Board of Directors in Norwegian Family Businesses

Results from the Value Creating Board Surveys

Lise Haalien and Morten Huse

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Outline

Foreword

This is one of several research reports written within the research program “The Value Creating Board”. The program is conducted at BI Norwegian School of Management and can be described by the following key words: boards, value creation, small and medium-sized firms, and actual board behavior.

The research program contributes to increase our knowledge about corporate governance, but the focus of the research program is boards of directors. The value creating concept is also wider than just value creation for the shareowners. Our point of departure is that a firm has other objectives and obligations than just to serve the shareowners. Innovation, corporate social responsibility and long-termism are concepts being parts of our value creation understanding. In the research program we want to increase the knowledge of boards of directors, and within issues relating to boards we have focused on two separate, but overlapping topics. The first is boards in small and medium sized enterprises, including boards in family firms. The other is actual board behavior and behavioral perspectives on boards and governance.

The research program is funded by the PULS program of the Norwegian Research Council together with Center for Cooperative Research at BI, DnB Invest (DnBNor), Innovation Norway, NHO-Conferation of Norwegian Enterprise, Odin, Oslo Stock Exchange, PriceWaterhouseCoopers and Vital Insurance. The program has a core group of scholars affiliated with the Department of Innovation and Economic Organization at BI Norwegian School of Management, but we also have close ties with colleagues at other departments and other universities. Some of the research projects are conducted and published together with them. We have for example close cooperation about projects with colleagues in Sweden, in the Netherlands and in Italy. This report on family businesses leans on such cooperation and in particular from the input from Luca Gnan and Daniela Montemerlo from Bocconi University in Milan.

Research reports, like this booklet, are one of several ways of publishing results from the research program. This and similar reports have mainly descriptive objectives. The purpose of these reports is to document the work that has been done, and the reports shall contribute to discussions and decisions about themes to be researched more in detail. In addition to the research reports we also publish books and scientific articles. Some publications are directed towards students, executives and policy makers, while others are directed towards the international scholarly community. Within the frames of the research program two doctoral theses are now being written at BI Norwegian School of Management BI.

This report is written by research assistant Lise Haalien, MSc under guidance by me as program director and coordinator. However, several others have also contributed to the report, including Cathrine Hansen, Jonas Gabrielsson, Jon Erland Lervik, Pingying Wenstøp, Jon Erik Svendsen and Elbjørg Gui Standal. Thanks also to Torill Eide and Tore Abrahamsen.

This is the third research report that present results from collected survey data about Norwegian boards. The first report (written in Norwegian) was called “The innovation survey” (published in April 2004) and is available on our websites (www.bi.no/boards). The second report (also written in Norwegian) was called “Description of Norwegian boards” (published in February 2005). It is also available on our websites as well as in a separate booklet. An English summary and an English explanation to the tables are included in the latter report. A fourth report from the research program has also been published (January 2005). The fourth report is not from the collected survey data, but based on one qualitative case study. Various publications from the research program are listed at the end of the present report.

The present research report is about boards in family businesses. Family business governance is a theme we have found increasingly interesting and important. Family business research is thus a topic we have given increasing priority within the research program. We have therefore also got involved in various family business research networks as International Family Enterprise Research Academy (IFERA) and Family Business Network (FBN). We have also presented various scientific articles on family business governance at research conferences as the Academy of Management, European Group on Organisation Studies (EGOS) and European Academy of Management (EURAM).

In this report we make comparisons across firm sizes, and between family businesses and other firms. A family business is not a clear concept, and various family business definitions exist. We have thus also decided to show how our findings vary across various family business definitions. We decided to write this report in English as the previous reports have been written in Norwegian. We have needed a report that can help us communicate our descriptive findings to colleagues that do not read Norwegian.

Morten Huse
Director for the research program “The Value Creating Board”
August 2005

1. Boards of directors in family businesses

Corporate governance has through the last decades received considerable attention, but most of the attention has been given to boards and governance in large publicly held corporations. However, most firms are small and medium sized, have concentrated ownership and in most cases they can also be characterized as family businesses. This report is about boards in small and medium sized family businesses.

This report is one of several research contributions, which are the outcomes of the research program 'The Value Creating Board' conducted at The Norwegian School of Management BI from 2003 to 2007. The report responds to three main questions in research about governance in family business.

1. What differentiate boards in family businesses from boards in other firms?
2. How does firm size impact the role of boards in family businesses?
3. How do core aspects of family businesses impact their boards of directors?

The report is based on the data obtained in two major surveys, the "innovation survey" and the "small business survey". The surveys were conducted in 2003/2004 and report findings from answers by CEO's from 985 firms. This report first of all focuses on whether firm size has an impact on board behavior. A comparison between family and non-family businesses is made. Additionally, we explore the importance of clarity about family business definitions. We show how the descriptive statistics vary depending on the family business definitions that are used. This is an issue being discussed in the family business literature.

1.1 Family businesses

Family businesses are important to study because the majority of independent businesses are family owned, objectives in family businesses are likely to differ from non-family businesses, they are managed differently from non-family businesses, and developing governance systems in family businesses may have a large impact on society (Astrachan and Shanker, 2003; Corbetta and Montemerlo, 1999). Family businesses range from small shops to large empires, and core aspects of family business definitions include ownership, management, generation transfer, intentions to continue as a family business, family goals and interactions between the family and the business (Astrachan, Klein and Smyrnios, 2002).

Sometimes a family has several businesses, and sometimes a business may have several family owners. Furthermore, there may be large families in small businesses, and small families in large businesses. In this report we concentrate on businesses regardless of family size. There are also examples where the owners of a business are within a family, but the most influential persons in the family are not direct owners of the business.

Regardless of family business definition, in most countries most businesses may be defined as a family business (La Porta, Lopez-de-Silanes and Schleifer, 1999; Westhead and Cowling, 1998). In the United States 80% of the businesses are run by families (Shanker and Astrachan, 1996).

Neubauer and Lank (1998) argue that family businesses may enjoy competitive advantage due to a remaining entrepreneurial character and having a strong sense of responsibility to societies. Kets De Vries (1996) states that family members may gain business expertise during early childhood. This may also be a competitive advantage. Tagiuri and Davis (1982) state that family firms have a complex stakeholder structure that involves family members, top management and a board of directors. Family members are significant owners and play multiple roles in managing and governing the firm.

1.2 Family business definitions

There is no general agreement among academics when it comes to finding a common family business definition (Pieper, 2003). Reviews of definitions indicate that there is no clear separation between family and non-family businesses and that no single definition can capture the difference between the two types of entities (Astrachan, Klein and Smyrnios, 2002). One reason for this can be the wide scope of family businesses, and there is lack of consensus among scholars on which criteria that are most important when identifying a family business (Handler, 1989). However, some aspects of family involvement is a crucial point in defining a family business (Miller and Rice, 1967).

Villalonga and Amit (2004) show how main definitions of family businesses include different combinations of family ownership, family management and family control. Mustakallio (2002) categorizes the different definitions into six themes:

1. Ownership (family owned)
2. Management (family run)
3. Generations (passed a generational transfer)
4. Intention (the family's intention to continue as a family business)
5. Family goals (that may be broader than short term market prices)
6. Interaction between the family and business

Shanker and Astrachan (1996) argue that the criteria used to define family business should include:

1. Voting control,
2. Percentage of ownership (majority of ownership),
3. Power over strategic direction (family in board),
4. Involvement of multiple generations,
5. Active management by family members (family in leadership).

Perceptual definition. A much used definition is perceptual (Westhead and Cowling, 1998, Johannisson and Huse, 2000, Mustakallio, 2002). Do the main family actors perceive the business to be a family business? This is most often the membership criterion for inclusion in various family business networks. There are major variations across countries as to what main actors perceive to be a family business. In some countries there are more pride related to be a family business than in other countries.

Family controlled or family owned businesses. Other much used definitions of a family business are based on control with ownership rights or voting rights (Neubauer and Lank, 1998), and about having the majority of ownership (Westhead and Cowling, 1998). The voting right definition is different from that of having the majority of ownership. These definitions include major variations in family and business constellations. The questions of voting control and majority of ownership also raises the question of one or more families, or even branches of families. It also raises questions of unequal voting rights. Most often family business definition includes that one or more families are in control or have the majority of ownership.

Family run businesses. Family run business definitions will consider family members in board or leadership positions (Schanker and Astrackan, 1996, Schulze et al, 2001). Board members will have the formal power over strategic direction.

Generation is also an important concept in understanding family business. The generation concept has both with firm age, and with family intentions and family goals to do (Kets de Vries, 1996, Tagiuri and Davis, 1982, Neubauer and Lank, 1998). The generation approaches also show that in family businesses there may be difficulties in distinguishing between business roles and family roles.

According to Westhead, Cowling and Storey (1997), the percentage of family business in one sample can differ between 15% and 81% when different definitions are applied. The objective with this report will be to analyze if and how the description of board composition and behavior vary across various family business definitions.

1.3 Governance in family businesses

The family has traditionally been the model of governance for private businesses (Gomez, 2005). Families were used for centuries to manage private estates, and in private businesses the power was in reality in the hands of the family man acting as bonus paterfamilias. Within the business they could act as they pleased as an owner, but also as a good father respecting laws and business rules. They are economically responsible for the business, and morally they are also responsible in relation to their families, their employees and their environment. The ownership assumptions found in a paternalistic logic are clearly different from those derived from agency theory (Johannisson and Huse, 2000). Present research based on agency theory describes faceless and heartless owners. In paternalism owners have faces and hearts (Aronoff and Ward, 2001).

