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BEING THE CEO'S BOSS: AN EXAMINATION OF BOARD CHAIR ORIENTATIONS

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Research summary: *Scholars have traditionally conceptualized board leadership as a dichotomous construct. A combined CEO and board chair position is interpreted as reflecting a more collaborative approach to corporate governance, whereas separate positions are interpreted as ensuring greater board control. I challenge this conceptualization and posit that a separate board chair can be oriented toward collaboration as well as—or in place of—control. I analyze newly available data from corporate proxy statements to identify these two board chair orientations and test competing perspectives on how they impact profitability growth in a sample of S&P 500 firms. The results indicate that board leadership is a more nuanced phenomenon than the extant literature would suggest.*

Managerial summary: *What is the role of the board chair when not the CEO? Corporate governance experts assert the board chair's role is to monitor and control the CEO. Yet, board chairs often play another, more collaborative role. Board chairs frequently provide advice and guidance to CEOs and relieve CEOs of board leadership burdens, enabling the CEOs to focus on their primary responsibilities. In this study, I examine the effect of board chair orientations on financial performance and find that, as with separating or joining the CEO and board chair positions, the profitability implications of the selected orientation are far from universal. Board chairs must consider their firm's performance context in order to get the most out of a particular approach to being the CEO's boss.*

INTRODUCTION

On November 2, 2015, technology giant Hewlett-Packard split into two separate firms, with Margaret (Meg) Whitman transitioning from CEO and board chair of the parent firm to CEO of Hewlett-Packard, Inc., and board chair of Hewlett-Packard Enterprise. In an interview on CNBC the day of the split, Whitman (2015) was asked about her approach to performing the CEO and board chair roles at separate firms, to which she responded: "I know the role of the chairman, and I know how it is different than the role of the CEO. The chairman is not there to run the company. The chairman [role] is to help the board be productive, help the CEO be successful."

Though common in practice, Whitman's concept of the role a board chair performs when separate from the CEO contrasts sharply with the traditional scholarly conceptualization. For nearly 30 years, researchers have theorized that boards face a fundamental trade-off: pursue greater control of management by separating the CEO and board chair positions, or pursue greater collaboration by combining the CEO and board chair positions (e.g., Boyd, 1995; Finkelstein and D'Aveni, 1994). Despite sparse evidence supporting a performance benefit to either the combined or separate leadership structure (Dalton *et al.*, 1998, 2007), few have questioned this trade-off. The dichotomous

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nature of the board leadership phenomenon seems to have entrenched the assumption that the separate board chair structure reflects a control approach to governance, with collaboration a benefit solely linked to the combined CEO-board chair structure (Gove and Junkunc, 2013; Sundaramurthy and Lewis, 2003).

While this assumption has enabled the development of the board leadership literature (Krause *et al.*, 2014), it nonetheless misaligns theory with reality. While boards *can* use the separate leadership structure to control the CEO more effectively, control is not the only reason to have a separate board chair. As the quote from Meg Whitman suggests, the separate structure can actually enhance CEO-board collaboration by reducing the demands on the CEO's time, allowing the CEO to specialize in managing the firm's strategy and operations, and providing the CEO with a close source of advice and guidance. Consider how Walgreen Co. (2010: 17) explains its choice to have a board chair that is separate from its CEO:

> *We believe this structure is optimal for Walgreens at this time because it allows Mr. Wasson [the CEO] to focus on leading the Company's business and operations. At the same time, the Chairman can focus on leadership of the Board of Directors, including … serving as a* liaison and supplemental channel of communication *between independent directors and the Chief Executive Officer, and serving as a* sounding board and advisor *to the Chief Executive Officer.* (Emphasis added)

This rationale reflects a philosophy about the role of the separate board chair that is virtually unrecognized in corporate governance scholarship (For an exception, see Lorsch and Zelleke, 2005). It represents a collaborative approach to board leadership that is grounded more in organization theory and stewardship theory than in agency theory (Donaldson, 1990). While prior research has acknowledged that boards can employ different approaches to corporate governance—a control approach or a collaboration approach (Sundaramurthy and Lewis, 2003)—the use of a separate board chair remains conceptually linked with the control approach (Krause *et al.*, 2014). With this research, I introduce the construct of board chair orientation, defined as the corporate governance approach a separate board chair applies to his or her working relationship with the CEO, and I maintain that board chairs can adopt a collaboration orientation as well as—or instead of—a control orientation. As the share of large U.S. firms with a separate board chair continues to climb toward 50 percent (Spencer Stuart, 2013), understanding the orientation of the board chair will only become more important.

To ascertain board chair orientations, I rely on newly available passages from corporate proxy statements, in which boards provide the rationale behind their choice of board chair. Since 2010, the Securities and Exchange Commission (SEC) has required publicly traded firms to disclose this rationale. I analyzed the disclosures from all S&P 500 firms with a separate board chair, and the analysis yielded novel insights about the divergent effects of board chair orientations. Drawing on the work of Finkelstein and D'Aveni (1994), and Krause and Semadeni (2013), I develop competing predictions as to how board chair orientations will interact with past performance at separate-structure firms to impact profitability growth. The results provide clear support for the logic of the latter article, and also show that different board chair orientations can have distinct consequences, even when the board leadership *structure* is the same.

The present research contributes to the literature on board leadership in a number of ways. First and foremost, this is the first theory-driven study to examine alternative orientations toward the role of the separate board chair. Second, the present research extends prior contingency-based scholarship by illuminating the nature of the moderating effect that past performance has on the relationship between board leadership and profitability growth. The results of this study help to reconcile discrepancies in the literature, particularly between the competing predictions of Finkelstein and D'Aveni (1994), and Krause and Semadeni (2013) regarding the effects of control and collaboration in a board leadership context. Third, the present research extends Krause and Semadeni's (2013) initial parsing of the board leadership construct. Whereas Krause and Semadeni (2013) maintained that "demotion" separations, in which the CEO loses the board chair position, are the most consistent with the control approach to corporate governance and will therefore exhibit the greatest effects, I submit that a separate board chair's orientation toward

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his or her role can include collaboration as well as—or in place of—control. In doing so, I provide results similar to Krause and Semadeni (2013), but with a broader and more nuanced examination of the role of the separate board chair. By understanding separate board chairs' orientation toward control and collaboration, scholars can ultimately bring clarity to a literature plagued by inconsistent results (Dalton *et al.*, 1998; Kang and Zardkoohi, 2005) as well as offer practical recommendations for how firms should implement the separate structure once they have decided to adopt it.

