Chapter 3
How governance paradigm-attachment enacts a spiral of unsaid
CHAPTER 3:
HOW GOVERNANCE PARADIGM-ATTACHMENT ENACTS A SPIRAL OF UNSAID

3.1 Abstract

Despite several previous studies, there is a lack of empirically rigorous and established data on how boards of directors decide what to say ‘in-the-moment’ during formal meetings and decide on strategic issues. By collecting real-time tape-recorded data from 37 meetings of 17 boards and conducting retrospective interviews with 119 board members, this study explored the motives behind what board members say and do not say during board meetings. Individual and group level paradigm similarities and differences, taken for granted implicit voice theories and actual communicative interactions, were compared. Ultimately, this study found that board members who consider their governance paradigm objective and are considered paradigm attached, enact a spiral of unsaid when they try to manage silent conflicts through informal decision-making. When hot situations are enacted due to the spiral of unsaid, the hot situation is managed through scapegoating and ostracizing the board members with the least dominant minority paradigm.

Keywords: board of directors, implicit theories, unsaid, and decision-making.
Recent corporate governance scandals (e.g., Enron 2001, Volkswagen emission scandal 2015, Lehman Brothers 2008, BP scandal 2010) have raised many questions in society regarding how corporate boards function and, specifically, how they make decisions. A frequently raised question is: How come the boards of directors that are responsible for monitoring and safeguarding their firms were not able to prevent such scandals?

This question continues to linger. However, there has been academic research on boards of directors’ behaviors for decades, and this body of work has developed many explanations, including explanations on board independence (Fama & Jensen, 1983; Finkelstein & Hambrick, 1997). In the absence of sufficient data on what takes place in the boardroom, several perspectives on corporate governance have been explored. First, agency theories emphasize the board’s monitoring function and the CEO’s financial incentives (Berle & Means, 1932; Dalton et al., 2007; Jensen & Meckling, 1976). Second, resource dependence theories (Hillman et al., 2009; Pfeffer, Salancik, 1978) and stewardship theories (Sundaramurthy & Lewis, 2003) have asserted the need for collaboration. Third, the behavioral perspective centers on the relationships amongst actors, and how social context and past experiences shape their behaviors (Carpenter & Westphal, 2001; Westphal, 1999; Westphal & Zajac, 2013a).

Despite the large body of work on corporate governance theories, they face two primary issues. First, although different corporate governance perspectives suggest a mix of theoretical variables that might influence board decision-making, it is difficult to adjudicate among them. Different theoretical perspectives illuminate only a particular aspect of the board’s role. For example, while a behavioral perspective might offer new insights into a board’s different roles, little of the rich body of behavioral theory knowledge of boards has spilled over to mainstream theories of boards and corporate governance. Hence, the corporate governance literature has been criticized for oversimplifying the problems, underestimating
the conflicting demands and pressures that board members face (Carroll, Ingley, & Inkson, 2017), and, consequently, risking the presentation of ‘idealistic or heroic’ solutions that are difficult to implement in practice.

A second key issue is that none of these perspectives have typically included studies of boards’ actual behaviors over time and the ambiguities and tensions that boards face. Although behavioral theories of boards explore boards’ actual behaviors, these studies are dominated by survey-based designs. These designs are not particularly well suited to capturing the moment-to-moment interactions and dynamics between individuals, and these studies mostly investigate participants’ post hoc assessments (i.e., after the social interactions have taken place). They, therefore risk measuring individuals’ biased, positive or negative attitudes, opinions and observations toward their fellow board members’ actual behaviors (Baumeister & Vohs, 2007; Frone et al., 1986) and do not explore the differences between an individual board member’s espoused assumptions or theories and their often taken for granted ‘theories-in-use’(Argyris, 1992). Exploring these ‘in-the-moment’ actual behaviors and cognitions elicits many design challenges and raises several ontological and epistemological questions concerning whether social entities should be perceived as objective, subjective or intersubjective (Cunliffe, 2004).

This study addresses this gap by exploring how board members’ governance paradigms shape decision-making in the boardroom. Governance paradigm is considered a construct that describes an individual board member’s finite model of what should be done in a governance context. These governance paradigms are enacted during meetings when board members who have different roles, expertise and backgrounds have to make sense of what is said and respond ‘in-the-moment’. A governance paradigm helps a board member assess their situation and decide how to act. This paper distinguishes two main paradigms or models of reality. The first model describes people that consider their model of reality objective and
have the unshakeable conviction that they are somehow entitled to an objective reality – a reality that others will also perceive faithfully, provided they are reasonable and rational (Argyris, 1992; Pronin et al., 2004). People who consider their paradigm objective are referred to as paradigm attached. A second model describes people who assume people are biased and consciously explore their assumptions when faced with conflicts. (Argyris, 1992, 2003). These individuals are referred to as paradigm conscious.

More specifically, this paper proposes that a paradigm consists of a combination of implicit theories. Implicit theories are taken for granted, ‘in-the-moment’ decisions that are driven by “theories or cognitive scripts that individuals use to effortlessly process stimulus and choose responses” (Detert & Edmondson, 2011, p. 463). Implicit voice theories allow individuals to make a priori predictions regarding the effects of voicing thoughts and feelings, and instruct individuals ‘in-the-moment’ if, and how, to voice their thoughts and feelings. These theories focus on individuals’ motives for not speaking up, for example, the effort and time it takes to voice opinions and the risks of hurting feelings (Voice and Silence in Organizations, 2010). Exploring implicit theories also means that this paper explored both conscious and preconscious human information processing, and how people interpret, construct and, through interpretation and construction, immediately influence their social environment ‘in-the-moment’.

For this study, 17 boards were monitored. Of 16 boards, the majority of board members were mostly governance paradigm attached. Governance paradigm attachment refers to board members who assume their view on governance objective and therefore true. Thus only one board was comprised of board members who were governance paradigm conscious. Governance paradigm consciousness refers to board members who are aware multiple views on governance exist and are aware of the risk of their bias on decision-making. Moreover, this study’s data shows that since the Dutch housing corporations Governancecode
Governance code is ambiguous, the roles assigned to board members enact different governance paradigms. This paper distinguishes seven types of conflicts that are enacted due to role-differences between board members. Additionally, this study found that when board members unknowingly operate from different paradigms but perceive their model of reality objective, they judge their peer’s behavior unfavorably when they act differently from what other board members expect. However, instead of voicing their judgments, their taken for granted implicit voice theories instruct them to silence their opinions during their formal meetings. Nonetheless, board members underestimate how well others signal what is not said and unintentionally risk enacting a spiral of unsaid when they do. Unsaid refers to thoughts and feelings board members have ‘in the moment’ thus during meetings. Moreover, this study found that when board members consider these judgments about their peers or CEO to be relevant and urgent, they intensify the spiral of unsaid when they share the unsaid informally with other board members following the meeting. Since assumptions about how to govern and thus governance paradigm conflicts remain unknown, these differences of opinion cannot be reconciled. Moreover, on the boards where this occurs, the risk of eliciting situations with emotions and speculations – also referred to as hot situations, is heightened when organizational issues and perceived performance issues between board members get tangled up. This paper builds theoretical insights into both corporate governance literature and silence theories. This is done through exploring the retrospective accounts of 119 board members of 17 Dutch two-tier boards and observing 37 meetings that were used in the interviews as a shared data-point. Individual and group level similarities and paradigm differences, implicit silence theories and communicative interactions are compared.
3.2 Attachment to governance paradigms

