5.94 (1.28)****		-0.38 (0.16)**		-0.37 (1.05)		-0.13 (0.10)		-0.05 (0.03)*
Constant	0.54 (0.87)	-4.82 (1.43)****	0.48 (0.14)****	0.85 (0.22)****	5.53 (1.43)****	5.83 (1.72)****	0.32 (0.10)***	0.44 (0.14)***	0.08 (0.02)****	0.12 (0.03)****
R ²	0.52	0.38	0.26	0.17	0.22	0.22	0.72	0.70	0.27	0.30
N	752	752	752	752	747	747	225	225	726	726
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
First-stage F test		20.34 [0.00]		20.61 [0.00]		20.73 [0.00]		3.76 [0.02]		18.88 [0.00]
Hansen J		2.42 [0.12]		0.07 [0.79]		0.37 [0.54]				1.10 [0.29]

Note: Standard errors are in parentheses and *p* values are in square brackets. * *p*<0.1; ** *p*<0.05; *** *p*<0.01; **** *p*<0.001

Table 5.10 2SLS Analyses on the Effect of Collaboration Orientation on Various Acquisition Outcomes

	Acquisition. Intensity	Acquisition Intensity	Unrelatedness	Unrelatedness	Geographic Distance	Geographic Distance	Relative Size	Relative Size	Acquisition Performance	Acquisition Performance
Firm size	-0.00 (0.00)	-0.01 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)***	0.00 (0.00)*	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)***	-0.00 (0.00)
Prior performance	-0.00 (0.00)***	0.00 (0.00)	0.00 (0.00)**	-0.00 (0.00)	-0.00 (0.00)****	-0.00 (0.00)**	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)****	0.00 (0.00)****
CEO pay	0.11 (0.06)**	-0.27 (0.33)	-0.01 (0.01)	0.02 (0.03)	0.00 (0.06)	0.06 (0.11)	0.00 (0.01)	-0.00 (0.01)	-0.00 (0.00)	-0.00 (0.00)
CEO ownership	0.07 (0.05)	-0.25 (0.27)	-0.01 (0.00)*	0.02 (0.03)	0.01 (0.02)	0.05 (0.08)	-0.01 (0.01)	-0.01 (0.01)	0.00 (0.00)	0.00 (0.00)
Slack	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)*	-0.00 (0.00)
Acquisition experience	0.30 (0.04)****	0.19 (0.11)*	0.00 (0.00)	0.01 (0.01)	-0.02 (0.01)	-0.00 (0.03)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)****	-0.00 (0.00)***
Relatedness	-0.54 (0.28)*	1.02 (1.39)			-1.54 (0.26)****	-1.73 (0.45)****	0.60 (0.09)****	0.60 (0.09)****	0.01 (0.01)*	0.00 (0.01)
Payment method	-0.41 (0.27)	-2.05 (1.50)	-0.48 (0.03)****	-0.42 (0.10)****	-1.63 (0.26)****	-1.50 (0.50)***	0.10 (0.07)	0.10 (0.07)	-0.00 (0.01)	0.00 (0.01)
Dynamism	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)
Munificence	-0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)
Absorptive capacity	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)****	0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)*	0.00 (0.00)****	0.00 (0.00)**
Control	1.63 (0.24)****	3.52 (1.60)**	-0.03 (0.03)	-0.20 (0.16)	0.17 (0.23)	-0.07 (0.50)	-0.04 (0.02)**	-0.02 (0.02)	-0.03 (0.01)****	-0.04 (0.01)***
Collaboration		-21.20 (16.02)		1.77 (1.65)		2.56 (4.97)		-0.14 (0.09)		0.07 (0.11)
Constant	-0.34 (0.72)	13.51 (12.14)	0.43 (0.15)***	-0.75 (1.30)	5.19 (1.49)****	3.50 (3.96)	0.33 (0.10)****	0.49 (0.15)***	0.10 (0.02)****	0.06 (0.07)
R ²	0.54	-2.93	0.26	-2.11	0.22	0.09	0.73	0.68	0.30	0.16
N	752	752	752	752	747	747	225	225	726	726
Year	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
First-stage F test		0.98 [0.37]		0.77 [0.46]		1.16 [0.31]		2.66 [0.07]		1.14 [0.32]
Hansen J		0.12 [0.73]		0.12 [0.72]		0.28 [0.59]				0.94 [0.33]