THEORY AND HYPOTHESES

The separate board chair: two orientations

Scholars have examined board leadership structure for several decades (e.g., Berg and Smith, 1978; Rechner and Dalton, 1991; Zald, 1969), and the debate on the subject mirrors the broader debate regarding the relative merits of two contrasting approaches to corporate governance, which Sundaramurthy and Lewis (2003) labeled the "control" and "collaboration" approaches. With the development of agency theory, many corporate governance scholars adopted the view that the common practice of combining the CEO and board chair positions heightened the risk of entrenchment already introduced by the separation of ownership and control (Fama and Jensen, 1983; Lorsch and MacIver, 1989). These scholars argued that a separate board chair would increase the board's control over the CEO, and thus, would prevent CEO entrenchment (Mallette and Fowler, 1992; Mizruchi, 1983). As Jensen (1993: 36) writes, "Without the direction of an independent leader, it is much more difficult for the board to perform its critical function."

Other governance scholars have adopted the opposite view and argued that vigilant oversight unnecessarily impedes the CEO's functioning, and that the combined leadership structure is preferable because it empowers the CEO to effectively lead his or her firm (Brickley *et al.*, 1997; Donaldson and Davis, 1991). Based in stewardship theory and organization theory, arguments for the combined structure link it with greater collaboration between the CEO and the board, ultimately benefiting the firm. This perspective provides a stark contrast to the agency theory-based focus on independent oversight. Nevertheless, advocates of both approaches work off the assumption that boards adopting a control approach to corporate governance select the separate leadership structure, and boards adopting a collaboration approach to corporate governance select the combined leadership structure (Dalton and Dalton, 2009).

As the separate leadership structure has grown in popularity, however, it has developed utility beyond just more effective control of the CEO. Many boards now view the separate structure as a mechanism for CEO-board collaboration, as it permits a greater degree of specialization in the two roles, and introduces the board chair as a source of advice and guidance not fully available when the CEO and board chair positions are combined (Lorsch and Zelleke, 2005; Sanders and Carpenter, 1998). Given that a separate board chair can foster collaboration as well as—or instead of—control, and given that more firms are appointing separate board chairs each year, it might be beneficial to discuss board chair *orientations*, rather than just board leadership structures. In this article, I develop theory on two general board chair orientations—control and collaboration—based on Sundaramurthy and Lewis' (2003) corporate governance approaches of the same names.

A board chair exhibits a control orientation when he or she views monitoring, evaluating, and disciplining the CEO to be fundamental attributes of his or her working relationship with the CEO. This orientation is deeply rooted in agency theory, which holds that the board exists to mitigate conflicts of interest arising from the separation of ownership and control (Eisenhardt, 1989; Fama and Jensen, 1983). Control-oriented board chairs view their role as one of independent oversight, and they are likely to inquire frequently as to the CEO's decisions, activities, and performance outcomes. When control-oriented, what distinguishes the board chair's role from that of executives and other directors is his or her structural power over the CEO (Daily and Johnson, 1997; Finkelstein, 1992). Agency theory is fundamentally about control (Finkelstein *et al.*, 2009), so the relationship between a CEO and a control-oriented chair is marked by distance and authority.

Scholars who conceptualize the board chair role as a purely control-oriented position have likened the combined leadership structure to "the CEO grading his own homework" due to lack of a single independent director overseeing the CEO (Brickley *et al.*, 1997: 190). According to Sundaramurthy

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and Lewis ([2003]: 402), "CEO duality can inhibit directors from proactively seeking and effectively critiquing feedback about CEO performance," and some empirical evidence supports this claim (Tuggle *et al.*, 2010). One of the central tenets of agency theory is that some executives are opportunistic and that the purpose of corporate governance is to reduce the risk of opportunistic behavior (Fama and Jensen, 1983). If a board and its chair accept this tenet, it is likely they will adopt a control orientation toward the separate leadership structure. The following is an example of a board exhibiting a control orientation in explaining its use of the separate structure:

> *[T]he Boards have determined, for the present time, it is in the best interest of the Corporation to keep the offices of CEO and Chairman of the Board ('Chairman') separate to enhance oversight responsibilities. The Boards believe that this leadership structure promotes independent and effective oversight of management on key issues relating to long-range business plans, long-range strategic issues and risks.* (CMS Energy Corporation, 2012: 5)

The collaboration orientation stands in stark contrast to the control orientation. Consistent with Sundaramurthy and Lewis's (2003) definition of a collaboration governance approach, a board chair exhibits a collaboration orientation when he or she views advising and guiding the CEO, and/or reducing the CEO's job demands to be fundamental attributes of his or her working relationship with the CEO. The collaboration orientation is rooted in stewardship theory, which focuses less on the risk of opportunism and more on the gains to be made from trust and cooperation (Davis *et al.*, 1997). As such, stewardship theory holds that the purpose of boards of directors is not primarily to monitor and discipline management, but rather to facilitate more effective executive decision-making (Donaldson, 1990; Donaldson and Davis, 1991). For this reason, stewardship theorists have traditionally advocated for the combined leadership structure, arguing that "CEO-chairs provide a unity of command that may clarify decision-making authority, reduce role conflict, and reassure shareholders" (Sundaramurthy and Lewis, 2003: 399).

Unity of command generally serves as the theoretical mechanism scholars use to explain why the combined structure promotes a collaborative approach to corporate governance (Dalton *et al.*, 2007; Finkelstein and D'Aveni, 1994; Krause and Semadeni, 2013). However, unity of command cannot serve as a mechanism for a collaboration orientation toward the separate board chair's role; command is not unified if the board chair is separate. How, then, can a separate board chair contribute to collaborative corporate governance if not through unified command? Insights from organization theory and research on the broader role of boards suggest two mechanisms through which a separate board chair can promote collaboration: acting as an adviser and guide, and reducing the CEO's job demands through specialization.

Many have noted the advice and guidance role of boards of directors (e.g., Johnson *et al.*, 1996), but few have applied this particular board role to the job of the board chair. One exception is Lorsch and Zelleke's (2005: 72) argument that "the chairman can be a mentor, adviser and confidant to the CEO, providing someone to talk with more openly than might be possible with subordinates." Advice and guidance are crucial aspects of the collaboration governance approach, the purpose of which is to facilitate and support the CEO's actions rather than impede or second-guess them (Sundaramurthy and Lewis, 2003); or in Meg Whitman's words, to "help the CEO be successful." Stewardship theory assumes that conflicts of interest between managers and shareholders are relatively low (Davis *et al.*, 1997), and thus, from a stewardship perspective, "principals should empower managers to maximize their potential performance" (Shen, 2003: 470). The provision of advice and guidance is one of the most direct methods through which boards collaborate with CEOs and executives to shape firm strategy (Krause *et al.*, 2013; McDonald *et al.*, 2008). In addition, board chairs are often chosen for the individual human and social capital they can bring to the role, making them an opportune adviser for the CEO (Krause, Semadeni, and Withers, in press). Thus, advice and guidance is an essential mechanism of the collaboration board chair orientation.