Boards are large, elite, episodic, and interdependent decision-making groups that face complex tasks, ambiguity and information overload. Therefore, this paper proposes that board members operate with a “finite model or paradigm of how their environment behaves, what options are available, and how organizations should be run” (Hambrick & Fukutomi, 1991, p. 721). According to Kiesler and Sproull (1982) and Lord and Foti (1986), a paradigm is the pre-existing knowledge system that a manager brings to an administrative situation. It includes conscious and unconscious preconceptions, beliefs, inferences, and expectations about how to perform in an administrative context. As such, a paradigm is much like the personal ‘givens’ that a board member injects into their decision making (March & Simon, 1993) and is derived from cultural and previous relevant governance experiences and networks, formal education, and previous observations of events. According to Hambrick and Fukutomi (1991), a paradigm also consists of an individual’s repertoire and the supply of skills a person possesses. Therefore, individuals have varying personal resources for conducting their jobs. These resources are not fixed or stable but are continuously shaped, altered, and improved. In other words, people continuously learn. Hambrick and Fukutomi (1991) make four important assertions that are linked to individuals’ repertoire. The first is that individuals consider some elements of their repertoires proven and reliable, and the second is that other skills are available to individuals; however, not yet particularly familiar. The third assertion is that skills are weaknesses that should be avoided, and the final assertion is that some executives’ potentially available resources may lie undetected or untested. These individual repertoires are derived from prior experiences and personal aptitudes. Correspondingly, other scholars in the field of metacognition (thinking about thinking) posit that individuals adapt their ways of thinking and related repertoires when they learn (Anderson & Lindsay, 1998b; Madsen & Desai, 2010). These scholars define learning as a
process that spans the discovery, retention and exploitation of stored knowledge; it takes knowledge as an input and generates new knowledge as an output (Levitt & March, 1988).

People are, however, not always aware that they continuously learn and that multiple realities co-exist. In this respect, Pronin et al. (2004, p. 781) and Ross, Greene, and House (1977) refer to a social psychological phenomenon, which describes when people take their perspective for granted, consider their take on the world as objective and rational and falsely attribute negative intentions to others when they are confronted with an unexpected outcome, or others disagree with their view. In the same line of thinking, Argyris (1992) refers to model one governing values when people defend their reality when confronted by others with different realities. This paper refers to board members who are either paradigm attached or paradigm conscious.

3.2.1 Governance paradigms consists of a combination of implicit theories

This paper also proposes that a board member’s governance paradigm consists of a specific combination of implicit theories enacted in governance contexts. Implicit theories or heuristic information processing skills (Detert & Edmondson, 2011) enable individuals to relatively effortlessly process ‘in-the-moment’ events (Ross, 1989, p. 342), make sense (Levy, Chiu & Hong, 2006) and make countless small (implicit) decisions and judgments (Anderson & Lindsay, 1998a; Detert & Edmondson, 2011) about the situation they are in. Implicit theories are defined as schema-like knowledge structures (Detert & Edmondson, 2011) about ‘if-then’ assumptions about what behavior will lead to a certain consequence in a specific type of situation (Anderson & Lindsay, 1998b; Detert & Edmondson, 2011). As implicit theories are automated and taken for granted, they operate below consciousness(Leslie, 1987; Scholl & Leslie, 1999).
3.2.2 Silence behaviors trigger implicit theories

Theory of mind scholars state that in a latent silence episode-specific features of the content, context, and target can trigger an implicit theory. Therefore, it is proposed that these implicit theories are highly contextual. People have implicit cognitive skills known as ‘theory of mind’ (Premack & Woodruff, 1978), ‘mentalizing’ (Frith & Frith, 2003) or the ‘intentional stance’ (Newton, 1992) that enable individuals to infer the cognitive states of others by assuming subtle relational cues. According to these authors, this ability is indispensable in human social interaction (Domes et al., 2007).

Furthermore, according to Morrison and Milliken (2003) and Detert and Edmondson (2011), implicit voice theories drive individuals in deciding whether or not to speak up in specific instances. This paper refers to implicit silence theories as it mostly focuses on silence instead of voice. Individuals develop implicit silence theories through an array of experiences in which perceived actions co-occur with outcomes attributable to these acts (Epitropaki & Martin, 2005; Lord & Maher, 1993). Once formed, implicit silence theories tend to sustain because people generally see what they believe rather than explore whether they believe what they believe due to self-protective reasons (Furnham & Smith, 1988; Levy et al., 2006). Implicit silence theories can serve many different motives, such as protecting one’s own (Detert & Edmondson, 2011; Dyne, Ang & Botero, 2003) or other’s feelings or avoiding wasting time or effort (Dyne et al., 2003). Once invoked, implicit silence theories dictate an appropriate response, “they represent prior formation of beliefs about what leads to what” (Bandura, 1987, p. 183).
3.3 This study

There are limited theory and evidence regarding this study’s research question, how do board members’ governance paradigms shape decision-making in the boardroom? Accordingly, an interpretivist, abductive (Alvesson & Kärreman, 2007; Durand & Vaara, 2009), subjective (Cunliffe, 2011) approach was utilized, which involved multiple boards. This study’s embedded design has multiple levels of analysis: individual, dyad, board, sector.

This study’s setting is the Dutch housing corporation sector. This sector was chosen since it was assumed that exploring the actual boardroom behavior and the theories that drive that behavior would be of interest to the Dutch housing corporation sector as it is currently under the spotlight due to several high-profile incidents. In the Netherlands, social housing is provided by housing corporations, which are privately owned non-profit organizations executing a public task. The absence of owners, shareholders or influential stakeholders is the most notable consequence of its legal structure. The corporate governance structure resembles the principal-agency model (Jensen & Meckling, 1976). Supervisory boards of housing corporations include financial experts, housing experts, organizational culture and human resources management experts and assign roles to board members such as the chair, vice-chair, and chair of a committee and stakeholder representatives.

The Dutch housing corporation sector is currently under the spotlight due to various incidents, ranging from integrity violations to billions of euros being lost on high-risk projects and financial derivatives. In 2013, these incidents led to a parliamentary inquiry concerning the housing corporations (Parlementaire Enquêtecommissie Woningcorporaties). According to this inquiry, the Dutch government has failed to establish effective control of these housing corporations. This inquiry suggests that the current institutional design of the Dutch housing corporation sector should be reconsidered because it gives too much freedom for inappropriate behavior.
Direct ‘in-the-moment’ observation of actual behavior and inquiring into the theories behind these actual behaviors is needed to explore preconscious thoughts and feelings.1 Moreover, the taken for granted nature of implicit theories and implicit silence theories could create resistance (Argyris, 1992) when inviting boards. Therefore, because of both of these issues, this study designed its approach to data collection in a critically reflexive manner (Alvesson, 2011; Cunliffe, 2004, 2018). This study’s approach ensured confidentiality at the individual and board levels, did not require much of individual board members and boards’ time but still, nevertheless, provided a collectively rich dataset as a result of 17 boards’ participation. The invitation sent out to the boards elaborately and explicitly described the purpose and theory behind this study’s research question and design.

This study’s sample consists of 15 two-tier boards of small, medium and large housing corporations. As one two-tier board from the financial sector and one two-tier board of the healthcare industry had previously participated in this study’s pilot, the data from these boards were included in this research as well. As each (supervisory and management) board had three to five non-executive directors, one CEO and one or two executive directors, all of which participated in the meeting, the first author interviewed 119 board members in total.