Note: Standard errors are in parentheses and *p* values are in square brackets. * *p*<0.1; ** *p*<0.05; *** *p*<0.01; **** *p*<0.001

Table 5.11 Comparison of Results Using Dichotomous and Continuous Measurements for Control and Collaboration Orientations

	Dichotomous	Continuous	Dichotomous	Continuous
	Control	Control	Collaboration	Collaboration
Acquisition Intensity (n=170)	B = 0.18 P = 0.52	B = 0.12 P = 0.89	B = -0.42 P = 0.03	B = -1.01 P = 0.06
Unrelatedness (n=168)	B = -0.88 P = 0.10	B = 2.41 P = 0.36	B = -0.71 P = 0.31	B = -0.37 P = 0.73
Geographic Distance (n=170)	B = 0.4 P = 0.60	B = 2.40 P = 0.44	B = -0.07 P = 0.94	B = 1.96 P = 0.40
Relative Size (n=35)	B = -0.06 P = 0.01	B = -0.43 P = 0.00	B = -0.06 P = 0.14	B = 0.25 P = 0.00
Acquisition Performance (n=166)	B = -0.06 P = 0.03	B = -0.24 P = 0.06	B = -0.02 P = 0.56	B = -0.02 P = 0.77

Figure 1.1. Dissertation Model with Hypotheses Labeled (Antecedent and Moderator)

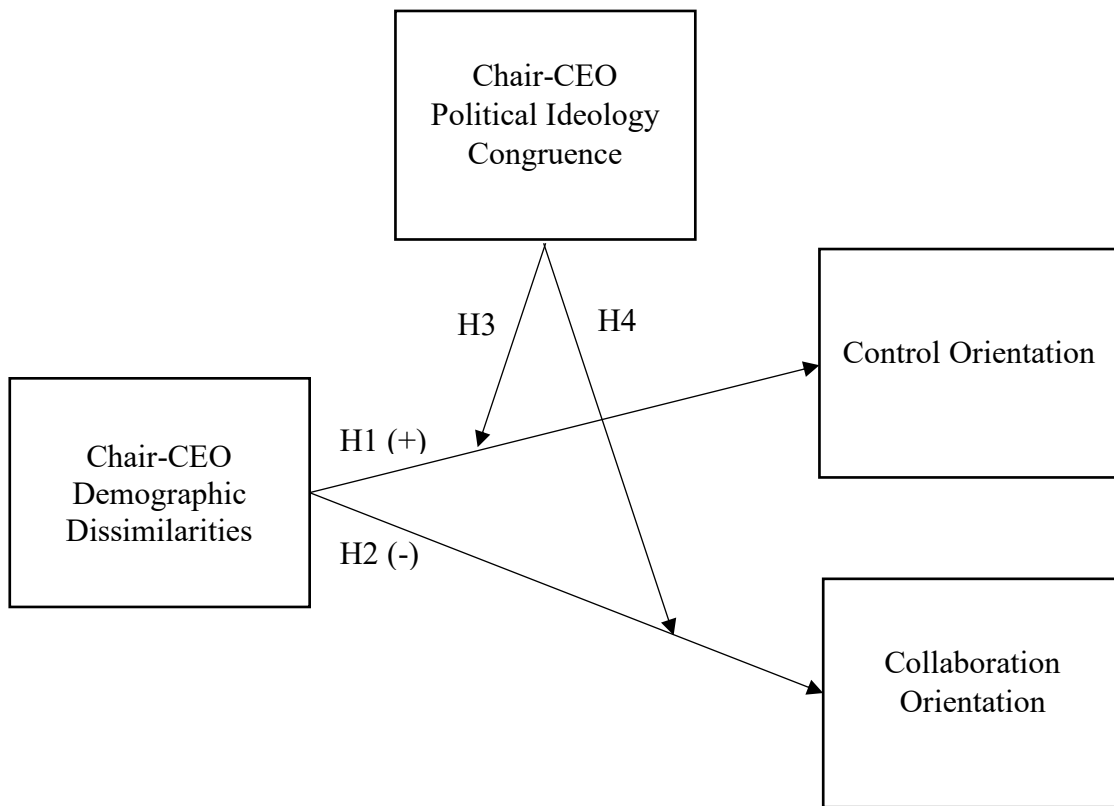


Figure 1.2. Dissertation Model with Hypotheses Labeled (Consequences and Moderator)