A main concern in family businesses is to balance the interests of the family and the business (Carlock and Ward, 2001). Business decisions are often found to be taken in the realm of the family and family values rather than in the realm of the business (Johannisson and Huse, 2000). In studies about governance in SMEs we hear anecdotes about how family matters when making decisions in the business. It is reported that board meetings take place almost every day, but around the kitchen table. Others report how family concerns for the business are shared and discussed in family gatherings like a Christmas party. Both the in-kitchen discussions and the Christmas parties may be important governance mechanisms in many family businesses.

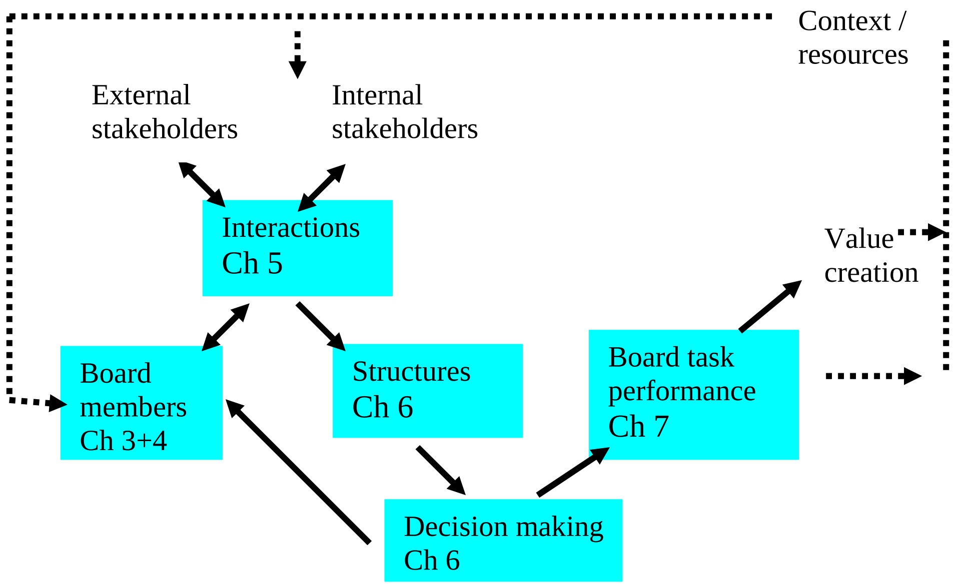
Many family businesses have family councils as a governance mechanism. Family councils are generally studied and discussed as a family governance mechanism in large families and very large family businesses (Lansberg, 1999, Ward, 1991). Sometimes they may be formal and are voluntarily included and described in family constitutions. But family councils may also be informal governance mechanisms that operate in the intersection of family concerns, ownership concerns, governance concerns and managerial concerns.

1.4 A description of boards in Norwegian family businesses

Mainstream board and governance research has been strongly criticized (Daily, Dalton and Cannella, 2003). Most research on boards has used archival data from large U.S. corporations with dispersed ownership, and little attention has been given to board processes and actual board behavior. The focus in this report is boards in family businesses, and we have wanted to answer the criticisms of present “black-box” or input-output studies of boards (Daily et al, 2003, Zahra and Pearce, 1989). In this report we present survey data collected through questionnaires, most of the firms are small and have concentrated ownership. Most of the collected data reflects actual board behavior and board processes. We present a description of boards in Norwegian family businesses.

Family business governance has received increased attention the last years academically, in the media and among family businesses. The reason for this may be that family businesses differ from general business governance, and research on effective governance of large public firms should not be directly translated to the family business context (Pieper, 2003, Gabrielsson and Huse, 2005).

The theoretical background for this report and the research program is contingency theory combined with evolutionary perspectives. Contingency theory implies that there is not one best way of governance, but not all ways are equally good. A design of boards and governance must consider the actors as well as the context. A main challenge in the research program has thus been to study actual board behavior (Forbes and Milliken, 1999, Pettigrew, 1992). Board and governance research has been criticized for having only limited practical or actionable impact (Finkelstein and Mooney, 2003, Lawler et al, 2002). We hope to meet this criticism by focusing on actual board behavior. The theoretical framework is summarized in the following model. The model is described in more detailed in Huse (2005).



The model positions the observations we present in the report. The context is boards in small and medium sized Norwegian family businesses. We will first present our observations about the CEO and the board members including the board chairperson (chapter 3 and 4). Important attributes are tenure, age, gender, experience, knowledge and motivation of the board members and the CEO. We also present various board composition measures like number of board members, independence, diversity, etc. In chapter 5 we present interactions inside and outside the boardroom. Influence, trust, role integration and board leadership are among the measures we will present. In chapter 6 we present the boards' working style, including board structures and decision making, and the number and length of the board meetings, and in chapter 7 we present board task performance, including overall supervisory roles, service and control roles, and the boards involvement in strategic decision making.

Before presenting our observations about the boards we will in a separate methods chapter present the data collection and the samples.

2. Method

The report is a descriptive presentation of data from the “Value Creating Board” program at the Norwegian School of Management BI. The data in this report is about boards in Norwegian family firms.

The initial quantitative data in the value creating board program was collected through two surveys. These are the “innovation survey” and the “small business survey”. There were two main versions in each of the surveys. One was for the CEOs, and another version was sent to board chairpersons in firms where the CEO already had responded. The data collection took place during fall 2003 and winter 2004.

2.1 The “innovation” and “small business” surveys

This report is based on the data from the “innovation survey” and the “small business survey”. The tables illustrate the numbers that were most relevant in a family business context and the questions from the questionnaire that were applicable with the objective of this report.

The “innovation survey” was sent to the three main samples. These were the largest Norwegian firms (762 large firms), a sample of firms with 30-50 employees (427 firms), and a sample of firms with 10-30 employees (541 firms). The CEOs were the respondents of the questionnaires. The questionnaire contained about 200 questions. We called it the “innovation survey” as it also contained questions about corporate entrepreneurship and innovation. During the fall 2003 we received 249 responses with completed questionnaires from CEOs in the largest firms, 115 responses in the mid-size group, and 124 responses from CEOs in the group with the smallest firms. The gross response rates were thus 33%, 27% and 23% for the three groups respectively. However, we made various findings when conducting non-respondent analyses. In the sample of the largest firms CEOs of subsidiaries had not responded in the cases where they belonged to business groups, the gross response rate was lower for firms with foreign ownership (26%), and the response rate from firms with public ownership was also low (33%). The gross response rate from firms being listed on Oslo Stock Exchange was 35%. In the samples of the small firms we found that many firms did not have real boards of directors, and many questionnaires were thus not returned in completed form. This was in particular the case with the smallest firms.

Various ex-post non-respondent studies were conducted. Together with the second reminder to the CEOs we also asked the CEOs why they did not respond. They received six response alternatives, and we received replies from 75 “non-responding” firms indicated the following main reasons: time constraints 25 responses, not relevant for the firm 19 responses, do not want to participate/no incentive to participate 10 responses, no opportunity/nobody available 7, no reasons 14 responses. The above mentioned gross response rates could also be adjusted for 53 questionnaires that were returned unopened due to wrong mailing address, etc.

A total of 488 completed questionnaires were received from the CEOs in the “innovation survey”. However, we also sent an adjusted questionnaire containing most of the same questions to the board chairperson in 446 of these 488 firms. CEO duality existed in 42 cases. We received completed questionnaire from 186 board chairpersons (response rate 42%). The lowest response rates were from firms with foreign ownership, and the second lowest from the smallest firms.

The “small business survey” was sent to random samples of firms that in our original database were registered with between 5 and 30 employees. The questionnaire was similar to that in the “innovation survey”. However, some questions were adjusted to meet the situation of very small firms, some questions were added, and some questions were taken out, e.g. the corporate entrepreneurship questions. In the “small business survey” we first had a sample exploration phase. The questionnaire was sent to the CEOs of 3000 firms. After an introductory question about industry they were asked if overall questions about boards were relevant for their firm. We received 973 responses after one reminder, and 471 out of them reported that the questions were not relevant for them. We received 498 completed questionnaires. The sample was divided into four quartiles with respect to firm size. There were no big differences with respect to responding across the different firm sizes, but the gross response rate for full questionnaires was lowest in the quartile with the smallest firms. It was largest in the quartile with the largest firms.

In the “small business survey” we sent the questionnaire to the board chairperson in 332 of the 498 firms were we had received responses from the CEO. The main reason for exclusion was CEO duality. Completed questionnaires from 87 board chairpersons were received.

In total from the two main surveys we received completed questionnaires from 985 CEOs, and in 285 firms we had responses from both the CEO and the board chairperson. We will here only report descriptive figures about the board of directors, and in most cases only questions that have been asked in both survey. Furthermore, in this report we will only use information given by the CEOs. Lervik et al (2005) reports results where information also from the CEOs is included.

2.2 Description of the sample

In the previous chapter we presented various characteristics describing a family firm. In the surveys we asked questions resembling these characteristics. Among our 985 firms the following number of firms could be considered as family firms based on the various family business definitions:

- 396 cases/40% The CEO perceived it to be a family firm (B04)
- 436 cases/44% One or a few families had voting control (B05)
- 463 cases/47% One or a few families had majority ownership (B06)
- 596 cases/61% Owner families are represented in the board (B07)
- 473 cases/48% Owner families are represented in leadership (B08)
- 211 cases/21% More generations from the owner family active in the firm (B09)

Boards and corporate law in Norway

In the presentation of the results we will generally use the perceived definition, but we will also on all questions report overall figures for each of the six definitions or questions above.