This study’s large sample size is one of its major advantages – it is rare to explore multiple boards in a highly regulated sector, observe multiple board meetings or at least one meeting per board, and conduct interviews with all board members who were present during these meetings. Table 3.1 shows the spread of the size of the housing corporation, measured by housing units, while Table 3.2 summarizes the types of meetings and types of retrospective accounts conducted for this study.

**Tables 3.1: Sizing Housing Analysis**

1 Preconscious thoughts and feelings are thoughts and feelings that are taken for granted at a particular instance but when reflecting on them easily become conscious. Therefore, preconscious thoughts and feelings can be commemorated (Javel, 1999)
Table 3.2: Units of Analysis

<table>
<thead>
<tr>
<th>Unit of analysis</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviews</td>
<td>119</td>
</tr>
<tr>
<td>Meetings</td>
<td>17</td>
</tr>
<tr>
<td>Pre-meetings (without CEO present)</td>
<td>5</td>
</tr>
<tr>
<td>Yearly evaluation of directors</td>
<td>3</td>
</tr>
<tr>
<td>Discussion of findings research</td>
<td>8</td>
</tr>
<tr>
<td>Meeting with Work Council</td>
<td>2</td>
</tr>
<tr>
<td>Directors</td>
<td>88</td>
</tr>
<tr>
<td>Executives</td>
<td>22</td>
</tr>
<tr>
<td>Secretary</td>
<td>3</td>
</tr>
<tr>
<td>Financial Managers CFO’s</td>
<td>6</td>
</tr>
<tr>
<td>Number of women</td>
<td>40</td>
</tr>
</tbody>
</table>

3.3.1 Data source

Four data collection methods were utilized for this study. Board meetings observed by the first author between August 2017 and January 2018 were the first method. Some boards had three different board meetings in succession; one with work council members but without the CEO and other executive board members present, one with only non-executives, and one with both executives and non-executives. While similar topics were discussed at each of these, the participation of different board members affected the communication events. This study’s second important data collection method was confidential interviews that, on average, lasted one hour. These were conducted by the first author with each board member and were planned within two weeks after the meeting. Through these interviews, the first author collected retrospective accounts from each of the board members participating in one or more board meetings. Borrowing the ‘Left-Hand Column method’ from Argyris, and Schon (1974), board members were asked to reflect before the interview on two questions: what were you thinking and feeling during the meeting? And what kept you from saying it? Additionally, from the
theories on mindreading (Nichols & Stich, 2003), the ‘referent shift’ was used to assess board climates (Schneider, Ehrhart, & Macey, 2013). To do this, the board members were also asked to reflect on the questions before the interview: what did you think others were thinking and feeling? And what do you think kept others from saying it? The third data collection method utilized for this study was tape-recorded meetings in which the first author presented her findings with 11 of the 17 boards. The final and fourth data collection method involved a conference, in April 2017, with 120 members of the Dutch Housing Corporations Union for non-executives in which the first author presented and discussed her (preliminary) findings.

Through the observations of the meetings, contextual information that was essential to effectively inquire into the thinking of each board member was acquired. Moreover, through tape-recorded data of the meetings, the first author was able to re-listen to what was actually said, after receiving all retrospective accounts from all the board members. The first author was, therefore, able to explore differences and alignments between what individual board members recollected, and between what was actually said and not said. Additionally, the observations and tape-records of the meetings, in combination with all the board members’ retrospective and tape-recorded accounts of what was said and not said, offered unique insights into board communicative event cycles, even when one or two board members did not seem to share all they that knew in the interview. Finally, through presenting and discussing preliminary findings per board and with members of the union collectively, the first author was able to theorize with board members about the effects of shared implicit theories on actual behavior in the boardroom.

3.3.2 A hypothetical board with real features

On a board of directors, which comprises five directors and a CEO, two out of the five directors told the first author in confidence that they were not content with the CEO’s performance.
However, they withheld and sugarcoated their opinion on the board out of fear of the perceived risk of demotivating the CEO. Moreover, the two directors that were not content with the CEO’s performance also told the first author that they noticed that two of the other directors were highly valued by the chair, the CEO and each other. Moreover, since one of the directors is a well-known CEO of another company, they assumed that voicing their concern might damage their nascent relationship with that director. Additionally, because the chairman of the board of directors – whose peers describe as a “highly experienced, charismatic but rather closed and diplomatic person” – often defended the CEO’s performance, the two discontented directors told the first author that they were convinced that the chairman would wholeheartedly disagree with them and, thus, not welcome their opinion. The fist author noticed when analyzing the data that the retrospective accounts of the two worried board members overlapped. This was despite differences in the two worried board members – one director had a financial background, was a member of the audit committee and perceived to be rather silent and distant by his peers, whereas the other had a human resources background and was described as an extrovert and very tense. They entered the board in almost the same period and told the first author that they regularly talked informally, either on the phone or in the parking lot after the meeting, as they both struggled with their situation.

However, the data from the interviews with the other board members highlights that the two discontented board members’ opinions had unintendedly and unknowingly leaked through their suggestive questions and subtle remarks while discussing topics in the formal meeting. The CEO, for example, indicated in his retrospective account that because his legitimacy depends on the individual and collective opinions of the non-executive board members, he actively and continuously assesses their opinion and had noticed the directors were lately not satisfied with his performance. He had noticed the change after two board members left the board, and the two new members joined. The CEO knew that something had changed because of how the board members had, since then, repeatedly asked specific questions, seemed to offer ‘unaddressed feedback’ and there was a rather aggressive tone of voice when discussing various topics. The CEO told the first author that he assumed the directors had informally shared their discontent because, in his regular conversations with the chair, he had noticed that the chair had started to act differently and become distant and even uneasy at times. The CEO had always felt very comfortable with the chair, but now he was not so sure anymore. Although the chair said nothing was wrong and that he was very happy with the organization’s performance, the CEO had not been able to convince him that everything was good. The CEO had discussed the issue with his financial manager. The financial manager had also sensed some tension and felt that the two critical directors’ questions showed little respect for what they as a management team were doing and the CEO and financial manager agreed that they had to double-check their reports to ensure nothing would be held against them.

In the interview, the chair said that he really liked this study’s research topic as he struggled with the board’s group dynamics since the two new board members had joined. Reportedly, the whole dynamics had changed, but the chair had not been able to understand what was going on. The chair had noticed that the two new board members were rather critical and even though he said he very much appreciates critical minds, he disliked their way of communicating, especially how they asked questions and responded to the CEO. They never explained why they asked the questions, and felt they were leading. The chair also told the first author that he was concerned about how the CEO responded to the questions and the directors’ suggestions – he had not seen the CEO act in this way before. However, as the organization was performing very well, the chair said that he felt it was nothing to really be concerned about and that he would address the issue at the self-evaluation with the help of an outside consultant who had helped them effectively before. The two remaining directors did not seem to be aware
of the struggle of their peers and CEO. They noticed a change with the two new directors, but according to them, new members always change the group dynamics and getting acquainted just takes time.

While the CEO had correctly judged that there were doubts and criticisms from the board of directors, he did not assess the level and content of the mixed messages correctly. The CEO, for one, thought all the directors agreed about his poor performance; however, it only concerned two of them. Additionally, the CEO’s speculations regarding why they were discontented were different from what the two directors had shared in the interview. Consequently, the CEO had a more negative interpretation of the reasons behind the questions, suggestions and remarks raised by the two directors than the two directors intended to convey. However, since the CEO felt unfairly treated and attacked, the CEO reacted in a rather defensive way during the formal meeting. This confirmed the doubts of the more critical directors. In defending his opinion, the CEO unintentionally and unknowingly reinforced the perception that he did not take their suggestions and questions seriously.