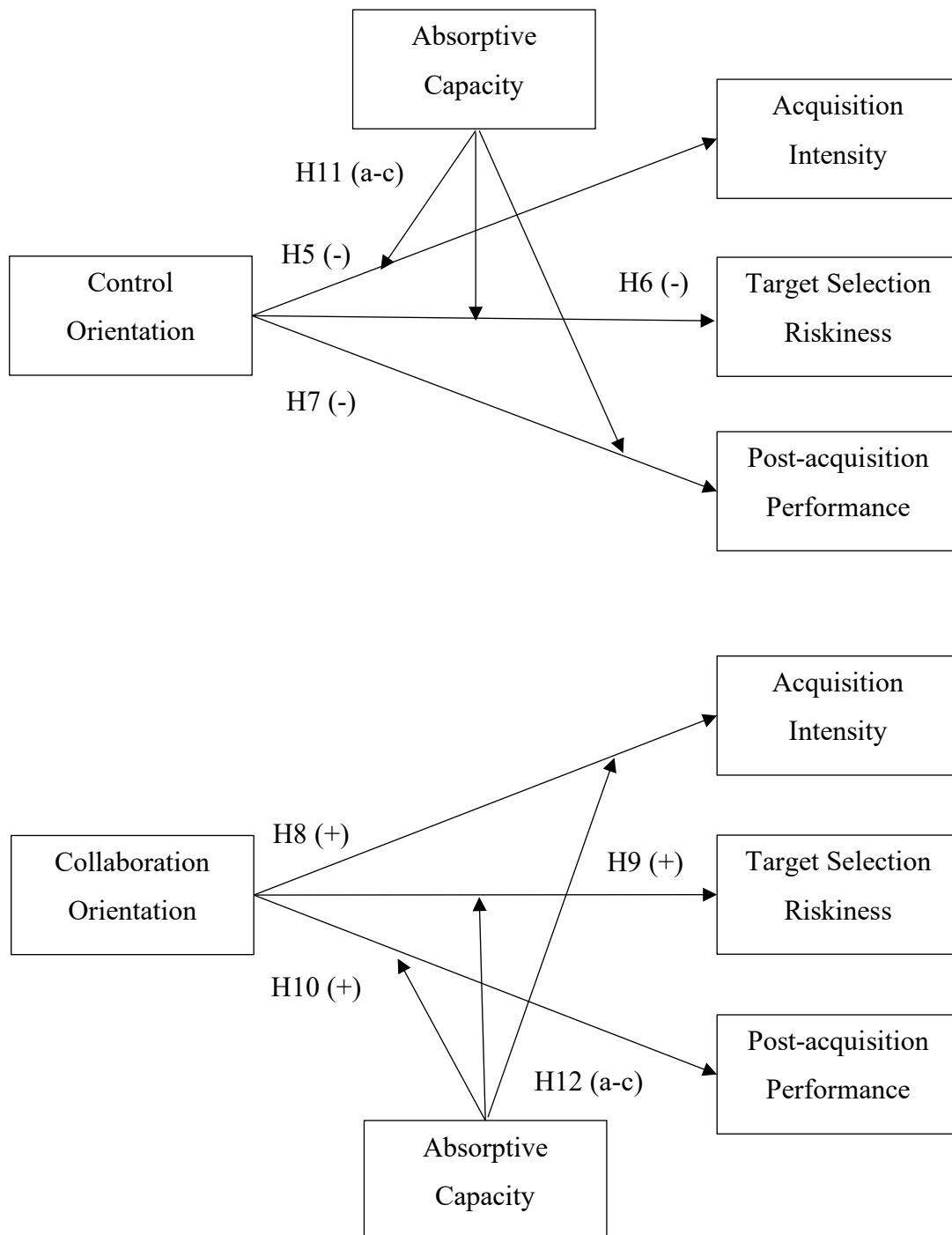


Figure 5.1 Interaction Plots for Gender Difference and Political Ideology Congruence