The other mechanism of the collaboration board chair orientation is a reduction in the CEO's job demands through specialization. Though the governance community has virtually ignored it, the basic principle of specialization has a long history in organization theory, dating back to Taylor (1911) and Adam Smith (1776). While specialization's original advocates saw its value primarily on the assembly

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line, scholars soon recognized its applicability at all levels of the organizational hierarchy. Fayol (1949: 20) wrote of specialization that "It is not merely applicable to technical work, but without exception to all work … demanding abilities of various types."

According to Lorsch and Zelleke (2005: 72), when the board chair and the CEO are separate, "the CEO can focus on running the company without having to worry about leading the board. Furthermore, chairmen who are able to help represent the company externally can lighten the CEO's load substantially." In this sense, the CEO specializes in managing the firm's strategy formulation and implementation, and the board chair specializes in managing the other directors, interacting with external stakeholders, and acting as a liaison between the CEO and the board. Through such specialization, the board chair reduces the CEO's job demands, allowing the CEO to develop greater role-specific knowledge and perform his or her narrower role more effectively.

In their ground-breaking theoretical treatment of executive job demands, Hambrick *et al.*, (2005) identified the effects that job demands have on executives, and argued that the greater an executive's job demands are, the less able the executive will be to develop sound, rational strategic decisions. According to Hambrick *et al.*, (2005: 479), "those with lower job demands can take advantage of greater available time, attention, and other resources to be comprehensive in their analyses and search for solutions." Hambrick *et al.* (2005) describe a number of suboptimal consequences of high executive job demands, including reliance on personal background and heuristics rather than logic and data, imitation of other firms' actions, and more extreme and erratic strategic behavior.

Thus, a collaboration-oriented board chair can achieve his or her intended objective by providing advice and guidance to the CEO and simultaneously removing the burdens of board leadership from the CEO's list of demands. The following is an example of a board exhibiting a collaboration board chair orientation, directly addressing job demands and their role in board leadership considerations:

> *Our board recognizes the time, effort and energy that our chief executive officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our Chairman. Our board believes that having separate positions provides a clear delineation of responsibilities for each position and enhances the ability of each leader to discharge his duties effectively which, in turn, enhances our prospects for success.* (Fiserv Inc., 2012: 25)

The past performance-contingent impact of board chair orientation

Since Dalton's *et al.* (1998) meta-analysis, scholars have generally accepted that board leadership structure exhibits no overall relationship with firm performance. The absence of a main effect has not tempered the development of contingency-based arguments, however, with researchers suggesting that the performance effects of control and collaboration, operationalized through board leadership structure, depend on other factors (e.g., Boyd, 1995; Kang and Zardkoohi, 2005; Sundaramurthy and Lewis, 2003). In this article, I build on theory developed in two prior studies: Finkelstein and D'Aveni (1994), and Krause and Semadeni (2013). Both articles argued that past performance determines a board's optimal leadership arrangement, but their arguments produce conflicting predictions as to the performance effects of the control and collaboration orientations. Each approach is discussed below.

In their study of CEO duality, Finkelstein and D'Aveni (1994) first introduced the idea that the optimal approach to board leadership depends on past firm performance. Though their analysis focused on predicting boards' choice of leadership structure rather than the performance consequences of that choice, their hypotheses focused on the actions of "vigilant" boards, with vigilance indicating a stronger concern with the financial performance of the firm (Lorsch and MacIver, 1989; Mace, 1971). Finkelstein and D'Aveni (1994) noted the two competing schools of thought on board leadership—control, which they called "entrenchment avoidance," and collaboration, which they equated with unity of command—and argued that past firm performance determines the applicability of each approach. When firm performance is strong, boards should favor control (i.e., the separate structure) due to the risk of entrenchment:

> *First, good performance enhances CEO status and power (Harrison et al., 1988), strengthening CEOs' positions in firms and*

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> *increasing the risk of entrenchment. Second, good performance creates organizational slack (Cyert and March, 1963), facilitating CEOs' attempts to provide themselves or other managers with both financial and non-financial rewards that engender support …* (Finkelstein and D'Aveni, 1994: 1086)

Conversely, when firm performance is weak, boards should favor the collaboration (i.e., the combined structure) due to the CEO's need for support and assistance:

> *Weak firm performance detracts from a CEO's status, reducing the threat of entrenchment. However, it may require a board to signal to stakeholders that there is a 'captain in charge of the ship' in whom the board has confidence.* (Finkelstein and D'Aveni, 1994: 1086)

Several conceptual studies have echoed Finkelstein and D'Aveni's (1994) perspective on the moderating role of past performance, arguing more in the abstract that a control approach to corporate governance is more beneficial in the context of strong past performance and that a collaboration approach is more beneficial in the context of weak past performance. Shen's (2003) theoretical exploration of the CEO-board relationship developed an argument similar to Finkelstein and D'Aveni's (1994). Shen (2003: 470) writes that "the problem of managerial opportunism is most likely to occur after CEOs have proven their leadership on the job. The significant increase in power … makes them more entrenched in their positions." Emphasizing the pitfalls of both the control and collaboration approaches under alternative past performance conditions, Sundaramurthy and Lewis (2003: 402) argue that following strong performance, a collaboration approach can lead to groupthink, which "allows the board and management to bask in past successes and increase their collaboration, rather than recognize the need for change and greater control." Conversely, following weak performance, Sundaramurthy and Lewis (2003) argue that controls breed distrust between the board and the CEO, leaving the CEO less likely to consult with the board and with the chair, and more likely to fall prey to threat rigidity, which would subsequently foster stricter controls from the board, causing a downward spiral (see also Daily and Dalton, 1994). A collaborative approach would avoid this scenario by fostering better communication between the CEO and the board.