Moreover, the board’s chair appeared unaware that in reassuring the CEO by, for example, answering the other directors’ questions in the CEO’s place, he reinforced the perception of the two critical directors and unintentionally justified their reasons for not speaking up. The chair had not spoken with the two remaining directors about his struggle because he knew they were too busy with their other work, and he did not want to bother them. The two remaining directors believed that the new members had caused the change in the atmosphere and assumed there was nothing wrong.

Thus, neither of the directors were aware of the motivations of the other directors and acted purely based on sometimes even unconscious speculations. The ultimate result was that the CEO’s performance was not adequately discussed. Since this unsaid information was shared confidentially with the first author, these board members still might not know the real motivations of the other directors.
3.4 Paradigm conflicts

This study’s data reveals that ambiguous governance codes and rules unintentionally and unconsciously elicit governance paradigm conflicts between board members. In 16 out of 17 boards, some board members silently judge a peer’s performance unfavorably when they are perceived to be behaving differently from what is expected by them.

For example, on board 15, the CEO (interview 102) judged the non-executives and their chair for the non-executives’ behavior. However, she also said that she intentionally covered up her thoughts and feelings. She assumed that since she had told the chair that she did not agree with the notes form the performance evaluation, they all knew. However, she did not tell the chair that she did not agree with his performance as well as that of the other non-executives and why not. Consequently, the non-executives were not aware of how the CEO perceived them as a collective, how she experienced the chair and the effects they were having on the CEO. Some of the non-executives also expressed doubts about the CEO’s performance, but, as they did not openly discuss their doubts, the CEO was not told why they doubted her performance. The different board members’ narratives differed, but they were not aware of how. One of the reasons why the CEO did not share her feelings was due to the roles that the non-executives play – she felt dependent on the non-executives’ evaluations of her performance. Only two out of the five non-executives held the performance evaluation conversation with the CEO and the three other non-executives do not know what goes on during those talks and said that they trust their peers’ performances.

Although boards include many other roles apart from the CEO, such as board secretary, vice-chair, committee chairs and other executives, this study found in most cases three roles can elicit seven types of paradigm attachment conflicts. These paradigm attachment conflicts are 1) CEO chair conflict, 2) CEO – nonexecutive conflict, 3) Chair – CEO conflict, 4) Chair - non-executive conflict, 5) non-executive – CEO conflict, 6) non-executive – chair conflict and 7) non-executive – non-executive conflict.

Table 3 describes each type of conflict. When these conflicts are not reconciled effectively and quickly, these silent conflicts can elicit more governance performance

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2 Further details about the study sample are available upon request.
conflicts when board members disagree on how issues are being controlled, managed and reconciled.

For example, on board 11, the non-executives (for example interview 76) think the CEO has a performance issue with his financial manager. As some non-executives judged that the CEO was not resolving this issue properly, some non-executives started judging the CEO’s performance, whereas for example the chair (interview 77) showed empathy regarding the CEO’s approach. Consequently, the non-executives also started judging each other’s performance.

This study’s data also reveals that when board members consider their paradigm objective, reconciliation, even in informal conversations, becomes impossible. For example, in the interviews, the board members did not question their implicit theories and consequently did not explore the motives of their peers. Instead, they made incorrect attributions to their peers. For example, several experienced board members automatically assumed that the unfavorable behavior of their peers was caused by their inexperience. However, in the interviews, the younger peers felt that the rationale for their behavior was not explored and remained uncovered.

For example, on board 13, the chair (interview 87) seems, on the one hand, convinced that timely and efficient management of the board is warranted. However, on the other hand, the board members silently perceive him as hasty and dominant. They seem convinced that a board’s role is to explore issues carefully and are, therefore, think that their chair should facilitate such a dialogue during formal meetings. Since these board members and the chair do not question their paradigms, they risk eliciting a relationship conflict when voicing their expectations and convictions.

Thus, although governance codes instruct board members to assign different roles and responsibilities, these governance codes do not describe how board members should resolve paradigm conflicts that automatically risk being enacted due to these roles.

On board 16, however, board members did not experience performance conflicts. During the board meeting, board members regularly and thus explicitly referred to the subjective nature of human beings while they made sense of and decided on issues. For example, on board 16,
one board member stated during the meeting (board meeting 16) that “our stakeholders’ perspective is that we should do more, and although we know the solution to the problem is not so easily resolved, we need to take into account their perception”.

Additionally, during a formal meeting that the CEO, the board secretary and non-executives all attended, board members did not refrain from giving feedback while discussing issues.

For example, a non-executive, who was seated next to the CEO, put his hand on the back of the CEO while saying, “be aware of the effect of your behavior on them” (first author’s notes of board meeting 16).

Therefore, although they shared feedback on performance, which was related to the issue they were discussing, the way that the feedback was shared suggests that they had talked about it previously, and the CEO had accepted the feedback and had already agreed that he should be aware of the impact of his behavior. None of the board members discussed this moment during the interviews, suggesting that it was a normal way of discussing topics and performance-related reflections. During the interviews, all of the board members’ narratives were aligned – even how board members described their conflicts and how they agreed to disagree were aligned. Board members explained how they had resolved serious paradigm conflicts.

“When faced with severe differences of opinion, we decide that we need more time to explore these differences adequately. Once, however, we still were not able to resolve the issue and needed to decide on the decision which had the majority vote. However, we explicitly asked the minority vote how to manage the disagreement. We agreed we would explicitly monitor and discuss his minority opinion and how to manage the disagreement” (consistent narratives during interviews 105 until 112).
### Table 3.3: Paradigm attachment role conflicts

<table>
<thead>
<tr>
<th>CEO’s paradigm</th>
<th>Chair’s behavior</th>
<th>Non-executives’ behavior</th>
</tr>
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<tbody>
<tr>
<td>CEO’s behavior</td>
<td>The CEO disagrees with how the chair performs his or her task. For example, on one board (board 15), the CEO (interview 102) disagreed with how the performance evaluation process had been executed and described the chair’s perceived unfavorable actions. The CEO even cried during the interview when describing the performance evaluation process. According to the CEO, the process had not been conducted fairly and appropriately. One executive (interview 101) discussed the same issue in his interview and said that he agreed with the CEO’s narrative. The chair (interview 99) and non-executives did not mention the performance evaluation process. However, one non-executive (interview 103) mentioned after the first author re-affirmed the confidential nature of the interview that he was having doubts about the CEO’s performance. Another board member (interview 104) said he knew there were doubts but did not fully agree.</td>
<td></td>
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<tr>
<td>Chair’s paradigm</td>
<td>The chair disagrees with how the CEO performs their task. For example, on one board (board 2), the chair (interview 9) told the first author that she struggled with how the CEO prepared the meeting and how it affected the board meetings but said that she had not been able to resolve the issue. The CEO (interview 80) did not mention this issue. The remaining board members did not mention the chair’s struggle, but some mentioned that they thought the meetings were unstructured.</td>
<td></td>
</tr>
<tr>
<td>Non-executive’s paradigm</td>
<td>A non-executive disagrees with how the chair performs their task. In many interviews, non-executives remarked on how the chair performs his or her task. For example, on board 7, a non-executive (interview 50) had asked the chair for a different approach regarding when and how to meet. She felt that this was essential and explained why. According to this non-executive, the chair disagreed and thus did not intend to follow her request. The chair (interview 51) mentioned the disagreement and explained his motives. The other board members did not mention this conflict. On board 13, several non-executives (interviews 88 and 92) and even the CEO (interview 89) mentioned the chair’s performance. Conversely, the chair (interview 87) appeared unaware of the issue and explained in the interview that the board performed very well. Additionally, on other boards (1, 2, 5, 8, 9, 11, 12 and 13), non-executives mentioned the chair’s performance.</td>
<td></td>
</tr>
</tbody>
</table>