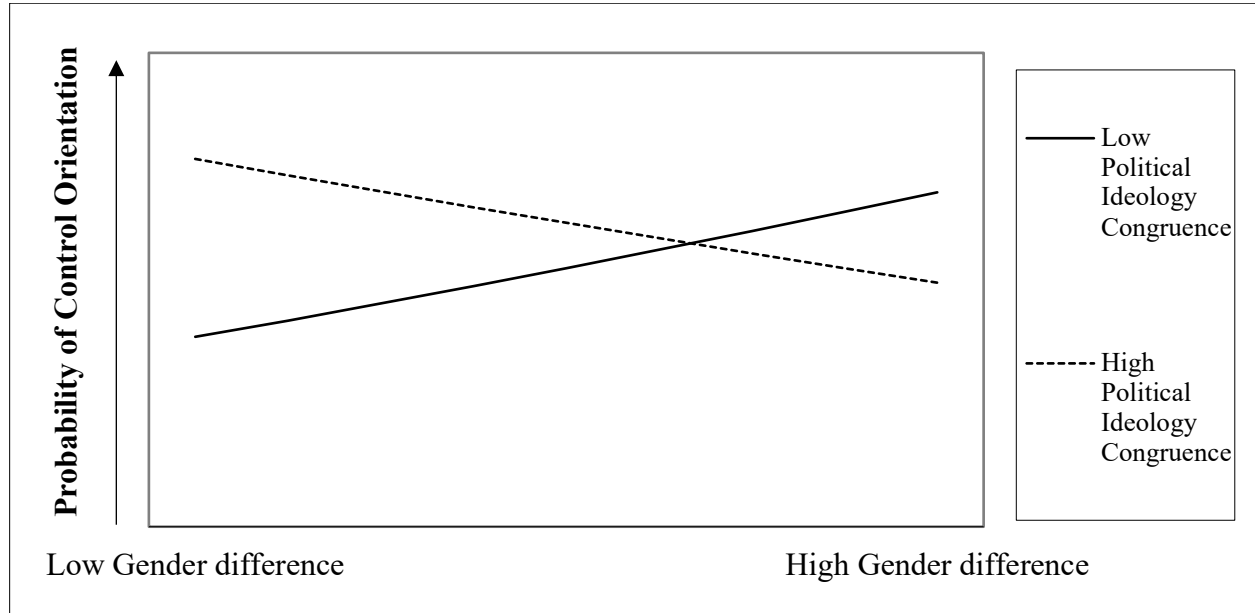


Figure 5.2 Interaction Plots for Absorptive Capacity and Control Orientation Predicting Acquisition Intensity