When studying boards of directors we often find that there may be varying legal requirements to board composition that vary with respect to size. In Norway some of these requirements vary with respect to the number of employees. Joint stock companies in Norway must have a formal board of directors. The board of directors shall have a minimum of three members, the CEO is not allowed to be the board chairperson (CEO duality), and the board must delegate the daily operations of the firm to a CEO. However, firms with a share capital less than 3 million Norwegian crowns (about 500,000 USD) do not need to have more than one board member, CEO duality is then also allowed, and delegation is not compulsory. This will often be the case in the very small firms even though they are registered as joint stock companies.

In firms with more than 30 employees two thirds of the employees can demand that the employees shall be represented by at least one board member. In firms with more than 50 employees one half of the employees can demand that one third of the board member, or at least two persons, are elected by and among the employees. In boards with employee representation it is required that there must exist board instructions and CEO work descriptions. Firms with more than 200 hundred employees are generally supposed to have a corporate assembly. The main argument for a corporate assembly is code-termination. Employees and shareholders are electing representatives to the corporate assembly. The main tasks of the corporate assembly are to select board members and to discuss decisions that may be of major or long term importance for the firm. It is possible to get exception from having a corporate assembly. However, there will then be a requirement of having more employee elected board members or observers at the board meetings.

In Norway various corporate forms exist. Firms having various corporate forms are included in the sample. There are some state enterprises, some foundations and some cooperatives among the 985 firms. These will generally not be family firms. However, there are also two types of joint stock companies. One of the types is the firms that are publicly traded. There are about 600 Norwegian firms being publicly traded (called ASA-firms), and about one third of them are listed on Oslo Stock Exchange. These figures are continually changing. The ASA-firms are generally larger than the joint stock firms not being traded publicly. Most ASA-firms have more than 200 employees, but there are also firms not being publicly traded (AS-firms) with more than 200 employees. The large AS-firms are typically family firms, subsidiaries or state owned firms.

In Norway a new law has been introduced about gender representation on corporate board. This law is in operation from 2005 and is only for ASA-firms. Our data were collected before this law became operative. This law requires at least 40% of the board members in ASA-firms shall be of the least represented sex. Similar laws or rules already exist for state owned enterprises.

Responses across firm sizes

In table 1 the total number of responses across firm sizes is presented. The perceived definition of family firms (B04) is used to discriminate between family firms and other firms.

Table 1 Responses and age across sizes (perceived family firm definition)

Number of employees		**0-10**	**11-29**	**30-49**	**50-199**	**200-**	**Total**
Total number of responses	Family firms	161	115	38	52	26	392
	Others firms	163	175	42	88	86	554
Age of firms (median)	Family firms	18	31	33	58	79	
	Others firms	11	14	19	18	56	

The number across each firm size category is not representative for all Norwegian firms. Our sampling was not intended to be representative for that purpose. The group with less than ten employees is the most represented in the sample. Many of these firms do not have a share capital larger than 3 million Norwegian crowns. The category with between 10 and 30 employees is also big. We see from the table that the relative number of family firms is negatively related to firm size.

The governance structure of firms in the 50-199 category may be atypical. This category falls in between the various ex-ante defined samples. They are either firms that originally belonged to the largest size firm category, or firms originally belonging to categories with less than 50 employees.

The median age of the firms are also reported in table 1. The categories with family businesses have higher median ages than the respective category of other firms.

2.3 Presentations and tables

The purpose of the report is to present descriptive statistics about boards in Norwegian family firms. The report shall be used to document what has been done and as an input to discussions about further and more detailed analyses.

Attributes and characteristics of boards in Norwegian family businesses are presented in the five next chapters. These are about:

- The CEO and the chairperson (chapter 3)
- Board composition and attributes of board members (chapter 4)
- Interactions inside and outside the boardroom (chapter 5)
- The board's working style (chapter 6)
- Board task performance (chapter 7)

The main tables in the report are similar to table 1. Comparisons are made across firm size categories, and between family firms and other firms. The perceived definition (B04) is used. In each chapter we also include comparison of board measures across various family business definitions. The tables are commented, but not interpreted.

Statistics

Generally we report means. In the tables comparing various family business definitions we have also included the standard errors of the means. This makes it easier to evaluate the significance of the differences presented. Significance at a 5% two-tailed confidence level is found when the difference between the means is larger than the sum of the standard errors for the respective means. In all tables we have also included lines indicated the minimum number of respondents behind the responses of each question (Min N).

We have also presented various frequency tables in an appendix. Some of the measures being presented in chapters 3 to 7 are summaries of various questions. An extended and almost a direct translation of the questions asked in the questionnaires are also presented in the frequency tables. It is indicated in a separate column in the tables in the main chapters which question(s) that the figures are based on.

Likert-type scale and questions

Most of the questions being asked in the survey questionnaires were Likert-type questions. In such questions the respondents are asked to rate from a scale as to how much they disagree or agree with presented assertions. The scales used in the questionnaires were from 1 to 5, where 1 was strongly disagree and 5 was strongly agree. It is indicated in the table if a Likert-type scale is used or if other measures are used.

3. The CEO and the chairperson

The CEO and the chairperson are often considered to be the most important individual persons when describing and understanding corporate governance. We will here first present their roles in the board, and their tenure in the firm and the board. We will then present their age and gender, and the number of other board memberships held by the CEO.

3.1 CEO and chairperson: Tenure and roles

CEO duality is one of the most regarded issues in studies of boards of directors. CEO duality exists when the CEO also is the board chairperson. It is not allowed to have CEO duality in Norwegian joint stock companies with share capital larger than 3 million Norwegian crowns. Most codes of best corporate governance practices also recommend a separation of these role. These recommendations often also include that the CEO should not be a voting member of the board, and that the former CEO should not become the new chairperson.

Tenure has been used in discussion of the relative power between CEOs and boards, and also about board roles. Generally we expect a relationship indicating the longer tenure, the more power. A board chairperson having longer tenure than the CEO is expected to have more power than the CEO. This is particularly the case if the CEO is recently selected. This may also have implications for board roles as a chairperson is expected to mentor, protect and support a newly selected CEO.

Table 2 Tenure of the CEO and the chairperson - a comparison across firm sizes

Number of employees			**0-10**	**11-29**	**30-49**	**50-199**	**200-**
	Min N	*Family* *Other*	*156* *157*	*107* *170*	*36* *41*	*49* *84*	*25* *84*
The CEO is also board chairperson (percentage)	A2a	Family Other	37% 23%	29% 14%	23% 10%	17% 02%	08% 01%
The CEO is a voting member of the board (percentage)	A2b	Family Other	73% 66%	66% 53%	59% 43%	54% 20%	42% 15%
The board chair is the former CEO of the firm (percentage)	A3	Family Other	39% 74%	22% 13%	44% 12%	37% 13%	44% 14%
The tenure of chairperson as chair (years)	A4	Family Other	9.27 5.01	9.03 5.62	8.00 4.08	6.82 4.14	8.56 3.92
The tenure of CEO as CEO in firm (years)	A5	Family Other	9.26 6.43	10.84 7.41	8.97 7.61	9.63 .5.91	8.50 6.30
The tenure of CEO as firm employee (years)	A6	Family Other	12.77 8.49	15.90 9.80	14.13 11.11	15.63 8.33	13.55 9.45

CEO duality more common in family firms

Table 2 has a presentation of roles and tenure of CEOs and chairpersons.

The CEO as board chair (CEO duality). CEO duality exists in about one third of the small family firms, but CEO duality decreases with firm size. In the largest family firms CEO duality exists in only 8% of the firms (two cases). CEO duality exists to a less degree in other firms.

The CEO as board member. The CEO is board member in about one half of the family firms. CEO board membership in family firms decreases with firm size. The same is the case in other firms, but the figures are lower for all firm size categories.

Board chair former CEO. This is generally more often the case in family business than in the other firms. An exception for the non-family firms is found for the firms with less than 10 employees. About

40% of the board chairpersons in family firms have been the former CEO.

Tenure of board chair. Board chair tenure is the number of years the board chair has served as board chair. In the family firms they have in average about 9 years of tenure in the position as chairperson. This is longer in the position as chairperson than in the other firms

Tenure of CEO. In the table we find both the number of years as CEO and the number of years the CEO has been employed in the firm. The figures on the number of years as CEO are similar to those of the chairperson. The CEO has in general been one more year in position than the board chairs, and more than two more years than the CEOs in the other firms. Furthermore, the CEO's has in average been employed 14 years in the family business, which means four years employment prior to becoming CEO. The differences between the size groups are only minor.

Split between ownership and generation definitions
In table 3 we see that there are only minor differences in the chair and CEO tenure descriptions if we use alternative family business definitions. In table 3 we used the perceived family business definition.

The main differences we find across definitions are how the generation definition differs from the other, and in particular from the majority ownership definition.

Table 3 Tenure of the CEO and the chairperson - a comparison across family business definitions

			Perceived	**Voting control**	**Majority ownership**	**Family in board**	**Family in leadership**	**Generation**
Definitions			**B04**	**B05**	**B06**	**B07**	**B08**	**B09**
The CEO is also board chairperson (percentage)	A2a	Mean Std.err	29% .02	29% .02	25% .02	27% .02	32% .02	29% .03
The CEO is a voting member of the board (percentage)	A2b	Mean Std.err	65% .02	65% .02	64% .02	65% .02	74% .02	66% .03
The board chair is the former CEO of the firm (percentage)	A3	Mean Std.err	43% .02	45% .02	39% .02	40% .02	40% .02	45% .04
The tenure of chairperson as chair (years)	A4	Mean Std.err	8.69 .39	8.37 .37	8.06 .36	7.76 .31	8.15 .35	10.14 .61
The tenure of CEO as CEO in firm (years)	A5	Mean Std.err	9.74 .42	9.08 .38	8.71 .36	8.94 .33	10.11 .38	10.46 .62
The tenure of CEO as firm employee (years)	A6	Mean Std.err	14.29 .54	13.28 .49	12.93 .47	12.76 .41	14.13 .46	14.68 .74

Significant differences

- CEO duality. Difference between family leadership definition on one side, and family ownership and family board definitions on the other side. CEO duality is the most common under the family in leadership definition.
- CEO as board member. We find that there is a significant difference between the family in leadership and the other definitions. CEO as board member is most common under the family in leadership definition.
- Tenure. The differences between the generation definition and majority of ownership definition are significant on all four tenure attributes. Tenure is highest under the generation definition. There are also some other significant differences, e.g. chairperson tenure and the CEO tenure in the family in board definition than in the perceived definition. The extreme definitions with respect to chair and CEO tenure are on the

high side in the generation definition, and on the low side in the family in the board and majority of ownership definition.