The CEO disagrees with how the non-executives perform their tasks. For example, on one board (board 4, interview 27), the CEO (after having explored the confidentiality of the interview) said one non-executive did not perform as is expected of a non-executive. The CEO said the chair and the non-executive had come to an agreement on when and how the non-executive would leave the board. The non-executive (interview 21) did not frame the issue as a non-performance issue but a cultural difference. The non-executive said that she experienced a non-fit regarding how to govern, and the chair, CEO and the non-executives had had several conversations about it. The remaining non-executives, however, did not mention any differences of opinion or non-fit between the non-executive and the board.
When board members have unfavorable evaluations of their peer’s behavior, this study found that they a) assume their judgment is irrelevant when it is based on a first experience, b) when considering their judgment relevant choose to voice their judgments but risk eliciting a relationship conflict with other board members or c) silence their observations and strategize on if, when, how and with whom they should share their judgment. Most board members try to avoid relationship conflicts since board members perceive that they are highly dependent on each-other’s performance.

When the original conflict is not resolved properly, it can easily feed another performance conflict. For example, a non-executive who experiences conflict with a peer and is not happy with how the chair reconciles the conflict also experiences a performance conflict with the chair. In these cases, a spiral of performance conflicts, through a spiral of unsaid, is set in motion. Additionally, a conflict which at first is only a performance conflict can easily escalate into a relationship conflict and even a general situation conflict. A relationship conflict is a conflict in which board members not only disagree with their peer’s performance but also on their motives and intentions.

For example, on board 10, a non-executive does not fully trust the motives of his peer and assumes she has political motives (interview 66). Moreover, on board 5, several board members speculate on the intentions of a peer since he does not transparently respond to their questions about his performance.

A situation conflict describes a conflict in which performance conflicts and board issues simultaneously feed each other.

For example, on board 11, the board experiences general organizational issues. These include management team members disagreeing on how well the CEO responds to human resources issues, how the chair responds to the CEO and how the non-executives cooperate with the chair and CEO. The narratives about what is going on, and who is responsible for what, and general assessments of the situation between board members of boards that face conflicts differ significantly.
Overall, the data reveals three types of situations. A cool situation in which board members do not judge the performance of their peers unfavorably. Second, pseudo-cool situations. In these situations, some board members silently judge the performance of a peer unfavorably, whereas other board members might perceive their board to be performing well. A hot situation refers to situations where board members are aware there is a performance conflict which shapes the decision-making. Hot situations are enacted when a combination of several performance conflicts and organizational issues make it hard to unravel what is going on.

### 3.5 Unknown paradigm conflicts and unshared implicit silence theories

This study’s data reveals that unknown and unshared implicit silence theories cover up the paradigm differences and biases that elicit the conflicts between board members. Although the Governance codes of Housing Corporations (Governancencode Woningcorporaties, 2020) elicits shared implicit, unspoken and explicit, verbalized governance theories, board members have unshared silence theories. Shared implicit and explicit theories describe how board members think they should collectively govern. Table 3.4 lists a paraphrased summary of remarks that show how board members share ideas on how to govern, collaborate, comply and voice opinions and concerns. Since board members have many shared theories on how to govern, board members are not aware that they also have implicit silence theories on if, when, how and with whom they should discuss assessed conflicts. These silence theories determine if conflicts are discussed effectively or are covered up or silenced. More specifically, this study found that board members have different theories on what should be said, when and how something should be said, what is not said or what is perceived not said and whether people should or should not interpret what is unsaid since their interpretation could be incorrect. Through these different implicit silence theories, board members remain unaware that they face paradigm conflicts instead of performance conflicts.
### Table 3.4: Categories of Shared Implicit Theories

<table>
<thead>
<tr>
<th>Categories of shared implicit theories</th>
<th>Description of categories of implicit theory</th>
<th>Examples</th>
</tr>
</thead>
</table>
| Shared governance theories             | Theories on what non-executive and board members should do and why | “I am responsible together with my peers to monitor the firm.”  
“I am responsible … together with my peers to service the firm.”  
“I monitor through vigilantly reading reports [and] talking to stakeholders.”  
“I service the organization through offering advice to the CEO on the topics I am [an] expert on.” |
| Shared implicit collaboration theories  | Theories on how board members should govern together | “I am responsible for the tasks and responsibilities assigned to me.”  
“I focus on the topics related to my role.”  
“I respect the roles and responsibilities of my peers and the CEO and try not to overstep the boundaries.”  
“I try to offer feedback to my peers in a respectful way.” |
| Shared implicit compliance theories     | Theories on how board members should comply to the rules, codes and regulations | The CEO and secretary check the rules and how, when and what is required by law and code. The board decides and should discuss and do. The chair and CEO prepare the board’s meeting. Non-executives share with the chair if and what they want to discuss. Non-executives receive the agenda, reports and relevant information before the meeting and prepare for the meeting by reading the reports and preparing questions and concerns. |
| Shared implicit formal voice theories   | Theories on why and who should discuss what in formal meetings | Agenda design and information management  
“We decide collectively on how to spend our limited time monitoring and servicing by means of a ‘year schedule’. In addition, committees meet separately to perform their duties. Our year agenda determines when we discuss what, with whom, why and how. Of course, per meeting, additional decisions and changes are made, depending on what is going on. The board secretary double checks if we comply with the rules.”  
“The CEO develops reports that tell us what is going on in the organization, and he responds to our questions. Sometimes an executive presents a topic, and sometimes we talk to stakeholders, formally and informally.”  
“I respect the limited time we have and try to efficiently voice my thoughts and concerns through complying to the agenda, and only voicing relevant and strategic information.”  
“I don’t know exactly who decides on the agenda exactly. Once a year, we discuss our year agenda, and our secretary makes sure we comply to the rules.”  
“We decided this year to have an additional meeting to discuss the strategy of the firm, and of course, we evaluate the CEO once a year, and we have a self-evaluation once a year. Once in the two years, we hire an external consultant … to facilitate our annual self-evaluations. Our remuneration committee decides on how and with whom in detail.”  
“During self-evaluations, we are asked to evaluate our strengths and weaknesses. … I often make notes as a way to remind myself of real-time experiences and observations.”  
“Our remuneration committee also decides on how we evaluate our CEO once a year as well. Of course, only two people, the remuneration committee members share our evaluation with our CEO as it would be too overwhelming for the CEO to have a joint evaluation.” |
3.4.1 Contradicting implicit silence theories