Based on the arguments posed by Finkelstein and D'Aveni (1994) and others, I propose that a control board chair orientation will promote profitability growth when applied in the context of already-strong performance. Vigilant monitoring will reduce the likelihood of CEO entrenchment resulting from the strong performance. In contrast, a collaborative board chair orientation risks encouraging CEO entrenchment, thus hindering profitability growth. Conversely, if the firm's past performance is weak, then the risk of CEO entrenchment is low, while the need for guidance (Hendry, 2002) and lower job demands (Hambrick *et al.*, 2005) is greater. In such circumstances, the collaboration orientation should promote profitability growth, while the control orientation should hinder it. In addition, it is important to note that these effects should be most pronounced at the extreme levels of past performance. Firm performance slightly higher than the mean is unlikely to foster much entrenchment, and firm performance slightly below the mean is unlikely to trigger much need for collaborative guidance and board chair support. It is at the extreme levels of past performance that the board chair orientations become most impactful. Therefore, I offer the following two hypotheses:

> *Hypothesis 1: At firms with a separate board leadership structure, the effect of the control board chair orientation on profitability growth is contingent on past performance, such that as past performance approaches a high level, the control orientation's effect becomes increasingly positive, and as past performance approaches a low level, the control orientation's effect becomes increasingly negative.*

> *Hypothesis 2: At firms with a separate board leadership structure, the effect of the collaboration board chair orientation on profitability growth is contingent on past performance, such that as past performance approaches a high level, the collaboration orientation's effect becomes increasingly negative, and as past performance approaches a low level, the collaboration orientation's effect becomes increasingly positive.*

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Finkelstein and D'Aveni's (1994) approach to board leadership is not the only perspective brought to bear on this matter, however. In a recent study, Krause and Semadeni (2013) predicted exactly the opposite interaction of control and collaboration with past performance, while still only focusing on board leadership *structure*, not board chair orientation. Having drawn on Finkelstein and D'Aveni's (1994) logic to formulate two hypotheses regarding the effects of the accountability and efficiency board chair orientations, I next draw on Krause and Semadeni's (2013) logic to offer two competing hypotheses. All four predictions and the sources of their respective logics are shown in Table 1.

Krause and Semadeni (2013) found that separation of the CEO and board chair roles only benefits the firm when it follows relatively weak performance, and argue that this finding is because independent oversight acts as a protection against faulty strategic decision-making, be it the result of entrenchment or simple incompetence (Hendry, 2002), and that correcting faulty decision-making only adds value if there is a problem to correct (also see Davis *et al.*, 1997; Donaldson, 1990). Similarly, Krause and Semadeni (2013) found that separating the CEO and board chair positions following strong performance yielded significantly negative results in the future, and argued that imposing control on the CEO in the face of strong performance places an unnecessary impediment in front of the CEO when the firm's current strategy is producing superior results. In terms of control and collaboration, this means that the CEO of a low-performing firm warrants a more controlling approach, whereas the CEO of a high-performing firm merits a more collaborative approach.

As further validation of the underpinning theoretical processes, Krause and Semadeni (2013) distinguished between different types of CEO-board chair separation, reporting that what they called "demotion separations," in which the CEO remains in office but loses the board chair position, exhibited the strongest effects. Apprentice separations, in which the CEO/chair relinquishes only the CEO role, exhibited weaker effects; and departure separations, in which the CEO/chair is replaced by two new individuals, exhibited no such effects on post-separation performance. These more fine-grained results were consistent with Krause and Semadeni's (2013) arguments, which assumed that demotion separations were the only type of CEO-board chair separation to reflect an unambiguous increase in board control over the CEO.

Given their focus on structure and not on orientation, however, Krause and Semadeni (2013) could not assess the effects of a collaborative board chair orientation. To wit, Krause and Semadeni (2013) moved the board leadership literature forward by theorizing that separate board chairs vary in the extent to which they employ a control orientation—although the concept of a board chair orientation is unique to the present research—and showing that the type of CEO-board chair separation a firm undergoes can highlight the chair's and the board's focus on control (see also Krause and Semadeni, 2014). Nevertheless, this research failed to acknowledge the possibility that a separate board chair could adopt a collaboration orientation. By introducing such a possibility, I aim to build on their contribution.

Though Krause and Semadeni (2013) do not explicitly make this point, their argument rests primarily on a consideration of CEO settling-up (Semadeni *et al.*, 2008; Wowak *et al.*, 2011). From this perspective, boards should only impose strict oversight on a CEO in the context of a performance problem, as the risks in "punishing" a high-performing CEO are great (Davis *et al.*, 1997). Then, the board chair can exercise his or her power to change the firm's direction and steer it on a more profitable course. If, on the other hand, firm performance is strong and no evidence of entrenchment or incompetence exists, boards should consider this success in their approach to leadership and choose instead to emphasize collaboration over control (Kang and Zardkoohi, 2005). Krause and Semadeni (2013: 808) refer to CEO-board chair separation under conditions of strong firm performance as "a solution in search of a problem, with dire consequences resulting from its implementation."

As they do with Finkelstein and D'Aveni's (1994) theory, Sundaramurthy and Lewis (2003) provide insight into the potential pitfalls of each board chair orientation under alternative performance conditions consistent with Krause and Semadeni's (2013) theory. Sundaramurthy and Lewis (2003) argue that a control approach to corporate governance suppresses stewardship in the CEO, which is particularly detrimental in a context of strong past performance because it breeds distrust and leads CEOs to reduce their effort and risk-taking. Such distrust, in turn, fosters polarization between the CEO and

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Table 1. The effects of board chair orientations under different past performance conditions

	Hypothesized effect on profitability growth			
	Under conditions of strong past performance		Under conditions of weak past performance	
Board chair orientation	Finkelstein and D'Aveni (1994)	Krause and Semadeni (2013)	Finkelstein and D'Aveni (1994)	Krause and Semadeni (2013)
Control	H1: +	H3: -	H1: -	H3: +
Collaboration	H2: -	H4: +	H2: +	H4: -

the board, especially the chair. The result is myopic behavior that dampens profitability growth potential. In the context of weak past performance, however, Sundaramurthy and Lewis (2003) maintain that a collaborative orientation risks supporting and empowering a CEO whose strategies are inappropriate to the firm's circumstances, and it helps to entrench the CEO, preventing a needed change in direction.

It is the goal of this research to adapt the logic of prior research examining differences among leadership structures to the problem of board chair orientations at separate-structure firms. In direct contrast to Finkelstein and D'Aveni's (1994) theory, Krause and Semadeni's (2013) theory suggests that the control board chair orientation should promote profitability growth when past performance is weak and hinder it when past performance is strong, while the collaboration board chair orientation should exhibit the opposite effect. Therefore, I offer the following two hypotheses as directly competing with Hypotheses 1 and 2:

Hypothesis 3: At firms with a separate board leadership structure, the effect of the control board chair orientation on profitability growth is contingent on past performance, such that as past performance approaches a high level, the control orientation's effect becomes increasingly negative, and as past performance approaches a low level, the control orientation's effect becomes increasingly positive.