3.2 CEO and the chairperson: Experience, age and gender

The number of memberships in boards of other firms may be an indication of status, experience and knowledge. Such memberships may be helpful in interorganizational relations, and the number of board memberships may also be an indication of power. Board chairpersons are generally expected to be experienced men. They are often retired or well established CEOs of other companies. In family firms there are many observations about the board chairperson being the father, and that the son is the CEO. Another frequently found alternative is that the family lawyer also has the role of board chairperson.

The importance of age

The age of the board chairperson is one of the attributes distinguishing family firms from other firms. Number of board memberships, and the age and tenure of the chairpersons and the CEOs are presented in table 4.

Table 4 Age and gender of the CEO and the chairperson - a comparison across firm sizes

Number of employees			**0-10**	**11-29**	**30-49**	**50-199**	**200-**
	Min N	*Family*	*155*	*107*	*36*	*49*	*25*
		Other	*157*	*170*	*41*	*84*	*84*
Number of board memberships held by the CEO	A7	Family	2.37	3.37	3.47	4.23	4.38
		Other	1.95	1.62	2.64	4.11	4.64
Age of the chairperson (years)	A8	Family	52.9	53.1	53.2	55.1	58.2
		Other	49.1	51.0	52.6	51.0	53.6
Age of the CEO (years)	A9	Family	47.6	47.5	46.2	49.3	50.0
		Other	45.8	46.4	49.4	48.6	50.0
Percentage men among the chairpersons	A10	Family	92%	94%	100%	94%	100%
		Other	91%	95%	90%	98%	99%
Percentage of men among the CEOs	A11	Family	85%	93%	95%	96%	100%
		Other	83%	91%	90%	97%	99%

Board membership in other firms. The table shows that board members in family firms have more external board memberships than board members in other firms. This is the case for all firm size categories, but for the largest. The number of other board memberships increases with firm size.

Age of board chairperson and CEO. The chairpersons in family firms are in average older than chairpersons in the non-family firms. The age increases with the size of the firm. The CEOs in the smaller family firms are older than the CEOs in non-family firms. The age differences are leveling out as firm size is increasing. In the smallest family firms the CEOs are in average 5 years younger than the chairperson. In the largest family firms the age difference is in average more than 8 years. The age difference between the chairpersons and the CEO also increases with firm size.

Gender. In both types of firms the gender of the chairpersons and the CEOs is male with very few exceptions. There are very few women as CEOs and chairpersons. In the largest firms they are almost non existing. There are no differences between family firms and other firms.

Age of board chairperson and generation definition

The age of the board chairperson is significantly higher when using a generation definition than when using other definitions. This is presented in table 5.

Table 5 Age and gender among the CEO and the chairperson - a comparison across family business definitions

			Perceived	**Voting control**	**Majority ownership**	**Family in board**	**Family in leadership**	**Generation**
Definitions			**B04**	**B05**	**B06**	**B07**	**B08**	**B09**
Board memberships held by the CEO	A7	Mean	3.17	3.06	3.08	2.98	2.67	2.84
		Std.err	.28	.25	.24	.20	.16	.40
Age of the board chairperson	A8	Mean	53.6	53.0	52.9	52.6	52.7	55.6
		Std.err	.49	.48	.46	.40	.45	.66
Age of the CEO	A9	Mean	47.8	48.0	47.4	47.6	47.6	48.5
		Std.err	.46	.43	.42	.37	.43	.69
Percentage of men among chairpersons	A10	Mean	94%	94%	94%	94%	95%	92%
		Std.err	1%	1%	1%	1%	1%	2%
Percentage of women among the CEOs	A11	Mean	91%	91%	90%	91%	91%	91%
		Std.err	1%	1%	1%	2%	1%	2%

Significant differences

- Number of external board memberships. There are significant differences among the perceived definition and the family in leadership definition. The number of external board memberships is highest under the perceived definition.
- Chairpersons' age. There is a significant difference between on one side the perceived definition, voting control definition, majority in ownership, family in board definition and family in leadership definition, and on the other side the generation definition. It is highest under the generation definition.

4. Board composition and attributes of board members

Board composition and various measures of board demographics are the usual input measure in studies of board effectiveness. “Usual suspects” in such studies are often the number of board members, CEO duality, insider/outsider ratio and the share ownership of the board members. Studies of board members also make distinctions among board composition, and board member competence, characteristics and compensations. Board composition is about the board as a group, while the other are attributes relating the individual board members. Important aspects of composition are number of members and diversity, including how the board members have knowledge and skills that complements or supplements each others knowledge, or the knowledge and skills of the CEO and the firm.

4.1 Number of board members: women and employee elected directors

“A board should have an uneven number of members and three are too many” (Vance 1983:31). Studies of boards and recommendation in codes often conclude that the number of board members generally is too high. The arguments are that it is difficult to lead and use properly the competence of a large number of board members. With a large number of board members it may be difficult for the board to control or monitor the CEO. On the other hand the knowledge and skills within a board may increase with the number of members. It should be noted that 5-8 board members often is considered to be ideal. The situation in Norway with women and employee directors is presented earlier in section 2.2 about the sample.

Number increases with firm size

There are differences between family firms and other firms with respect to the number of board members, the number of women directors and employee elected directors. All numbers are increasing with firm size. These figures are presented in table 6.

Table 6 Board composition - a comparison across firm sizes

Number of employees			**0-10**	**11-29**	**30-49**	**50-199**	**200-**
	Min N	*Family*	153	112	37	52	26
		Other	155	169	42	86	86
Total number of board members	C1a	Family	2.99	3.26	3.57	4.75	6.03
		Other	3.63	4.40	4.95	5.72	7.06
Total number of women board members	C1b	Family	0.67	0.53	0.39	0.61	0.65
		Other	0.58	0.50	0.73	0.81	0.98
Number of employee elected board members	C1c	Family	0.09	0.15	0.21	0.63	1.34
		Other	0.12	0.31	0.47	1.04	1.87

Number of board members. The table shows that family firms have fewer board members than non-family firms. The number of board members increases with the size of the firm.

Women board members. The smallest family firms have the relatively largest number of women as board members. In the non-family firm boards the number of women as board members increase with the size of the firm. In average there are 10% women in the boards in the family firms with more than 200 employees. In family firms with less than 10 employees there are 22% women. Similar figures for other firms are 14% and 16%. In family firms the number of women board members does not increase with board size.

Employee elected board members The number of board members elected by the employees increases with the size of the firm. This is the case for both family and non-family firms. The numbers of board members elected by the employees are higher in the larger firms, both family and non-family. However, employees in family firms only in few cases require the rights to be represented on boards.

Generations and board size

In table 7 we see that the generation definition is related to higher number of board members and the higher number of women directors.

Table 7 Board composition - a comparison across family business definitions

			Perceived	**Voting control**	**Majority ownership**	**Family in board**	**Family in leadership**	**Generation**
Definitions			**B04**	**B05**	**B06**	**B07**	**B08**	**B09**
Total number of board members	C1a	Mean	3.57	3.63	3.66	3.70	3.52	3.84
		Std.err	.08	.08	.08	.07	.07	.11
Total number of women board members	C1b	Mean	0.59	0.56	0.54	0.53	0.52	0.69
		Std.err	.04	.04	.04	.03	.03	.06
Number of employee elected board members	C1c	Mean	0.28	0.28	0.29	0.30	0.24	0.26
		Std.err	.04	.03	.03	.03	.03	.05

Significant differences

- Number of board members. There is a significant difference between the perceived definition, voting control definition and family in leadership definition on one side, and the generation definition on the other. The total number of board members is highest under the generation definition.
- Number of women directors. There is a significant difference between on one side the voting control definition, majority in ownership definition, family in board definition and family in leadership definition, and the generation definition on the other. The number of women directors is highest under the generation definition.

4.2 Knowledge, independence, diversity and motivation

Board members may have different kinds of knowledge that is relevant to the firm, for example about the activities of key business functions of the firm, critical technologies and key competencies of the firm, key weaknesses in the organization, the development of the firms technological environment, issues about health, environment and safety and about the needs of the customers.

Much of the discussion in the corporate governance literature is about the independence of the board members. The board members should be independent of the CEO. This independence is often measured with the insider/outsider ratio. This means that the board members should not be employees of the firm, or at least not be part of the executive leadership. Independence is also influenced by family ties to the CEO, friendship ties to the CEO and business ties to the firm. In some countries and in some literature it is also advised that the board members should be independent of major owners.

The ongoing discussion about diversity relates to a large degree to the question of women directors. However, diversity in the boardroom is so much more than gender diversity. Diversity may for example relate to the board members functional backgrounds, industry background, educational background, personality and age.