Based on their silent assessment, board members were found to weigh and strategize how they should respond to whom. This was either ‘in-the-moment’ or ‘out-of-the-moment’ in informal conversations or future formal meetings. According to board members, these responses are either highly automated and preconscious or more carefully and consciously thought out. Thus, although many board members stated that speaking-up is key in the boardroom, they have different implicit silence theories. There is a general and espoused norm or explicit theory that board members should speak-up in the boardroom, and this study found that many board members also automatically assume that all board members voice relevant concerns and opinions. However, board members were also found to often silence their opinions formally and collectively and thus immediately. Consequently, if something is said, it is not always said formally and is, therefore, not always known to all board members. Accordingly, some board members said that they think all relevant concerns and opinions should be said and consequently assume that all is indeed said (for example, board 8, interview 53). However, at the same time, other board members of the same board had prepared in detail what they had not said during the same meeting (for example, board 8, interview 57). Again, other board members said in the interview that they had only sensed feelings during the meeting but had not been fully aware of what they were thinking and feeling during the meeting (for example, board 8, interview 58). They said that it was only as a result of the research questions that they had become aware of what they had been thinking and feeling during the meeting. Some board members even used the interview to reflect and started challenging their more deep-seated assumptions regarding governance and the board’s performance during the interview (for example, board 7, interview 48 and board 4, interview 23 and board 14, interview 94 and board 8, interview 57). The interviews also uncovered that many board members think all should be said but think that the when, why and how it should
be said depends on the topic, context, and relevance. Many board members, therefore, agree that not all should be said ‘in-the-moment’ during the formal meeting.

Board members have unshared and even contradicting implicit silence theories regarding if what is not said is nonetheless communicated and ‘heard’ by other board members. While some board members were able to express in a detailed way what they thought others had been thinking and feeling, others said that they were not reading minds and again other board members thought that reading minds was too speculative and they would, therefore, rather not reflect on that question. However, at the same time, most board members said that they expect the chair to be responsible for hearing, sensing and managing what is not said. One board member even said that good chairs read what is not written and hear what is not said (board 13, interview 87).

3.4.2 Unshared implicit silence theories

This study found that board members have three unshared implicit silence theories that instruct board members in whether and how they should voice their ideas and concerns. A first difference involves whether emotions and relational information should be shared in formal meetings and, if shared, how and when emotions or relational information should be shared. Several board members said that this type of information should not be discussed during the regular meeting because of the executives and CEO’s presence. These are members of a different group with different stakes.

According to these board members, sharing this type of information risks causing a loss of face of someone present during the meeting or even a breach of trust. However, if emotions and relational information are shared, the tone should be diplomatic, constructive and productive. If not, board members said that they risk eliciting a conflict between board members. When risking conflicts, many board members noted that informal conversations are the correct way to discuss personal issues, emotions and feelings. Some board members also
said that they do not expect the chair to share with the board what was discussed in informal conversations. These board members said that information that can be considered private should not be shared, and they, therefore, do not expect all information to be voiced.

A second difference concerns how to manage the lack of time. Many board members said that agenda discipline is important and considered diverting too much from the topic and agenda-design disrespectful, especially towards the chair who is perceived responsible for managing time. On the other hand, board members also mentioned that they silently felt they lacked the necessary time to discuss topics properly or that the speed of the meeting was too fast to properly process and respond to what was said. Some chairs (board 2, 5, 10, 11, 13, 15, 13, 11) were not aware their way of managing the board was not perceived effective by all board members. One (interview 87) even said that he ‘took pride’ in managing the meeting in a timely fashion but was not aware that his peers had different implicit theories regarding time-management as they only voiced their concerns regarding the speed of the meeting during the interview. In several boards (2 and 7) board members felt that they were overloaded with detailed information, a too operational agenda and that they were not talking about the strategic topics that they should be deliberating on. In boards 11 and 15, non-executives felt that the order of the topics on the agenda should have been reversed because board members were unable to discuss an urgent strategic topic properly because less important topics had preceded this issue. These board members felt that their vocal response is highly dependent on the chair’s way of designing and managing the meeting.

A third difference concerns how a minority voice should be managed. Board members who have a minority voice have a different perspective on the risk of voicing opinions and concerns than the remaining group who are either unaware that a minority voice is present or do not agree on the opinion of the minority voice. This study’s data reveals that individual board members assess each other’s ways of thinking as they are dependent on each other’s
decision-making power. As board members do not have the power to act on their individual decisions, they depend on other board members’ thinking and opinions. In the interviews, the board members said that they feel dependent on whether and how they can influence other board members’ thinking. Consequently, board members not only assess how others think and feel about the topic at hand but also think about how others will listen and respond to their message, opinion or concern.

Therefore, in cases where individual board members’ sense or perceive that they have a minority voice, they assess how the other board members will respond to their concerns and opinions. They calculate whether the expected result will legitimize the perceived effort and individual and board risk of voicing concerns and opinions. If a board member expects that voicing their opinion will not change the outcome of the deliberation but will risk hurting the board’s cohesion, a board member would generally choose not to voice their opinion. However, other board members on the same board might not be aware their peer experiences risks or effort costs. Therefore, they have different implicit theories on the risks of voicing opinions and concerns during the meeting. On several boards (for example board 13, board 10, and 4) where one board member perceived that they had a minority voice and that sharing their opinion was risky, the other board members assumed that all could be said without risk.

3.4.3 Managing conflicts informally

Board members aim to influence the implicit theories of their peers in formal meetings and in informal conversations; instead of exploring their own implicit theories. This study found that board members’ roles, previous experiences and governance paradigms shape whether and which (group of) board members they try to influence, and how. Moreover, who influences who and how also depends on actual and perceived power and the status differences between board members. These status differences are enacted due to different levels of seniority, roles and tenure on the board. Status differences refer to the prestige, respect and
esteem that an individual has in the eyes of others. Therefore, although boards are formally referred to as ‘inverted power structures’ (Garg, 2013; Garg & Eisenhardt, 2017), which suggests a structure in which several non-executives equally share formal power over the CEO, status differences are salient between non-executives, between the chair and non-executives, and between the chair and CEO. For example, differences in age, knowledge and experience, tenure and roles have a significant impact on how board members assess their individual situation and their relationships and influence in the board and how a conflict should be resolved.

Additionally, when board members have been working together for a while and have strong ties, these relationships also enact various status differences with the non-executives that are new on the board. Board members frequently mentioned how they experience and perceive the ties between board members and how it shapes their decision-making. The formal power structure on the board can, therefore, significantly differ from the actual status difference between board members of the same board. Moreover, status differences can also be perceived differently between board members. These types of differences also feed paradigm conflicts.

### 3.5 Spiral of unsaid

This study’s data reveals that ‘paradigm attachment’ elicits a spiral of unsaid when board members’ unconsciously have conflicting paradigms (see Figure 3.1). This paper proposes that ‘the unsaid’ is an individual-level concept that describes how individuals unilaterally and, therefore, silently judge each other’s performance. Thus, when a subgroup of board members’ behavior does not fit the paradigm of other board members, and, consequently, what behavior they expect, they silently start judging each other’s performance. Through shared unsaid, a spiral of unsaid then shapes informal and implicit individual decision-making that deviates from formal and explicit board decision-making. This paper proposes that, as a
concept, the shared unsaid captures how a subgroup of board members informally evaluates the behavior of their peers and decides how to influence the performance of their peers.

This study also found that board members often only gradually, increasingly and silently start disapproving of peer board members’ performance. They first notice a discrepancy with what they expect. However, they do not consider their assessment relevant or valid since it only happened once. Then, cautioned by their first assessment, they silently start focusing on it. When they consequently bracket this specific behavior again, they start assuming that what they had noticed previously is correct, and they start silently judging the performance of their peer. Some board members even said that they began taking notes of these silent assessments when they thought their assessment became relevant. They also said that these assessments and notes would be used when they evaluate each other’s performance formally in meetings set up for discussing their performance.