Hypothesis 4: At firms with a separate board leadership structure, the effect of the collaboration board chair orientation on profitability growth is contingent on past performance, such that as past performance approaches a high level, the collaboration orientation's effect becomes increasingly positive, and as past performance approaches a low level, the collaboration orientation's effect becomes increasingly negative.

METHODS

Sample

To test the hypotheses described above, I collected data from 2010 through 2012, inclusive, for all firms in the S&P 500 as of September 2010. Firms remained in the sample whether or not they remained in the S&P 500 for the duration of the study window. Consistent with Goertz's (2006) possibility principle, I analyzed only firm-years in which a firm's board chair was separate from the CEO, as only firms with a separate board chair could exhibit board chair orientations as I have defined them. After excluding observations with missing data, this approach yielded a sample of 182 firms and 495 firm-years in total. I retained the full sample for robustness tests. I obtained data on corporate governance from firm proxy statements, as well as from The Corporate Library's Directorships, Governance, and CEOs databases. I obtained financial and industry data from Compustat, stock market data from CRSP, and data on executives from Execucomp.

Dependent and independent variables

Profitability growth

The dependent variable of interest is profitability growth, operationalized using two common measures: growth in return-on-assets (ΔROA) and growth in return-on-sales (ΔROS), consistent with prior work in this area (e.g., Finkelstein and

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D'Aveni, 1994; Rechner and Dalton, 1991). ROA is calculated as net income divided by total firm assets, and ROS is calculated as net income divided by total firm revenues. The growth measures consist of the difference between the profitability measure in year t and the profitability measure in year $t-1$. ROA_{t-1} and ROS_{t-1}, the lagged terms, are included in the appropriate models as control and moderator variables, consistent with past work in this area (e.g., He and Huang, 2011). As this variable is included as a moderator in all hypothesis tests, I standardized it prior to analysis to avoid multicollinearity.

Board chair orientations

The primary variables of interest in this study are the board chair orientations that firms with separate board structures can potentially exhibit: control and collaboration. To collect and identify these orientations, I followed the methodology used by Zajac and Westphal (1995), which involved content-analyzing firm proxy statements. Specifically, I examined the passage in proxy statements devoted to explaining and justifying board leadership structure. Since March of 2010, the SEC has required firms listed on U.S. exchanges to disclose the nature of their board leadership structure and to provide their rationale for choosing one structure over another (Securities and Exchange Commission, 2010). As a result, all public companies devote a short passage in their proxy statements for compliance with this new rule. These passages provide a unique opportunity to understand the reasons that boards select one structure over another. I limited my search for board chair orientations to the confines of these passages.

Since the control and collaboration board chair orientations are conceptually distinct, and yet could be described a number of ways, specifying phrases *a priori* as indicative of one orientation or another would jeopardize construct validity (Zajac and Westphal, 1995). In addition, simply counting the number of times a word or phrase is used would risk flagging orientations that are not actually present as well as create a continuous measure where only a dichotomous one is appropriate. As such, two human coders (including the author) read each passage and independently identified the presence or absence of the two board chair orientations at separate-structure firms. The coders were provided with an explanation of each orientation as well as examples of how firms employ each one in their justifications. The examples provided were similar to those shown earlier in the article, and the explanations are provided in the Appendix S1.

Each orientation is represented by a dichotomous variable reflecting its presence in a firm's proxy statement discussion of its board leadership structure. A value of 1 indicates that the orientation was conveyed in the proxy statement, and a value of 0 indicates it was not; a value of 0 for one orientation does not indicate anything about the other orientation. Any firm with a separate leadership structure could potentially reflect one, both, or neither of the theorized orientations in its proxy statement. Inter-rater reliability was sufficient for both the control orientation ($\kappa = 0.73$) and the collaboration orientation ($\kappa = 0.75$), and discrepancies among raters were resolved by the author. Proxy statement passages exhibiting neither of the theorized orientations took a few different forms, sometimes focusing on personal attributes of the director chosen as board chair, and sometimes listing organizational tradition as a reason.

Control variables

I included a number of control variables in the models in order to eliminate alternative explanations for the findings as well as to account for factors known to impact profitability growth. I controlled for industry effects by including dummy variables for each two-digit SIC category, consistent with best practice in strategic management (Sharp *et al.*, 2013). Firm size was measured as the number of employees at the firm in each year, in thousands (Katila and Ahuja, 2002). To control for board characteristics that could impact the relationship between board chair orientations and profitability growth, I included the percentage of board members that are independent, shown as board independence (Dalton *et al.*, 1998). I standardized this variable prior to analysis, as the unstandardized measure exhibited an elevated variance inflation factor (VIF). The standardized measure exhibited no sign of collinearity.

Next, given that this research builds heavily on Krause and Semadeni's (2013) work, I incorporated controls for the three types of CEO-board chair separation they identified. Apprentice separations are represented by a dummy variable taking a value of 1 if the board chair is the former CEO, and a value of 0 otherwise. Demotion separations are represented by a dummy variable taking a value of 1 if the board

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chair was appointed during the tenure of the sitting CEO, and a value of 0 otherwise. Departure separations formed the base case. In addition, to these, I controlled for other CEO-related factors that might affect performance. CEO ownership, the percentage of a firm's outstanding equity shares owned by the CEO, reflects ownership power (Finkelstein, 1992). To control for differences in the CEO career cycle, I included a control for CEO tenure, measured in years since the CEO took office (Henderson *et al.*, 2006). Finally, all analyses included year dummy variables to control for contemporaneous correlation (Certo and Semadeni, 2006).

ANALYSIS AND RESULTS

Table 2 displays the descriptive statistics and pairwise correlations for all variables. As the table shows, mean ROA growth was roughly 0.5 percent and mean ROS growth was roughly 1.4 percent. Past ROA averaged 6.2 percent and past ROS averaged 9.7 percent. Forty-two percent of firm-years exhibited a control board chair orientation and 57 percent exhibited a collaboration board chair orientation. These statistics are noteworthy because while corporate governance scholarship more frequently associates the separate board structure with control than with collaboration, the collaboration orientation is actually more common. Twenty-five percent of firm-years exhibited both orientations, and 28 percent exhibited neither.

Given that the sample for this study includes multiple observations per firm, I chose to test my hypotheses by modeling profitability growth with generalized estimating equations (GEE), which has been used recently in corporate governance research (e.g., Quigley and Hambrick, 2012). GEE is advantageous in this context because it can model basic regression equations while accounting for error terms that are correlated within firms (Liang and Zeger, 1986). Using Stata 13, I specified a normal distribution family and an identity link function, as my dependent variable is continuous and normally distributed (Ballinger, 2004). To account for autocorrelation, I specified an autoregressive error correlation structure of order 1.