There may be different motivations for persons to “sit” in a board and to “work” in a board. A main challenge in research about boards of directors has been to find out what motivates, or which are the incentives that motivate board members to do a good job as board members. Codes of best practices recommend that board members should own shares in the firm, and that ownership is the most important incentive. Researchers have also found that awareness of legal liabilities motivates board members to be active and committed. Another source of motivation is the market for board members. Board participation may be a key to this important marketplace. Those doing a good job as a board member are expected to increase their possibility to become board members in other firms and even of getting interesting and important positions in other firms. Board members being “hungry” and aware of following high professional standards should thus be attractive.

Table 8 Attributes of board members - a comparison across firm sizes

Number of employees			**0-10**	**11-29**	**30-49**	**50-199**	**200-**
	Min N	*Family*	*113*	*94*	*34*	*49*	*24*
		Other	*143*	*160*	*39*	*84*	*82*
Relevant knowledge and competence	C4	Family	4.08	3.98	4.10	3.97	3.78
		Other	4.04	4.01	3.82	3.62	3.67
Family ties to the CEO	C5a	Family	3.63	2.94	2.57	2.42	1.96
		Other	1.65	1.35	1.19	1.14	1.04
Friendship ties to the CEO	C5b	Family	3.09	2.78	2.94	1.94	2.30
		Other	2.75	2.17	1.82	1.64	1.51
Business ties to the firm	C5c	Family	3.33	3.11	2.82	2.42	2.69
		Other	3.41	3.16	2.22	2.44	2.12
Ties to major owners	C5d	Family	2.26	2.13	2.17	1.98	1.84
		Other	2.03	2.40	2.07	2.40	2.13
Diversity	C7	Family	3.48	3.54	3.40	3.72	3.44
		Other	3.33	3.52	3.48	3.40	3.64
Motivation by personal ownership	C8a	Family	4.28	3.82	4.07	3.68	3.16
		Other	4.01	3.58	3.30	2.84	2.67
Motivation by legal standards	C8b	Family	3.50	3.34	3.52	3.37	2.76
		Other	3.33	3.37	3.17	3.00	3.22
Motivation by professional standards	C8c	Family	3.95	3.92	4.05	4.21	4.12
		Other	3.94	3.95	4.11	3.75	4.23

Less independence in family firms

In table 8 we see that in family firm that the board members ties with the CEO and the firms decrease with firm size. Motivation by personal ownership and legal motivation are decreasing.

Relevant knowledge and competence. The table shows that the evaluated existence of relevant knowledge and competence decreases with firm size. This is the case both in family firms and other firms.

Family ties to the CEO. There exist stronger family ties to the CEO in the board of family firms than in the non-family firms. In both family and non-family firms, the strength of the family ties decreases with the size of the firm.

Friendship ties with the CEO. The friendship ties with CEO in family and non-family firms are stronger the smaller the firm is. This indicates that in large firms friendship with CEO is not as common as in smaller firms. The boards in family firm in size 50-199 differ slightly from the other groups.

Business ties to the firm. The board members' business ties to the firm decrease with size in family firms. The non-family firm has the same pattern except for size 50-199.

Ties to major owners. In family firms the ties of the board members to major owners decrease with firm size. There may be an opposite tendency in other firms.

Diversity. Diversity is not only related to gender. We have here measured diversity in functional background, industry background, educational background and age. No differences are found across firm sizes or between family firms and other firms.

Motivation by personal ownership. Motivation by personal ownership is higher in family firms than in other firms. In family firms motivation by personal ownership decreases with firm size. This is also the case in other firms.

Motivation by legal standards. In general there are no big differences between family firms and other firms with respect to the board members' motivation by legal standards. The variation across firm sizes is not clear, but the figures show that in family firms the motivation by legal standards is lowest in the largest firms.

Motivation by professional standards. The board members' motivation by professional standards seems to increase with size. No differences between family firms and other firms are found.

Family in leadership versus other definitions

Table 9 displays a complex picture with respect to definitions and knowledge, ties and motivation. The family in leadership definition is on various questions different from the other definitions.

Table 9 Attributes of board members - a comparison across family business definitions

			Perceived	Voting control	Majority ownership	Family in board	Family in leadership	Generation
Definitions			**B04**	**B05**	**B06**	**B07**	**B08**	**B09**
Relevant knowledge and competence	C4	Mean	4.02	4.03	4.03	4.12	4.12	4.06
		Std.err	.03	.03	.03	.03	.03	.04
Family ties to the CEO	C5a	Mean	3.04	2.83	2.66	2.61	2.96	3.18
		Std.err	.10	.09	.09	.08	.09	.13
Friendship ties to the CEO	C5b	Mean	2.74	2.80	2.72	2.68	2.92	2.91
		Std.err	.09	.08	.08	.07	.08	.12
Business ties to the firm	C5c	Mean	3.01	3.13	3.10	3.11	3.13	3.11
		Std.err	.09	.09	.08	.07	.09	.13
Ties to major owners	C5d	Mean	2.14	2.25	2.22	2.23	2.14	2.26
		Std.err	.09	.08	.08	.07	.08	.12
Diversity	C7	Mean	3.52	3.49	3.49	3.51	3.55	3.63
		Std.err	.04	.04	.04	.03	.04	.05
Motivation by personal ownership	C8a	Mean	3.97	4.03	3.93	4.10	4.18	4.25
		Std.err	.07	.07	.06	.05	.06	.08
Motivation by legal standards	C8b	Mean	3.39	3.35	3.31	3.36	3.48	3.46
		Std.err	.07	.07	.06	.05	.06	.09
Motivation by professional standards	C8c	Mean	4.00	3.99	3.99	3.99	4.07	4.07
		Std.err	.05	.05	.05	.04	.04	.06

Significant differences

- Knowledge and competence. There is a significant difference between on one side the perceived definition, voting control definition and the majority ownership definition, and on the other side the family in the board and family in leadership definitions. Knowledge and competence are reported highest under the family run definitions (the board and leadership definitions).
- Family ties. There is a significant difference between on one side the voting control definition, majority ownership and on family in board definition, and the generation definition on the other side. The strongest family ties are reported under the generation definition.
- Friendship ties to the CEO. There is a significant difference between on one side the perceived definitions, majority in ownership and family in board definition, and on the other side the family in leadership definition. There is also a significant

difference between the family in board definition and the generation definition. Friendship ties are strongest under the generation and family in leadership definitions.

- Diversity. There is a significant difference between on one side the perceived definition, voting control definition, majority ownership definition and family in leadership definition, and on the other side the generation definition. Diversity is highest under the generation definition.
- Motivation by personal ownership. There is a significant difference between on one side the perceived definition, voting control definition, majority ownership definition and family in firm definition, and on the other side the generation definition. Motivation by personal ownership is highest under the generation definition.
- Motivation by legal standards. There is a significant difference between on one side the majority in ownership definition and family in board definition, and on the other side the family in leadership definition. Motivation by legal standards is highest in the family in leadership definition.

5. Interactions inside and outside the boardroom

Corporate governance may be defined as the interaction among coalitions of internal actors, external actors and board members in directing a corporation to value creation. It is about who and what really matters. Who are influencing and making the most important decisions in a firm? The CEO and the top management team are usually considered to be the most important internal actors, while the owners are considered to be the most important external actors.

In family firms we often consider the owners to be internal, while managers may be external. Persons being family members are insiders in relation to the family, but persons not being family members are often considered as outsiders even in cases they are members of the top management team.

Interactions inside and outside the boardroom are highly influenced by various kinds of trust and emotion, and the quality of board leadership.

Table 10 Interactions inside and outside the board - a comparison across firm sizes

Number of employees			**0-10**	**11-29**	**30-49**	**50-199**	**200-**
	*Min N**	*Family*	*39/129*	*35/99*	*33/35*	*46/49*	*23/23*
		Other	*28/150*	*52/164*	*83/85*	*83/85*	*84/85*
External actors influence the board members in their decision-making	D1a	Family	1.79	1.69	1.72	1.52	1.83
		Other	1.70	1.97	2.15	2.13	1.92
Internal actors influence board members in their decision-making	D1b	Family	3.38	3.16	3.32	2.92	3.47
		Other	3.26	3.34	3.50	3.32	3.26
The chair tries between the meetings to influence other board members	D1c	Family	2.51	1.93	2.29	2.08	2.54
		Other	2.42	2.52	2.55	2.58	2.40
Some board members discuss board decisions outside the boardroom	D1d	Family	3.36	2.94	3.30	3.07	3.20
		Other	3.18	3.33	3.17	3.15	2.91
Role integration. No clear division of work between chair and CEO	D2	Family	2.65	2.29	2.43	2.04	1.70
		Other	2.37	2.03	1.78	1.69	1.53
CEO openly informs the board	D3	Family	4.41	4.25	4.21	4.39	4.29
		Other	4.53	4.23	4.53	4.34	4.50
Degree of relational norms between the CEO and the chair	D4	Family	4.19	4.23	3.94	4.22	4.01
		Other	4.24	4.07	4.17	4.01	4.03
The board is trusting the CEO	D5	Family	4.08	4.03	3.93	3.93	3.65
		Other	4.00	3.95	3.48	3.84	3.81
Quality of board leadership	D11abc	Family	3.54	3.42	3.58	3.84	3.34
		Other	3.72	3.66	3.85	3.49	3.71
The chairperson is skilled in influencing board decision-making	D11d	Family	3.48	3.40	3.29	3.06	3.37
		Other	3.32	3.22	3.37	3.45	3.29

*****Before the slash D1d, after the slash the rest of the sample

Role integration in family businesses

The interactions inside and outside the boardroom are presented in table 10. A main feature from the table is that role integration is higher in family firms than in other firms. Few other differences are found across firm sizes, and between family firms and other firms.