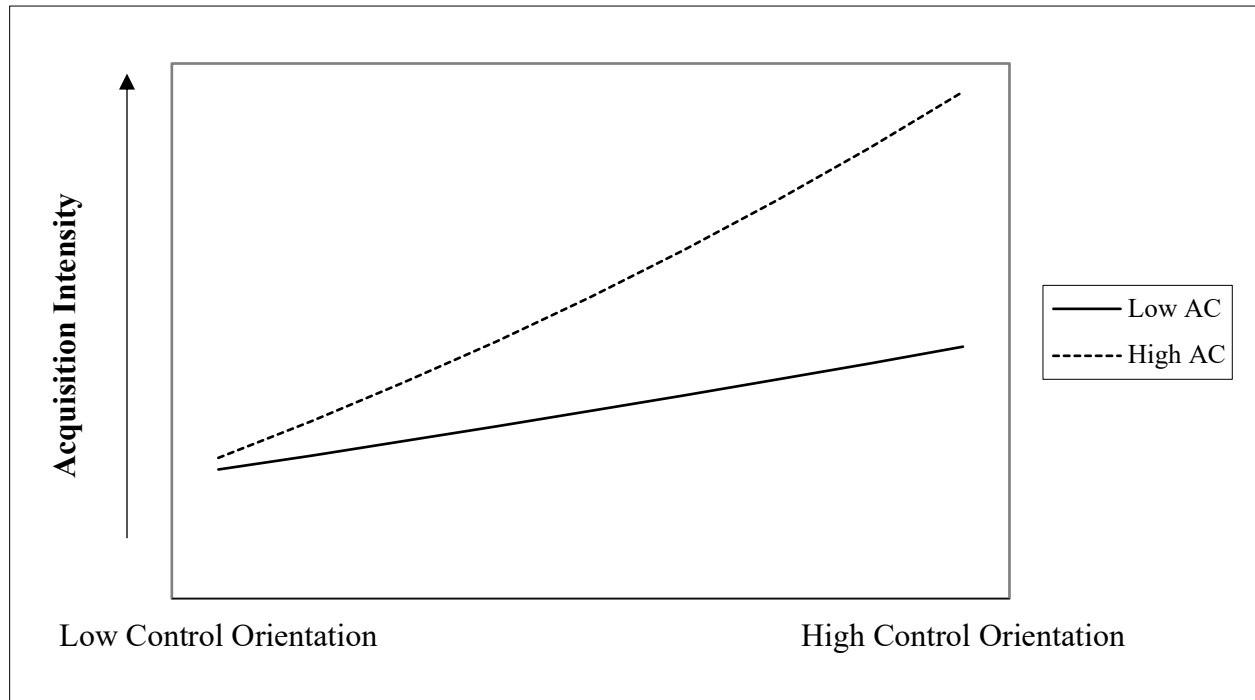


Figure 5.3 Interaction Plots for Absorptive Capacity and Control Orientation Prediction Relative Size