The GEE models of ΔROA are shown in Table 3, and the GEE models of ΔROS are shown in Table 4. The evidence strongly supports both Hypotheses 3 and 4, and provides no support for Hypotheses 1 and 2. The control orientation exhibits a negative interaction with the standardized measure of past firm performance whether profitability growth is measured as ΔROA ($\beta = -0.019$, $p < 0.001$) or as ΔROS ($\beta = -0.077$, $p < 0.001$), with no significant main effect in either case. These results provide strong support for Hypothesis 3 and no support for Hypothesis 1. Likewise, the collaboration orientation exhibits a positive interaction with past performance whether profitability growth is measured as ΔROA ($\beta = 0.016$, $p < 0.001$) or as ΔROS ($\beta = 0.076$, $p < 0.001$), with no main effect in either case. These results provide strong support for Hypothesis 4 and no support for Hypothesis 2.

To illustrate the nature of these relationships, I estimated the marginal effects of each board chair orientation on ΔROA and ΔROS across the relevant range of past performance values—two standard deviations on either side of the mean—and plotted them in Figures 1 and 2, respectively. Holding all other factors constant, when past performance is one standard deviation below the mean, the control orientation increases ΔROA by 1.9 percentage points and increases ΔROS by 8.0 percentage points. When past performance is one standard deviation above the mean, the control orientation decreases ΔROA by 1.8 percentage points and decreases ΔROS by 7.3 percentage points. In contrast, when past performance is one standard deviation below the mean, the collaboration orientation decreases ΔROA by 1.3 percentage points and decreases ΔROS by 7.2. When past performance is one standard deviation above the mean, the collaboration orientation increases ΔROA by 2.0 percentage points and increases ΔROS by 8.1. All of these marginal effects are statistically significant at one standard deviation from the mean past performance, and they all suggest strong support for Hypotheses 3 and 4, and no support for Hypotheses 1 and 2.

Robustness tests

I performed a number of robustness checks to further validate the results of the study. On concerns over any correlation between past performance and boards' leadership orientations, I examined the models for evidence of multicollinearity. The mean variance inflation factor was 1.88 for the full ROA model and 1.85 for the full ROS model; no individual coefficient's variance inflation factor was above the threshold of 10, suggesting a lack of significant

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Table 2. Correlations and descriptive statistics

Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11
1 ΔROA	0.005	0.058											
2 ΔROS	0.014	0.120	0.792										
3 Control orientation	0.424	0.495	0.044	0.030									
4 Collaboration orientation	0.570	0.496	−0.037	−0.010	0.073								
5 ROA_{t-1}	0.062	0.073	−0.477	−0.407	−0.119	0.141							
6 ROS_{t-1}	0.097	0.129	−0.463	−0.564	−0.066	0.091	0.725						
7 Firm size	2.752	1.399	−0.055	−0.096	0.070	−0.006	0.040	−0.153					
8 Board independence	0.794	0.117	−0.077	−0.033	0.195	0.073	−0.153	−0.116	0.102				
9 CEO tenure	5.525	4.152	0.064	0.014	−0.001	0.041	0.090	0.048	0.023	−0.025			
10 CEO ownership	0.004	0.012	0.014	0.024	−0.087	−0.050	0.018	−0.020	−0.007	−0.102	0.334		
11 Apprentice	0.392	0.489	−0.059	−0.086	−0.284	−0.094	0.136	0.132	−0.028	−0.394	0.018	0.101	
12 Demotion	0.032	0.177	−0.021	−0.049	−0.034	−0.003	0.006	0.032	−0.010	0.070	0.291	0.100	−0.014

All correlations with absolute value greater than 0.15 are significant at $p < 0.001$. n = 495.

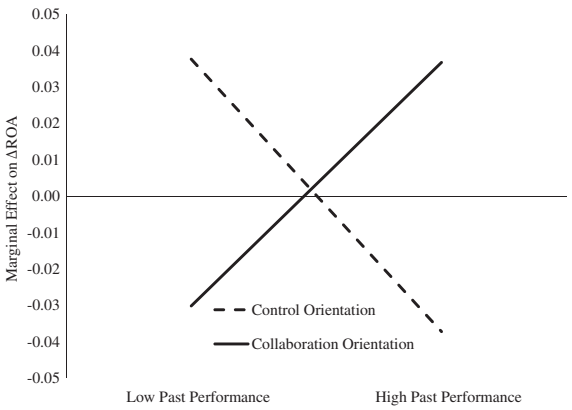

Figure 1. Marginal effects of board chair orientations on ΔROA

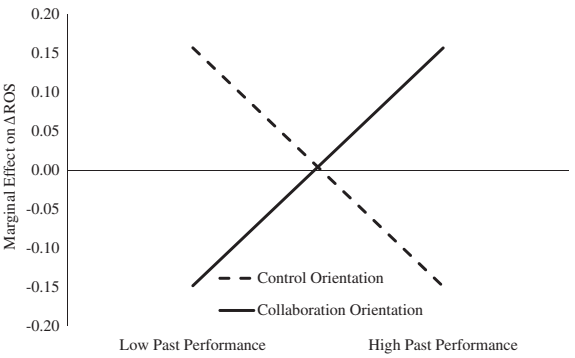

Figure 2. Marginal effects of board chair orientations on ΔROS

multicollinearity. I also modeled the data after orthogonalizing the orientation variables against past performance, and the results did not change. On a related concern that board chair orientations might be endogenous (i.e., driven by past performance), I performed the Durbin-Wu-Hausman test for endogeneity, instrumenting the control and collaboration board chair orientations with the percentage of outside CEO-directors on the board and a dichotomous variable reflecting the presence of a lead director (Dalton and Dalton, 2005; Westphal and Zajac, 1997). The Durbin-Wu-Hausman statistic was not significant for either independent variable in any of the GEE models, suggesting that endogeneity is not biasing the results.

I also retested all models including a dummy variable to indicate the observations in which both board chair orientations were present. Such observations are already accounted for with the two independent variables' inclusion, but the dummy variable would control for any unique variance in the dependent variable due solely to the presence of both orientations. This variable exhibited no significant effect and its inclusion had no effect on the results.