The influence of external and internal actors. It is reported that outside actors in general do not try to influence the board members in their decision-making. Internal actors make some more efforts to influence the board members' decision-making. There are no differences across firm sizes or between family firms and other firms.

Board chair and board members - interactions. No differences are found across firm sizes and between family firms and other firms with respect to interactions among board members, and between the chair and the other board members.

Role integration. There is more role integration in family firms than in other firms. Role integration also decreases with firm size.

CEO openly informs the board. No differences are found.

Relational norms. No significant differences are found.

The board trusts the CEO. It is indicated that the boards have more trust in the CEO in family firms than in other firms.

Quality of board leadership. This is indicated slightly lower in family firms than other firms. No differences across firm sizes.

Chairpersons' skills. No significant differences are found.

Few differences across definitions
It is revealed in table 11 that regarding interactions inside and outside the boardroom there are few significant differences across family business definitions.

Table 11 Interactions inside and outside the board - a comparison across family business definitions

			Perceived	**Voting control**	**Majority ownership**	**Family in board**	**Family in leadership**	**Generation**
Definitions			**B04**	**B05**	**B06**	**B07**	**B08**	**B09**
External actors influence the board members in their decision-making	D1a	Mean	1.72	1.73	1.74	1.74	1.67	1.79
		Std.err	.06	.06	.05	.05	.05	.08
Internal actors try to influence board members in their decision-making	D1b	Mean	3.25	3.29	3.23	3.30	3.30	3.31
		Std.err	.07	.07	.06	.06	.07	.10
The chair tries between the meetings to influence other board members	D1c	Mean	2.26	2.30	2.31	2.32	2.29	2.37
		Std.err	.07	.07	.06	.05	.06	.09
Some board members discuss board decision outside the boardroom	D1d	Mean	3.17	3.23	3.20	2.23	2.23	3.26
		Std.err	.07	.06	.06	.05	.06	.09
Role integration. No clear division of work between chair and CEO	D2	Mean	2.38	2.45	2.39	2.39	2.50	2.48
		Std.err	.08	.08	.07	.07	.07	.11
CEO openly informs the board	D3	Mean	4.32	4.31	4.35	4.32	4.35	4.36
		Std.err	.06	.06	.05	.05	.06	.08
Degree of relational norms between the CEO and the chair	D4	Mean	4.17	4.20	4.17	4.16	4.22	4.21
		Std.err	.04	.04	.03	.03	.03	.05
The board is trusting the CEO	D5	Mean	4.00	4.00	3.98	4.01	4.07	4.01
		Std.err	.03	.03	.03	.03	.03	.05
Quality of board leadership	D11abc	Mean	3.55	3.58	3.58	3.59	3.66	3.61
		Std.err	.05	.05	.05	.04	.04	.07
The chairperson is skilled in influencing board decision-making	D11d	Mean	3.37	3.39	3.40	3.40	3.37	3.50
		Std.err	.06	.05	.05	.04	.05	.08

Significant differences

- Board trusts the CEO. There exists a significant difference between on the one side the perceived definition, voting control definition and majority in ownership definition, and the family in leadership definition. The trust is highest under the family in leadership definition.
- Quality of board leadership. There exists a significant difference among the perceived definition and the family in leadership definition concerning the quality of board leadership. It is highest under the family in leadership definition.

6. The board's working style

For boards to do a good job it is not enough to have good board members. The board must also have a good working style. One side of the board's working style is the number and length of the board meetings. Another side is related to board structures and processes.

6.1 Board meetings

Board meetings shall normally take place through physical presence. It is, however, possible for boards to make decisions without formal presence. The length and number of board meetings differ among companies. Generally there is a recommendation that board meetings should not be long lasting but for a two-days strategy meeting once a year. The Norwegian ASA-firms have, from the Norwegian company laws, higher pressure to have more meetings than the AS-firms.

The number and length of board meetings are displayed in table 12. It is displayed in the table that there are shorter and fewer meetings in family firms than in other firms. In table 13 it is displayed that there are no significant differences across family business definitions.

Table 12 Board meetings - a comparison across firm sizes

Number of employees			**0-10**	**11-29**	**30-49**	**50-199**	**200-**
	Min N	*Family*	*147*	*109*	*37*	*49*	*24*
		Other	*155*	*170*	*40*	*86*	*84*
Length of ordinary board meetings (hours)	D12	Family	2.25	3.00	2.95	3.63	3.87
		Other	2.55	3.10	3.36	3.60	4.10
Number of ordinary board meetings in 2002	D13	Family	4.44	4.28	5.37	6.18	6.00
		Other	4.44	5.66	6.32	6.24	7.51

Length of board meetings. The length of the board meetings increases with the size of the firm. The non-family firm boards have slightly longer meetings.

Number of board meetings. Non-family firms have more board meetings than family firms. The number of meetings increases with the size of the firm.

Table 13 Board meetings - a comparison across family business definitions

			Perceived	**Voting control**	**Majority ownership**	**Family in board**	**Family in leadership**	**Generation**
Definitions			**B04**	**B05**	**B06**	**B07**	**B08**	**B09**
Length of ordinary board meetings (hours)	D12	Mean	2.84	2.83	2.84	2.91	2.79	2.97
		Std.err	.08	.08	.08	.07	.08	.12
Number of ordinary board meetings	D13	Mean	4.59	4.61	4.61	4.76	4.65	4.64
		Std.err	.11	.11	.10	.09	.11	.16

6.2 Structures and processes

Board structures and processes include the decision-making culture in the board. Aspects of this culture are commitment, cohesiveness, cognitive conflicts, critical questioning and creativity.

Table 14 Board structure and decision-making - a comparison across firm sizes

Number of employees			**0-10**	**11-29**	**30-49**	**50-199**	**200-**
	Min N	*Family* *Other*	*40* *27*	*35* *49*	*31* *33*	*44* *75*	*24* *84*
Formal board instructions are followed	D16	Family Other	2.35 2.32	2.65 2.45	2.82 2.78	3.09 3.03	2.79 3.81
A clear division of labor among the board members exists	D17	Family Other	2.86 2.41	2.67 2.59	2.88 2.48	3.00 2.31	1.91 2.48
Board member involvement during the meetings	D18	Family Other	4.06 4.07	4.14 4.16	4.19 4.12	4.14 3.82	3.91 3.93
Use of knowledge and skills	D19	Family Other	3.94 3.87	3.91 3.87	3.95 3.82	4.24 3.71	4.00 3.99
Board members are asking discerning questions	D25	Family Other	3.20 2.97	2.83 2.90	2.86 2.67	2.89 2.49	2.86 2.52
Board members are asking discerning questions to CEO suggestions	D26/27	Family Other	3.43 3.19	3.16 3.35	3.25 3.23	3.41 3.24	3.68 3.57
Board member creativity	D28/29	Family Other	3.34 3.03	3.07 3.39	3.23 3.28	3.31 2.97	2.87 2.98
Board members having the most knowledge are the most influential	D38a	Family Other	4.02 3.88	3.94 3.64	3.81 3.81	3.65 3.79	3.66 3.85
Board members representing owners are the most influential	D38b	Family Other	3.71 3.44	3.17 3.12	3.46 2.93	3.31 3.14	3.04 3.16

Differences in board structures and decision-making processes across firm size, and between family firms and other firms are reported in table 14. In the largest firms formal board instructions are less important in family firms than in other firms.

Formal board instructions. The larger firms follow board instructions more thoroughly than the smaller ones. In firms with more than 200 employees, board instructions are followed less in family firms than in other firms.

Labor division. The division of labor among the board members is highest in the smallest and the largest firms. In the largest firms there is more division of labor in the non-family firms than in the family firms. In the smallest firms the division of labor is highest in the family firms.

Board members involvement. No significant differences are found.

Use of knowledge and skills. No significant differences are found.

Board members ask discerning questions. It is indicated that board members in family firms are asking more discerning questions inside and outside the boardroom than board members in other firms.

Board members ask discerning questions to the CEO. No significant differences are found.

The influence of board members with the most knowledge. Few differences are found. Board members with the most knowledge seem to have less influence in the largest family firms than in the smallest family firms.

The influence of board members representing owners. Board members in the smallest firms representing owner are more influential in family firms than in other firms.

Table 15 shows how board structures and decision-making processes vary across family business definitions. No significant differences are found.

Table 15 Board structure and decision-making - a comparison across family business definitions

			Perceived	**Voting control**	**Majority ownership**	**Family in board**	**Family in leadership**	**Generation**
Definitions			**B04**	**B05**	**B06**	**B07**	**B08**	**B09**
Formal board instructions are followed	D16	Mean	2.62	2.59	2.54	2.58	2.63	2.65
		Std.err	.07	.07	.06	.06	.06	.09
A clear division of labor among the board members exists	D17	Mean	2.76	2.71	2.67	2.70	2.73	2.79
		Std.err	.07	.07	.07	.06	.07	.10
Board member involvement during the meetings	D18	Mean	4.10	4.13	4.11	4.11	4.14	4.05
		Std.err	.05	.05	.05	.04	.04	.07
Use of knowledge and skills	D19	Mean	3.98	3.99	3.96	3.96	3.99	4.01
		Std.err	.04	.04	.04	.04	.04	.06
Board members are asking discerning questions outside the boardroom	D25	Mean	3.00	2.99	2.92	2.93	2.95	3.01
		Std.err	.06	.06	.06	.05	.06	.09
Board members ask discerning questions to CEO suggestions	D26/27	Mean	3.34	3.27	3.30	3.27	3.25	3.33
		Std.err	.06	.05	.05	.05	.05	.08
Board member creativity	D28/29	Mean	3.21	3.20	3.18	3.22	3.25	3.29
		Std.err	.07	.07	.06	.05	.06	.09
Board members having the most knowledge are the most influential	D38a	Mean	3.80	3.83	3.82	3.79	3.80	3.90
		Std.err	.07	.07	.06	.06	.07	.09
Members representing the largest owners have the greatest influence	D38b	Mean	3.37	3.47	3.37	3.36	3.28	3.33
		Std.err	.10	.09	.09	.08	.10	.13

7. Board task performance

There may be several ways of listing board tasks. One common way is to distinguish between control tasks which are done on behalf of external stakeholders or actors, and service tasks on behalf of internal actors. Board tasks may also be divided depending on the direction of focus of the board members. The board members may have their attention directed outside the firm, inside the firm or towards the future of the firm. The last group will be related to strategic decision making. Combining the two perspectives (control and service) with the three directions of the attention, we may find six main board tasks. These are output control, behavioral control, strategic control, networking/ legitimacy, advice and strategic management. Across these groups there may be some legal roles as for example supervising the firm resources, remunerating the CEO and protecting minority shareholders.