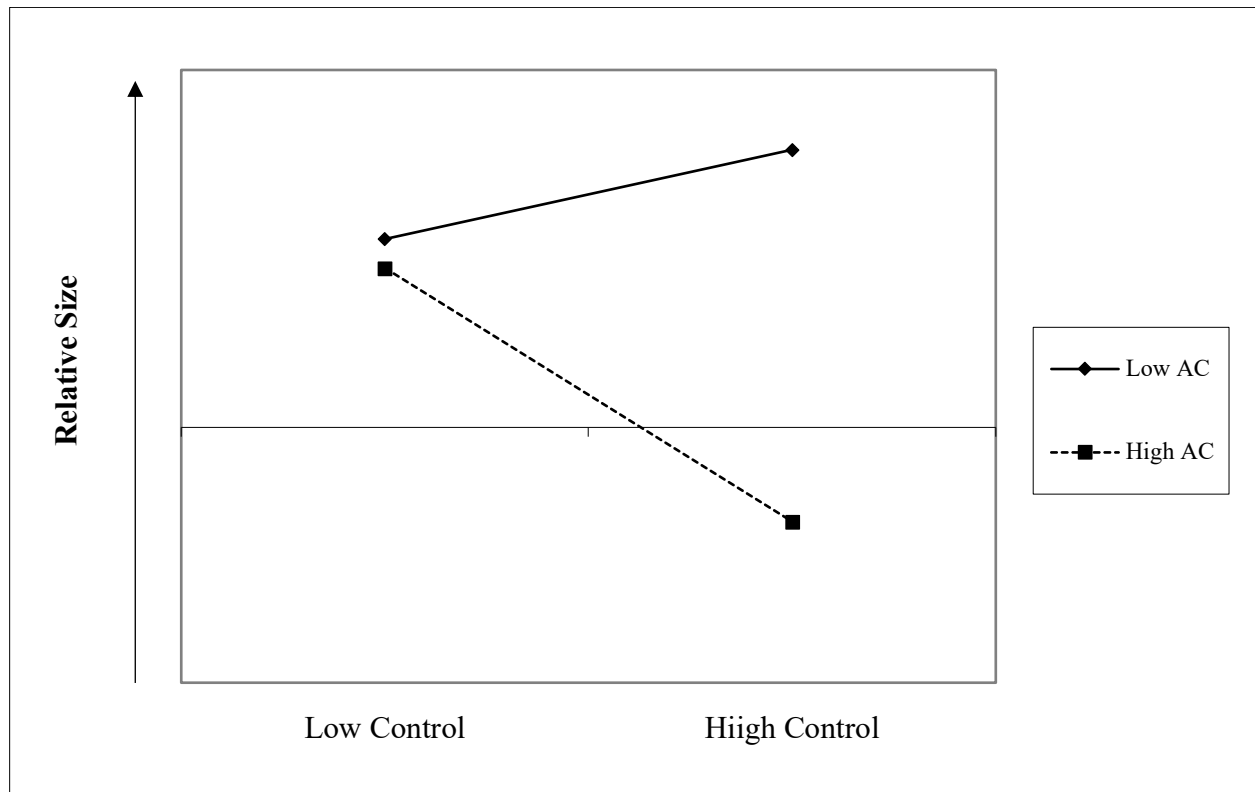
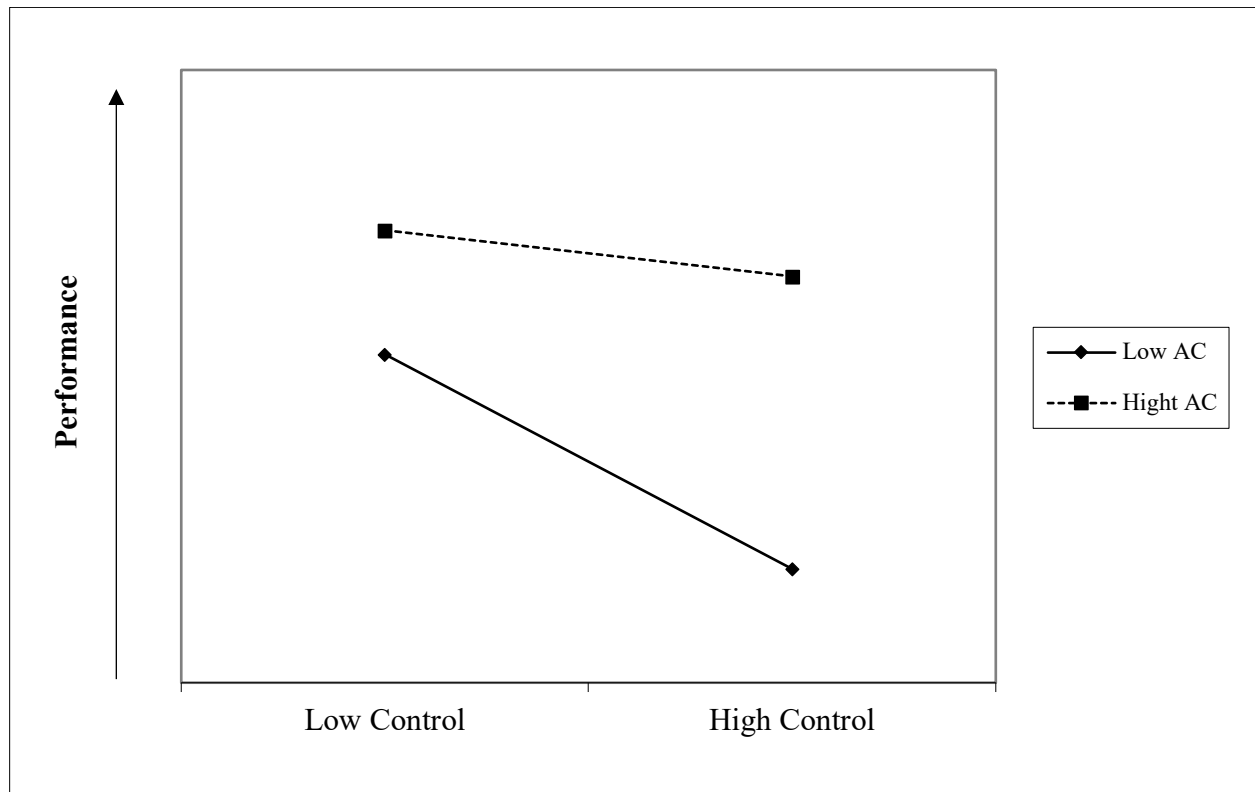
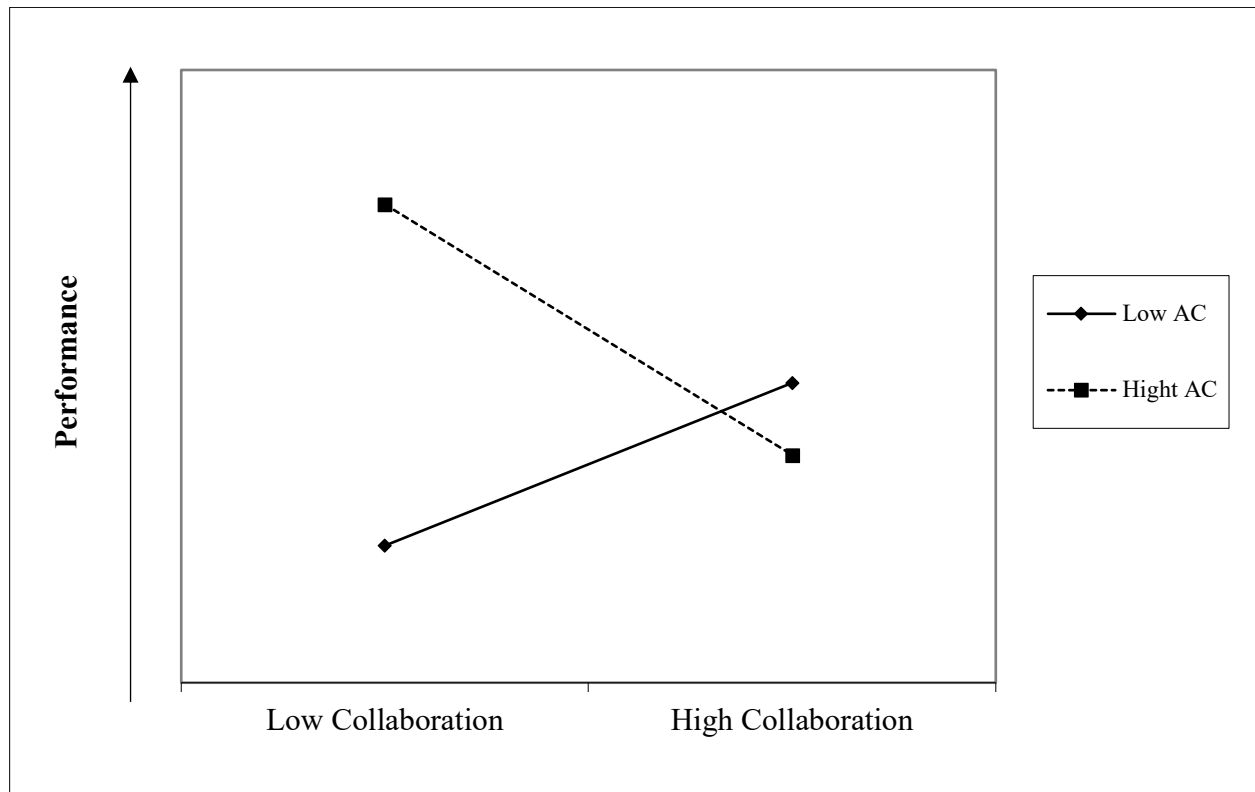