This study focused on profitability growth (i.e., an accounting-based measure of firm performance) because it is a more traditional assessment of organizational effectiveness than stock market-based measures of performance, and the organization theory behind this study's hypotheses generally focuses on organizational effectiveness. However, it is common for studies of board leadership to

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Table 3. Generalized estimating equations predicting ΔROA

	Model 1	Model 2	Model 3	Model 4	Model 5
Constant	0.016	0.011	0.017	0.006	0.012
	(0.021)	(0.022)	(0.021)	(0.021)	(0.020)
Firm size	−0.001	−0.001	−0.001	−0.000	−0.000
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Board independence	−0.007**	−0.007**	−0.007**	−0.007**	−0.006*
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
CEO tenure	0.002**	0.002**	0.002**	0.002**	0.002**
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
CEO ownership	−0.092	−0.054	−0.161	−0.088	−0.173
	(0.327)	(0.329)	(0.319)	(0.316)	(0.311)
Apprentice	0.004	0.004	0.004	0.003	0.003
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Demotion	−0.013	−0.012	−0.012	−0.010	−0.011
	(0.013)	(0.013)	(0.013)	(0.013)	(0.013)
Year 2011	−0.011*	−0.011*	−0.012*	−0.010*	−0.011*
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
Year 2012	−0.020**	−0.020**	−0.022***	−0.020**	−0.021***
	(0.006)	(0.006)	(0.006)	(0.006)	(0.006)
ROA_{t-1}	−0.043***	−0.044***	−0.030***	−0.051***	−0.038***
	(0.003)	(0.003)	(0.004)	(0.003)	(0.005)
Control orientation		0.000	0.001	−0.000	0.001
		(0.005)	(0.005)	(0.005)	(0.005)
Collaboration orientation		0.005	0.003	0.004	0.003
		(0.005)	(0.005)	(0.005)	(0.005)
Control orientation $XROA_{t-1}$			−0.022***		−0.019***
			(0.005)		(0.005)
Collaboration orientation X ROA_{t-1}				0.020***	0.016***
				(0.005)	(0.005)
Industry fixed effects	Included	Included	Included	Included	Included
Observations	495	495	495	495	495
Number of firms	182	182	182	182	182
χ^2	353.66	355.05	386.00	374.84	401.09
$\Delta\chi^2$ (Relative to base model)	N/A	1.39	32.34***	21.22***	47.43***

$p < 0.10$; $^{*}p < 0.05$; $^{**}p < 0.01$; $^{***}p < 0.001$.
Standard errors in parentheses; All tests are two-tailed.

examine both accounting-based and market-based performance measures (Dalton *et al.*, 1998). So, as a robustness check, I retested all models using both total shareholder return (TSR) and Tobin's Q. Interestingly, the hypothesized relationships all manifested in the same directions as in the ROA and ROS models, but in the Tobin's Q models, only the control orientation interaction with past performance was significant (only Hypothesis 3 was supported), and in the TSR model, only the collaboration orientation interaction with past performance was significant (only Hypothesis 4 was supported). Overall, then, I consider the empirical support for Hypotheses 3 and 4—and the lack of support for Hypotheses 1 and 2—to be empirically robust across multiple performance measures.

Finally, on concerns that the model specification, itself, might be biasing the results, I retested the hypotheses using OLS regression with robust standard errors. The results were nearly identical, suggesting the GEE models were not introducing bias. I also retested all models using the full sample, including all firms with a combined structure, and controlled for board structure to make sure selection bias was not skewing the results. The board chair orientations retained their effects on profitability growth in terms of magnitude, direction, and significance, suggesting that selecting only

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Table 4. Generalized estimating equations predicting ΔROS

	Model 6	Model 7	Model 8	Model 9	Model 10
Constant	0.092*	0.084*	0.092*	0.061	0.071†
	(0.039)	(0.040)	(0.040)	(0.039)	(0.039)
Firm size	−0.011**	−0.011**	−0.011**	−0.008*	−0.009*
	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
Board independence	−0.010†	−0.010†	−0.010*	−0.009†	−0.010*
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)
CEO tenure	0.001	0.001	0.001	0.000	0.001
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
CEO ownership	0.252	0.331	0.196	0.320	0.198
	(0.610)	(0.615)	(0.619)	(0.592)	(0.600)
Apprentice	−0.002	−0.001	−0.002	−0.005	−0.006
	(0.010)	(0.011)	(0.011)	(0.010)	(0.010)
Demotion	−0.009	−0.008	−0.014	−0.005	−0.011
	(0.027)	(0.027)	(0.027)	(0.027)	(0.026)
Year 2011	−0.017	−0.018	−0.017	−0.017	−0.016
	(0.011)	(0.011)	(0.011)	(0.011)	(0.011)
Year 2012	−0.022†	−0.023†	−0.024*	−0.023†	−0.024*
	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)
ROS_{t-1}	−0.161***	−0.161***	−0.114***	−0.182***	−0.138***
	(0.010)	(0.010)	(0.015)	(0.011)	(0.016)
Control orientation		0.000	0.004	−0.000	0.003
		(0.009)	(0.009)	(0.009)	(0.009)
Collaboration orientation		0.009	0.008	0.004	0.004
		(0.009)	(0.009)	(0.009)	(0.009)
Control orientation X ROS_{t-1}			−0.088***		−0.077***
			(0.018)		(0.018)
Collaboration orientation X ROS_{t-1}				0.089***	0.076***
				(0.020)	(0.020)
Industry fixed effects	Included	Included	Included	Included	Included
Observations	495	495	495	495	495
Number of firms	182	182	182	182	182
χ^2	349.03	349.85	406.01	373.66	420.96
$\Delta\chi^2$ (Relative to base model)	N/A	0.82	56.98***	24.63***	71.93***

†$p < 0.10$; *$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.
Standard errors in parentheses; All tests are two-tailed.

separate-structure firms did not bias the results of the study.

DISCUSSION

While other works have introduced distinctions between independent and nonindependent board chairs (Coles and Hesterly, 2000; Daily and Dalton, 1997), and between different types of CEO-board chair separation (Harrison *et al.*, 1988; Krause and Semadeni, 2013, 2014), the construct of board leadership has fundamentally remained a double-edged sword, with the separate structure reflecting a control approach on one side and the combined structure reflecting a collaboration approach on the other (Finkelstein and D'Aveni, 1994; Sundaramurthy and Lewis, 2003). The present study moves beyond this dichotomous characterization and examines the *board chair orientation* exhibited at firms with a separate board chair.