7.1 Overall tasks - supervising, remunerating and protecting

General supervisory roles may include overseeing that firm activities are properly organized, establishing plans and budgets for the firm's activities, establishing guidelines for the activities, being informed about the firm's financial position, and overseeing that the firm's activities are properly controlled.

A comparison of overall tasks across firm sizes, and between family firms and other firms is found in table 16. Only few significant differences are found. The main difference is the involvement in deciding CEO remuneration. Boards in family firms are less involved in deciding CEO remuneration than in other firms. This difference is not found in the smallest firms.

Table 16 Overall tasks - a comparison across firm sizes

Number of employees			**0-10**	**11-29**	**30-49**	**50-199**	**200-**
	Min N	*Family*	*144*	*108*	*37*	*50*	*24*
		Other	*154*	*170*	*41*	*85*	*85*
General supervisory tasks	E7abcde	Family	4.05	3.99	4.07	4.05	4.20
		Other	4.06	4.07	4.06	3.95	4.29
Board involvement in deciding CEO remuneration	E8	Family	3.89	3.38	3.72	3.66	4.00
		Other	3.83	4.20	4.23	4.25	4.47
Protecting minority shareholders	E9	Family	4.26	4.39	4.54	4.58	4.37
		Other	4.16	4.29	.4.47	4.38	4.35

A comparison across various family business definitions on the overall board tasks is presented in table 17. No significant differences are found.

Table 17 Overall tasks - a comparison across family business definitions

			Perceived	**Voting control**	**Majority ownership**	**Family in board**	**Family in leadership**	**Generation**
Definitions			**B04**	**B05**	**B06**	**B07**	**B08**	**B09**
General supervisory tasks	E7abcde	Mean	4.06	4.03	4.06	4.05	4.09	4.08
		Std.err	.04	.04	.04	.03	.04	.06
Board involvement in deciding CEO remuneration	E8	Mean	3.70	3.70	3.76	3.78	3.67	3.68
		Std.err	.07	.07	.07	.06	.07	.10
Protecting minority shareholders	E9	Mean	4.37	4.37	4.36	4.31	4.39	4.41
		Std.err	.06	.06	.05	.05	.05	.08

7.2 Service and control

Externally focused service tasks are networking and lobbying, including reputation building and legitimacy. Internally focused service tasks are the direct advisory tasks of the board and the board members. Board members may for example have advisory tasks in relation to general management questions, legal issues, financial issues, technical issues and market issues. The advisory tasks of boards are expected to be particularly important in small firms and in family firms. Internally focused control tasks may include the quantitative follow up of budgets and plans, including investments, sales, costs, investments, etc. It may include more qualitative evaluation of the CEO, products and human resources. The follow up and decisions about financial return to shareholders, and corporate social responsibility (CSR) considerations are externally focused control tasks. Family firms have a reputation for a stronger CSR orientation than other firms.

A comparison of the various service and control tasks across firm sizes, and between family firms and other firms is found in table 18. The main difference is about the control and evaluation of the CEO, products and human resources. Boards in family firms are to a higher degree involved in these activities than in other firms.

A comparison of the service and control tasks across family business definitions is found in table 19. Only one significant difference is indicated. This is about the control and evaluation of the CEO, products, human resources, etc. The figures for the generation definition and the family in leadership definition are higher than for the family in board definition.

Table 18 Service and control- a comparison across firm sizes

Number of employees			**0-10**	**11-29**	**30-49**	**50-199**	**200-**
	Min N	*Family*	*140*	*103*	*35*	*48*	*24*
		Other	*143*	*40*	*37*	*50*	*82*
Networking	E1	Family	3.30	3.19	3.32	3.30	3.04
		Other	3.33	3.32	3.21	3.15	3.27
Lobbying	E2	Family	2.74	2.51	2.62	2.62	2.45
		Other	2.73	2.80	2.53	2.80	2.80
Advisory tasks	E3	Family	3.42	3.31	3.46	3.52	3.08
		Other	3.33	3.38	3.18	2.98	3.23
Control based on measures of past performance	E4abcd	Family	3.99	4.05	4.10	4.06	4.27
		Other	3.99	4.12	4.17	3.83	4.03
Control and evaluation of the CEO, products, human resources	E4efg	Family	3.62	3.24	3.42	3.41	3.57
		Other	3.47	3.35	3.05	2.93	3.14
Financial return to shareholders	E4j	Family	4.02	3.71	4.00	3.88	3.70
		Other	3.93	3.94	3.89	3.53	4.05
CSR considerations	E4k	Family	3.37	3.21	3.32	3.32	2.87
		Other	3.10	3.19	3.29	3.05	3.30

Networking and lobbying. No big differences are found. It is, however, indicated that the boards in the largest non-family firms are more involved in lobbying activities than the boards in the largest family firms.

Advisory tasks. No notable differences are found.

Internally focused control tasks. The internally focused control tasks are control related to past performance and control and evaluation of the CEO, etc. Boards in family businesses seem to be more involved in control and evaluation of the CEO, products and human resources than the boards in other firms.

Externally oriented control tasks. Externally oriented control tasks are relating to financial return and CSR considerations. Only a few notable differences are indicated. Boards in the largest family firms seem to be less involved in following up financial return to shareholders than the boards in other firms. They are also less involved than in the smallest family firms. In the largest family firms the boards are reported to be less involved in CSR considerations than in other firms. A similar tendency is indicated about financial return to shareholders.

Table 19 Service and control - a comparison across family business definitions

			Perceived	**Voting control**	**Majority ownership**	**Family in board**	**Family in leadership**	**Generation**
Definitions			**B04**	**B05**	**B06**	**B07**	**B08**	**B09**
Networking	E1	Mean	3.25	3.32	3.31	3.30	3.31	3.31
		Std.err	.06	.06	.06	.05	.06	.08
Lobbying	E2	Mean	2.63	2.69	2.64	2.67	2.67	2.59
		Std.err	.07	.06	.06	.05	.06	.09
Advisory tasks	E3	Mean	3.39	3.39	3.37	3.37	3.43	3.40
		Std.err	.04	.04	.04	.04	.04	.06
Control based on measures of past performance	E4abcd	Mean	4.06	4.06	4.07	4.06	4.08	4.05
		Std.err	.05	.04	.04	.04	.04	.06
Control and evalua. of CEO, products, human resources	E4efg	Mean	3.43	3.46	3.42	3.41	3.50	3.55
		Std.err	.05	.05	.05	.04	.05	.07
Financial return to shareholders	E4j	Mean	3.89	3.96	3.91	3.93	3.91	4.00
		Std.err	.06	.05	.05	.04	.05	.07
CSR evaluations	E4k	Mean	3.27	3.30	3.26	3.24	3.26	3.34
		Std.err	.06	.06	.05	.05	.05	.08

7.3 The board's strategic involvement

There are disputes among corporate governance scholars about the boards' involvement in strategic decision-making. Agency theory, that is based on a separation of ownership and management, and on assumptions about managerial opportunism and information asymmetry, argues that there should be a separation between decision management (including initiation and implementation) and decision control (including ratification and evaluation). The boards should be involved in decision control, while decision management should be the task of the CEO and the management. Other scholars argue that boards should have a high involvement in setting the strategic agenda by also influencing the content and context of goals and strategies. Scholars emphasizing the value creating and not only the value protecting role of boards will also argue that strategic decision-making should be done as a joint effort between the board and the management.

Table 20 displays the CEOs' and the boards' involvement in the different phases of the strategic decision-making across firm sizes, and between family firms and other firms. Table 21 shows how the involvement figures vary across family business definition. Only one significant difference is found across family business definitions. That is about the CEOs' involvement in strategy initiation. The family in board definition has higher figures than the generation definition.

Strategy initiation. CEOs in family firms are less involved in strategy initiation than CEOs in other firms. The CEOs' involvement in strategy initiation increases with firm size. The figures for the boards' involvement in strategy initiation are in all firm categories lower than the figures for the CEOs' involvement. The boards' involvement in the largest non-family firms seems to decrease with firm size. No clear tendencies are indicated about the boards' involvement in family firms.

Strategy ratification. The CEOs' involvement in strategy ratification does not seem to vary across firm sizes, or between family firms or other firms. In the largest non-family firms the figures for CEO involvement in strategy ratification are lower than for the CEO involvement in strategy initiation. There is a tendency that board involvement in strategy ratification increases with firm size. The board involvement in the largest family firms is lower than in the largest of the other firms. There are no significant differences between the figures for the CEOs' and the boards' involvement in family firms.