Since board members are highly interdependent, these silent judgments shape their decision-making. First, since board members assign and divide tasks, they are dependent on how the other board members perform their tasks. For example, the chair and CEO set the agenda, the CEO monitors time, members of the audit committee analyze financial reports and inform other board members of their findings, and the remuneration committee decides how the CEO and board evaluate the CEO and board’s performance. However, when board members silently disapprove of each other’s performance, these silent judgments also shape how they listen and respond to each other. In other words, what is and is not said plays a significant role in shaping their deliberations and formal decision-making. Moreover, how board members listen and respond to each other depends on their paradigm, which is also shaped by previous experiences.

Paradigm conflicts that are enacted during formal meetings elicit a pseudo-cool board situation when these silent judgments are not reconciled effectively ‘in-the-moment’, and
board members subsequently discuss their judgments informally and elicit shared unsaid but behave as if there is no conflict. Moreover, when board members with shared paradigms discuss and confirm their biased judgment about their peer’s performance informally, they consequently automatically create a subgroup paradigm conflict. Thereafter, when bystanders notice these silent subgroups emerging, they silently start evaluating their position on the board and assess the risks of voicing concerns and opinions. When these subgroups strategize and decide on how and when they should discuss and influence their peer’s performance, they elicit shared unsaid. Additionally, when board members share their judgments directly with the peer with whom they unknowingly have a paradigm conflict but are not able to reconcile their differences due to their paradigm attachment, their biased judgment is confirmed instead of being removed. Since board members consider maintaining board cohesiveness as being in the boards’ best interests, they try to avoid heated debates. They, therefore, silence their judgments but elicit more unsaid and shared unsaid.

Table 3.5 provides an overview of the type of situation, type of conflict, type of role paradigm and paradigm attachment and the level of unsaid. Finally, when hot, strategic and complex organizational issues urgently need resolving and stakes are high, board members’ have an increased need to voice their concerns and opinions. However, due to unknown paradigm conflicts and silent conflicts, their decision-making processes become increasingly difficult. In trying to influence the outcome of the decision, board members’ proactive voices increase; however, the risk of enacting a hot and open board situation also increases. A hot and open situation not only affects the quality of the decisions made but also impacts a board’s cohesiveness. Both are important criteria that determine board performance (Forbes & Milliken, 1999). These types of open conflict situations need to be resolved quickly since stakeholders who have become aware of the conflict monitor if and how the board resolves the issue and their internal conflicts. This study found that either the minority paradigm is
silence and the board returns to a pseudo-cool board situation or board members leave the board. The underlying paradigm conflict, however, has not surfaced and has, therefore, not been resolved. Accordingly, the unsaid is not dissolved through the said but enacts more unsaid, and the spiral of unsaid is set in motion. Conversely, when paradigm conflicts are reconciled or managed, the unsaid dissolves as a result of the said.

**Table 3.5: Overview of Each Boards’ Situation, Conflict, Paradigm Conflict, Type of Unsaid and Paradigm Attachment**

<table>
<thead>
<tr>
<th>Board number</th>
<th>Type of situation</th>
<th>Type of conflict</th>
<th>Type of role paradigm conflict</th>
<th>Type of unsaid</th>
<th>Paradigm attachment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pseudo-cool</td>
<td>None</td>
<td>Between CEO and non-executives and between non-executives</td>
<td>Unsaid</td>
<td>Mixed</td>
</tr>
<tr>
<td>2</td>
<td>Pseudo-cool</td>
<td>Relationship</td>
<td>Between non-executives and CEO and one non-executive and between non-executives</td>
<td>Unsaid and shared unsaid</td>
<td>High</td>
</tr>
<tr>
<td>3</td>
<td>Pseudo-cool</td>
<td>Performance</td>
<td>Between CEO and one non-executive and between non-executives</td>
<td>Unsaid and shared unsaid</td>
<td>High</td>
</tr>
<tr>
<td>4</td>
<td>Pseudo-cool</td>
<td>Performance</td>
<td>Between combination of CEO and chair and a non-executive</td>
<td>Unsaid and shared unsaid</td>
<td>High</td>
</tr>
<tr>
<td>5</td>
<td>Pseudo-cool</td>
<td>Performance</td>
<td>Between non-executives and chair, between non-executives and between executives and non-executives</td>
<td>Unsaid and shared unsaid</td>
<td>High</td>
</tr>
<tr>
<td>6</td>
<td>Pseudo-cool</td>
<td>Performance</td>
<td>Between non-executives, between executives and non-executives</td>
<td>Unsaid</td>
<td>High</td>
</tr>
<tr>
<td>7</td>
<td>Pseudo-cool</td>
<td>Performance</td>
<td>Between non-executives and chair</td>
<td>Unsaid and shared unsaid</td>
<td>Mixed</td>
</tr>
<tr>
<td>8</td>
<td>Pseudo-cool</td>
<td>Performance</td>
<td>Between CEO and non-executives</td>
<td>Unsaid and shared unsaid</td>
<td>Mixed</td>
</tr>
<tr>
<td>9</td>
<td>Pseudo-cool</td>
<td>Performance</td>
<td>Between one non-executive and two non-executives and chair</td>
<td>Unsaid</td>
<td>High</td>
</tr>
<tr>
<td>10</td>
<td>Pseudo-cool</td>
<td>Relationship</td>
<td>Between one non-executive and another executive</td>
<td>Unsaid and shared unsaid</td>
<td>High</td>
</tr>
<tr>
<td>11</td>
<td>Hot</td>
<td>Situation</td>
<td>Between chair and non-executive and non-executive with chair and non-executive and CEO and CEO with non-executives</td>
<td>Unsaid and shared unsaid</td>
<td>High</td>
</tr>
<tr>
<td>12</td>
<td>Hot</td>
<td>Performance</td>
<td>Between non-executives and chair and between non-executives</td>
<td>Unsaid</td>
<td>Mixed</td>
</tr>
<tr>
<td>13</td>
<td>Pseudo-cool</td>
<td>Performance</td>
<td>Between non-executives and chair and executives and chair</td>
<td>Unsaid</td>
<td>High</td>
</tr>
<tr>
<td>14</td>
<td>Pseudo-cool</td>
<td>Performance</td>
<td>Between CEO and non-executives and between non-executives</td>
<td>Unsaid</td>
<td>Mixed</td>
</tr>
<tr>
<td>15</td>
<td>Hot</td>
<td>Relationship</td>
<td>Between executives and chair and between non-executives and executives</td>
<td>Unsaid and shared unsaid</td>
<td>High</td>
</tr>
<tr>
<td>16</td>
<td>Cool</td>
<td>Cognitive</td>
<td>None</td>
<td>Said</td>
<td>Low</td>
</tr>
<tr>
<td>17</td>
<td>Pseudo-cool</td>
<td>Performance</td>
<td>Between one executive and one other non-executive</td>
<td>Unsaid</td>
<td>High</td>
</tr>
</tbody>
</table>
Figure 3.1: Framework: Spiral of Unsaid