With the results of this study, I hope to add some clarity and resolution to the board leadership literature, while at the same time raising new questions for future investigation. Having examined CEO duality for more than 25 years, corporate governance scholars have recently begun to explore different facets of board leadership structure, albeit while still holding to the duality construct (Coles and Hesterly, 2000; Daily and Dalton, 1997; Quigley and Hambrick, 2012). While work in this area has made great strides, these research efforts all operate on the assumption that the separate

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board chair's role is to control the CEO, with different types of chair achieving this to different degrees. With the present research, I attempt to move this literature further in the direction of a more nuanced conceptualization of board leadership by suggesting and empirically demonstrating that separate board chairs can pursue an orientation of collaboration—driven by advice, guidance, and specialization, rather than unity of command—as well as control, and that the orientation(s) a chair applies to the role have significant firm-level consequences.

Identifying the nature of these consequences constitutes another contribution of the present research. Many scholars have posited contingency theories of corporate governance in general (e.g., Hillman and Dalziel, 2003; Lynall *et al.*, 2003), and of board leadership structure in particular (e.g., Boyd, 1995). In this study, I adapt two competing perspectives on the contingency role of past firm performance to predict the effects of board chair orientation on profitability growth, and subsequently, find support for one perspective over the other. Though the results of the present study point unequivocally in one direction, I wish to be very specific and circumspect about the degree of clarity and reconciliation these results bring to the extant literature. The results provide support for Krause and Semadeni's (2013) logic regarding the exigencies raised by past performance, which argued that a control approach to corporate governance is beneficial in the context of poor past performance and a collaboration approach to corporate governance is beneficial in the context of strong past performance.

This support notwithstanding, the present study is not a direct test of Krause and Semadeni's (2013) theory because, like Finkelstein and D'Aveni (1994), they focused on board leadership *structure*, not on board chair orientations. The present research contributes to the literature by showing that the logic behind Krause and Semadeni's (2013) model applies to differences in board chair orientations at separate-structure firms as well as to differences in structure. It demonstrates the power of the control and collaboration concepts to explain governance phenomena and outcomes (Sundaramurthy and Lewis, 2003), even in the context of increasing empirical granularity and specificity (see Gove and Junkunc, 2013).

In interpreting and plotting the results of my analyses, I focused on the marginal effects of the independent variables interacting with past firm performance. That is, I assessed the impact of board chair orientations *relative to the average* effect of past performance on profitability growth by adjusting for regression to the mean. I think it is valuable, however, to provide an alternative interpretation of the results that incorporates regression to the mean. According to the results of the study, prior firm performance exhibits a negative and significant effect on profitability growth. This outcome is known as regression to the mean, and is to be expected when modeling outcome variables over time (Greene, 2008).

Thus, it is possible to interpret significant interactions between board chair orientations and prior firm performance as alterations of the baseline regression to the mean. Using this interpretation, the GEE coefficients suggest that the control board chair orientation is associated with a much stronger than average regression to the mean, whereas the collaboration board chair orientation is associated with essentially no regression to the mean. This interpretation remains consistent with Krause and Semadeni's (2013) logic, but applies a slightly different perspective. Krause and Semadeni (2013) saw a control approach to corporate governance as a corrective mechanism, only valuable in a context of weak firm performance. By creating an extreme form of regression to the mean, the control board chair orientation provides such a correction. In contrast, Krause and Semadeni (2013) saw a collaborative approach to corporate governance as promoting a continuation of the firm's current trajectory. That the collaboration board chair orientation seems to eliminate the normal regression to the mean experienced by the average firm seems to strongly support this intuition; if a firm is performing poorly, a collaborative board chair will perpetuate that poor performance, and if a firm is performing well, a collaborative board chair will provide the CEO with the support necessary to perpetuate the strong performance (for similar insights, see Sundaramurthy and Lewis, 2003). That board chair orientations could alter such a persistent phenomenon as regression to mean performance is testament to their importance as impactful governance attributes.

Regarding practical implications, this research suggests that boards should consider their firms' performance context when adopting a particular orientation or leadership structure. Historically, firms have not tended to change their leadership structure very often except as part of a CEO succession event (Davidson *et al.*, 1998). That is beginning to change,

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with more firms opting for a separate board chair on a more permanent basis (Lublin, 2012). Many firms acknowledge that they consider leadership structure to be a strategic concern. The results of this study indicate that as boards continue to adopt the separate leadership structure, they should think strategically about the board chair orientation required by their circumstances. Separate board chairs can be oriented toward control, collaboration, both, or neither. Boards would do well to select their orientation intentionally, and not assume that function follows form.

Limitations and future research

The present study has some limitations that future research will hopefully be able to overcome. For one, measurement of board chair orientations is based on human-coded text data. No matter how reliable the coding protocol, this process necessarily introduces some subjectivity into the empirics. Collection of primary data on boards' orientations has great potential to expand on the present research. I anticipate that evidence of board chair orientation gathered directly and anonymously from board chairs and other directors would provide even richer insight into boards' thought processes regarding their leadership. Furthermore, only an in-depth and comprehensive qualitative study can ultimately determine the degree to which the proxies used in this research accurately reflect a board's orientation.

In addition, the present study examines board chair orientation over a relatively short period of time (three years), as data have only been available since 2010. It is difficult to predict how the effects of board chair orientations may change going forward. Future research can examine this phenomenon over a longer stretch of time. It is possible that the relationships observed in this study are time-dependent. It would also be valuable to explore unique ways in which the board chair orientations might interact. There is little doubt that theory about board chair orientations will evolve in the coming years, both as data become available and as the board leadership landscape continues to change.

Finally, I limited my investigation to the performance consequences of board chair orientation. I did not hypothesize anything regarding the factors that predict which orientation a firm will exhibit. These factors could constitute a productive avenue of future research. One important line of questioning concerns the level of analysis at which board chair orientation is most determined. Is board chair orientation driven more by individual attributes of the chair, collective attributes of the board, firm history, or even industry characteristics? It will also be important for scholars to examine other consequences of board chair orientations. Given that the present study has shown the importance of board chair orientations to profitability growth, determining what causes boards to adopt these orientations and what their strategic consequences are would help to flesh out understanding of the board leadership phenomenon, driving it beyond its original conceptualization as a simple, dichotomous structure.

CONCLUSION

The present study builds on recent research contending that board leadership is more complex than just CEO duality (e.g., Gove and Junkunc, 2013; Krause and Semadeni, 2013). I argue that board chairs who are not CEOs can adopt a control or a collaboration orientation, and that these orientations have divergent performance effects. The present empirical study supports this argument. In exposing the nuance of this vital phenomenon to scientific examination, I hope to help the board leadership literature take a step toward more comprehensive understanding.

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SUPPORTING INFORMATION

Additional supporting information may be found in the online version of this article:

Appendix S1. Instructions for coding board chair orientations.

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