Figure 5.4 Interaction Plots for Absorptive Capacity and Control Orientation Prediction Post-Acquisition Performance



**Figure 5.5 Interaction Plots for Absorptive Capacity and Collaboration Orientation
Prediction Post-Acquisition Performance**



Appendix 1. Coding Instruction for Board Chair Orientations (Krause, 2017)

Control

This orientation is based on the belief that a separate individual should act as Board Chair so that the chair can monitor, oversee, and if necessary, discipline the CEO. Boards exhibiting this orientation will often use the words ‘oversight’ and ‘independence’ or explain that a separate Board Chair facilitates holding the CEO and management accountable, evaluating the management, or introducing greater objectivity and integrity in board decision-making. The underpinning assumption of this orientation is that the role of the Board Chair is to help the board control the CEO.

Collaboration

This orientation is based on the belief that the Board Chair’s role is to advise and guide the CEO, as well as to help the CEO perform his or her job by reducing the demands on the CEO’s time. This orientation often involves distinguishing the role of the CEO (day-to-day leadership of the firm) from that of the Board Chair (leading the board and providing broad strategic direction), and suggests that by filling different roles, the CEO and Board Chair can specialize in their responsibilities. Boards exhibiting this orientation will often note that a separate Board Chair enables the CEO to devote all his/her attention to managing the firm, improves communication between the board and management, or helps the board to provide advice and guidance to the CEO. The underpinning assumption of this orientation is that the role of the Board Chair is to help the board collaborate with the CEO.