**Unsaid:**
silent strategizing on how to resolve a board members’ perceived unfavorable performance

**Shared unsaid:**
informal strategizing in a subgroup about a board member’s performance

**Spiral of unsaid:**
ostracizing a board member with a (perceived) unfavorable performance

**Unsaid:**
silent strategizing on how to resolve a board members’ perceived unfavorable performance

- to a pseudo-cool situation → to a hot situation → to a cool situation

Board member exits the board
3.6 Discussion

This study captured a rare view into the inner workings of 17 boards and the thought processes of 119 board members. By utilizing this rich body of data to detail how board members’ governance paradigms shape decision-making in the boardroom, this paper has made several valuable theoretical contributions at the nexus of corporate governance and voice theories. Through exploring implicit theories and observing voice behavior, this study focused not on what board members should do, but on how they actually think and what they actually do in formal meetings. This enabled this study to shed a powerful new light on board behavior and real-life governance issues. This paper adds a valuable process component to how individuals through, socio-cognitive aspects and communicative events, automatically enact board decision-making. This study shifts the attention to how board members continuously balance the trade-off between the agency and stewardship perspective and between individual and collective responsibility. It highlights how board members silently struggle with overcoming many ‘in-the-moment’ dilemmas due to these trade-offs. This paper also clarifies how even board members’ who have the power to act do not always voice their thoughts and feelings because of the taken-for grandness of ‘in-the-moment’, interdependent and dynamic nature of voice. This offers new perspectives on corporate governance. This paper also clarifies how contradicting implicit voice theories enact unsaid and thereby contribute to voice theories that currently mostly focus on employees, conscious, motives and conditions for not sharing relevant information.

When conducting this study, the first author was agnostic and open to being surprised by the data. Unexpectedly, this study’s emergent attempt to theorize primarily contributed to a combination of agency theory, stewardship and the behavioral perspective. All three perspectives are simultaneously relevant for board members’ voice behaviors. Therefore,
only researching one of the perspectives over-simplifies the dilemmas that board members face in the boardroom.

More specifically, this study found that the traditional conceptualization of principal and agent to be regularly flipped or mixed, depending on the dynamics between the CEO, the chair and non-executives’ thinking and voice behaviors. Significantly, this was also mixed depending on the paradigm of board members and the resulting informal faultlines that paradigm conflicts enact in the boardroom. This suggests the need for a more nuanced theory regarding governance structures that considers how status differences and the informal faultlines among non-executives, executives and chairs enact informal (not formal) sensemaking and decision-making.

This study also highlights the need for the behavioral perspective on corporate governance to be extended (Westphal & Zajac, 2013). As a result of generally relying on social psychological theories, studies in this stream have usually focused on single behaviors at a given point in time rather than on how board members’ socio-cognitive behaviors shape each other’s socio-cognitive and actual behaviors over time. Thus, this study shifts the emphasis from isolated behaviors to a process view that interlinks socio-cognitive, actual and multilevel (individual, subgroup and group) behaviors and which automatically describes how board performance unfolds over time. This begins to pave the way for a combination of socio-cognitive and behavioral perspectives on board members’ relationships that is less atomistic, more dynamic, and has a greater focus on the temporality of performance.

This study calls into question key assumptions in corporate governance theories. First, it questions the key assumption that autonomous and independent and rational board members always speak-up or voice their concerns and opinions. This study found many reasons for board members not to voice their thoughts and feelings ‘in-the-moment’ and also
highlighted the relevance of the temporality of not sharing observations, thoughts and feelings ‘in-the-moment’ on a board’s performance.

Second, this study questions the effectiveness of the governance code. This study has established, on the one hand, that the governance code is more ambiguous than the code is perceived to be. The code suggests that if board members behave according to the code, board members will comply with what is expected from them. However, since the code does not explain how board members should respond to the many dilemmas that they encounter, board members are not aware that their dilemmas are collective and could be viewed as ‘institutionalized dilemmas’ instead of individual dilemmas. Additionally, board members have many shared implicit and explicit theories about how they should govern. In direct contrast to what the governance code suggests, board members do not perceive the need to explore how and when board members disagree on how they should govern. Therefore, it is evident that they are unaware of how other board members think differently about governance. Moreover, when board members perceive that there is a lack of time to properly assess the organization and discuss issues, they prefer to stick to discussing the most urgent topics instead of exploring and reflecting on governance perspectives. Furthermore, when board members face performance conflicts, these conflicts increase the complexity of governance and needs to be resolved separately from other organizational challenges. Time, therefore, becomes even more scarce. Accordingly, since personal and organizational stakes are high – especially when urgent and strategic issues need to be resolved – performance conflicts further complicate the resolution of the issue. Unraveling these situations becomes increasingly difficult, and governance codes do not instruct board members how to deal with these types of hot situations.

Third, when board members consider their paradigms to be correct and objective, they are automatically assuming that other board members’ paradigms are incorrect. This hinders
inquiry into other board members’ implicit theories and the resolution of the misalignment. In accordance with the theories of Ross (1979) on naive realism, false attribution biases and false consensus biases, and Argyris (1999) on defensive routines, this study found that since two theories cannot both be correct or incorrect, board members’ view the only way to resolve this difference is by automatically attributing incorrect motives or flawed personal traits to the other board members. Especially since the governance code of housing corporations is viewed objective, board members assume their governance paradigm to be correct and in accordance with the code as they are unaware the code can be interpreted in many different ways.

3.6.1 Generalizability and Boundary conditions

As in all research, boundary conditions are limitless and relevant to theoretical generalizability. Although this study’s approach was reflexively designed to maximize the numbers of boards participating while ensuring the quality of the data, this study has several limitations that potentially reduce the validity of its findings. First, the boards that were willing to participate might differ from the boards that did not want to participate. The boards motives for participating showed either an interest in the unsaid, or felt it was their societal responsibility to participate. Other boards however said that they did not want to participate because their situation too dynamic (notes of the first author) or perceived the question too subjective. Their views on governance might therefore be different from the ones that did want to participate. Second, not all what was unsaid was said to the first author. Regularly the first author noticed board members were hesitant to share what they were thinking, and moreover inconsistent narratives also suggested that not all was said. Third, the presence of the first author might have influenced the data. For example, some board members said they felt the energy had been different due to the presence of the first author. Also, the first author noticed that regularly board members had made remarks about the unsaid during the meeting
and had looked at the first author when they did. Additionally, the analysis could have unintendedly confirmed the author’s paradigm. For example, the first author while asking about the unsaid, the first author made board members aware of what was not said. This alone already changed the findings. Fourth, there could be issues with the accuracy of the board members’ recollection of what was not said during the formal meetings as some of the interviews only took place within two weeks after the meeting had taken place. Some board members had already talked to each other, previous to the interview and after the meeting and therefore their recollection had already been shaped by these conversations. Nonetheless, these risks were minimized through continuous explicit testing of emerging assumptions as suggested by (Schön, 1983) and the limiting of the unsaid between the first author and respondents. Inquiries were also made into the reasons why the boards that were not able or unwilling to participate did not participate.

Based on this study’s subjective and abductive account, it is proposed that a combination of paradigms, levels of attachment and, therefore, a combination of shared and unshared implicit theories create a unique board dynamic and board performance. Despite the uniqueness of each board, it is also proposed that they all risk enacting the unsaid, unsaid known and a spiral of unsaid known when influential board members are paradigm attached.

It is also proposed that this study’s assumptions about the research conducted might fit both public and corporate organizations as Dutch housing corporations are hybrid organizations (Blessing, 2012). As these private institutions face the statutory obligation to execute public tasks, the data and theory emerging from this research might be applicable to both public and private institutions.

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