Table 20 Strategic decision-making - a comparison across firm sizes

Number of employees			**0-10**	**11-29**	**30-49**	**50-199**	**200-**
	Min N	*Family*	*138*	*107*	*37*	*50*	*24*
		Other	*153*	*169*	*41*	*85*	*85*
CEO involvement in strategy initiation	E5a	Family	3.59	3.76	3.78	4.16	3.95
		Other	3.85	4.04	4.26	4.40	4.53
CEO involvement in strategy ratification	E5b	Family	3.77	3.78	3.81	3.90	3.79
		Other	3.82	3.82	4.07	4.00	3.81
CEO involvement in strategy implementation	E5c	Family	3.85	3.90	4.16	4.24	4.12
		Other	3.99	4.08	4.36	4.29	4.54
CEO involvement in strategy evaluation and control	E5d	Family	3.65	3.66	3.86	4.10	3.95
		Other	3.72	3.90	4.12	4.01	4.11
Board involvement in strategy initiation	E6a	Family	3.17	3.03	3.10	3.38	3.08
		Other	3.10	3.01	2.90	2.95	2.74
Board involvement in strategy ratification	E6b	Family	3.65	3.48	3.48	4.00	3.87
		Other	3.74	3.83	3.87	3.92	4.29
Board involvement in strategy implementation	E6c	Family	3.36	3.14	3.24	3.34	3.12
		Other	3.37	3.28	3.01	3.05	2.81
Board involvement in strategy evaluation and control	E6d	Family	3.47	3.34	3.54	3.74	3.58
		Other	3.54	3.60	3.76	3.56	3.87

The comparisons between the boards' involvement in strategy initiation and strategy ratification show clear differences. Boards are more involved in strategy ratification than in initiation. These differences are significant in all firm categories.

Strategy implementation. It is indicated in the table that CEO involvement in strategy implementation increases with firm size. There is also a slight tendency that the CEO involvement is lower in family firms than in other firms. CEO involvement in strategy implementation is higher than CEO involvement in strategy initiation and ratification. This is in particular the case in the largest firms.

There is a tendency that board involvement in strategy implementation decreases with firm size. This tendency is the most evident in non-family firms. The figures for board involvement in strategy implementation are significantly lower than the figures for the CEO involvement. This is the case for all firm categories.

There are only minor differences between the figures for board involvement in strategy implementation and the figures for board involvement in strategy initiation. The figures for strategy ratification are thus higher than for strategy implementation.

Strategy evaluation and control. There is a tendency that the CEOs' involvement in strategy evaluation and control increases with firm size. The differences between family firms and other firms are only minor. The figures for strategy evaluation and control are generally lower than for strategy implementation. For the largest firms they are slightly higher than for strategy ratification, and for the largest non-family firms they are lower than for the strategy initiation figures.

There is a tendency that the boards' involvement in strategy evaluation and control is lower for family firms than for the other firms. There is also a minor tendency that this involvement increases with firm size. The figures for the boards' involvement in strategy evaluation and control are slightly lower than the figures for the CEOs' involvement.

The figures for the boards' involvement in strategy evaluation and control are higher than the figures for the boards' involvement in strategy initiation and implementation, but lower than the figures for the boards' involvement in strategy implementation. These tendencies are found across all firm categories.

Table 21 Strategic decision-making - a comparison across family business definitions

			Perceived	Voting control	Majority ownership	Family in board	Family in leadership	Generation
Definitions			**B04**	**B05**	**B06**	**B07**	**B08**	**B09**
CEO involvement in strategy initiation	E5a	Mean	3.76	3.81	3.82	3.86	3.80	3.73
		Std.err	.06	.05	.05	.04	.05	.08
CEO involvement in strategy ratification	E5b	Mean	3.80	3.83	3.81	3.83	3.85	3.85
		Std.err	.05	.05	.05	.04	.05	.08
CEO involvement in strategy implementation	E5c	Mean	3.97	4.04	4.02	4.03	3.98	4.03
		Std.err	.05	.05	.05	04	.05	.07
CEO involvement in strategy evaluation and control	E5d	Mean	3.75	3.84	3.79	3.79	3.78	3.73
		Std.err	.05	.05	.05	.04	.05	.08
Board involvement in strategy initiation	E6a	Mean	3.15	3.18	3.15	3.17	3.22	3.12
		Std.err	.07	.06	.06	.05	.06	.09
Board involvement in strategy ratification	E6b	Mean	3.65	3.68	3.70	3.72	3.72	3.66
		Std.err	.06	.06	.05	.05	.05	.08
Board involvement in strategy implementation	E6c	Mean	3.27	3.28	3.28	3.28	3.38	3.29
		Std.err	.06	.06	.06	.05	.06	.08
Board involvement in strategy evaluation and control	E6d	Mean	3.47	3.52	3.54	3.53	3.58	3.48
		Std.err	.06	.06	.05	.05	.05	.08

8. Summary

The objective of this report has been to present descriptive statistics about boards in family firms. Our objective is that the figures shall lead to discussions about boards in family firms that will guide us in our further analysis. We have presented the result based on three overall research questions. These are what characterize boards in family firms compared to boards in other firms, how do boards in family firms vary with firm size, and finally how does various core family firm attributes, as they are incorporated in various family firm definitions, impact the understanding of board attributes in family firms.

Our data about boards in family firms are from 985 Norwegian firm collected through the "value creating board" surveys. Responses from CEOs have been used. The board data has been reported under five headings:

- The CEO and the chairperson (chapter 3)
- Board composition and attributes of board members (chapter 4)
- Interactions inside and outside the boardroom (chapter 5)
- The board's working style (chapter 6)
- Board task performance (chapter 7)

How family firm board descriptions vary with definitions

In the overall presentations we have used a perceived definition of a family firm. A firm is a family firm if the CEO perceives it to be a family firm. However, various other definitions could have been used, and in our comparisons of family firm definitions we used the following definitions:

- Perceived by the CEO to be a family firm (B04) was reported in 396 cases
- One or a few families have a voting control (B05) was reported in 436 cases
- One or a few families have majority ownership (B06) was reported in 463 cases
- Owner families are represented in the board (B07) was reported in 596 cases
- Owner families are represented in leadership (B08) was reported in 473 cases
- More generations from the owner family active in the firm (B09) was reported in 211 cases

We found that there were significant differences in the reported figures depending on definitions. However, there were few significant differences about actual board behavior in chapters 5-7. They were mostly related to attributes and descriptions of the CEO and the board members, including board composition. We also found that the perceived definition (B04) and the voting control definition (B05) had few extreme values. In the analyses of family firm definitions we found that the generation definition (B09) had the most “extreme” values. An extreme value is highest or lowest value reported on each row in the tables comparing definitions. An extreme value is not the same as a significant difference, but it is a proxy indicating the definitions being the most different and those that the most can resemble all definitions. The definitions with the most extreme values are the most different, and those with fewest which definitions that may resemble all definitions the best.

The generation definition (B09) had 39 extreme values, the family in leadership definition (B08) had 28 extreme values, the family in board definitions (B07) had 19 extreme values, the majority ownership definition (B06) and the perceived definition (B04) had both 17 extreme values, and the voting control definition (B05) had 13 extreme values. Overall, the same results were found when weighing the different questions with respect to themes. This means that the perceived definition may be a good starting point for analyses between family firms and other firms.

How family firm boards differ from boards in other firms

The descriptions have shown that the main differences between family firm boards and boards in other firms are about board composition and board member characteristic, including attributes of the chairperson and the CEO.

In chapter 3 we found the following difference between the boards of family firms and other firms. The board chairperson is older in family firms, and the age difference between the chairperson and the CEO is bigger. In family firms there are more CEO duality (also being the chairperson), the CEO is more often a board member, and the chairperson is more often the former CEO. The tenure of the chairperson in family firms is almost the double of chairpersons in other firms. The chairpersons often hold the position almost 20 years. The CEO tenure as CEO and in the firm is also longer than in other firms.

In chapter 4 we found that the number of board members is generally lower in family firms than in other firms. There are also fewer board members elected by the employees. This is the case both in absolute numbers and in relative numbers. There are more women directors in family firms than in other firms, but the number of women directors do not increase with board size. The ties of the board members to the CEO and to the owners are stronger in family firms than in other firms. Motivation by personal ownership is stronger in family firms.

The differences reported between the boards in family firms and other firms are not so distinct in the rest of the chapters. In chapter 5 about interactions we found that role integration and the board members' trust in the CEO were reported to be higher in family firms than in other firms. A tendency was also reported that the quality of the board chairperson's leadership was lower in family firms. In chapter 6 we found figures showing that in family firms the number of board meetings is fewer, and the length of the board meetings is shorter than in other firms. However, we also found that the board members are asking more discerning questions to the CEO.

Board task performance is described in chapter 7. The boards in family firms are less involved in deciding CEO remuneration than in other firms, but they are more involved in control and evaluation of the CEO, human resources and products. It was also indicated that in family firms the CEOs are less involved in strategy initiation, and the boards are less involved in strategy control and evaluation.

How family firm boards vary with firm size

We have also seen how the descriptions of boards in family firms vary with firm size. The figures in chapter 3 reveal that CEO duality varies with firm size, and CEO board membership decreases with firm size. Chairperson and CEO age increase with firm size, so does also the number of external board memberships held by the CEO. A few women are chairs and CEOs in the smallest firms, but women are almost non-existent in the larger firms.

In chapter 4 it was described that the number of board members increases with firm size, and so does also the number of employee elected directors. The ratio of employee elected directors increases with firm size, but the ratio of women directors decreases. We also found that the evaluated existence of relevant knowledge and competence decreases with firm size. The strength of ties between the CEO and the board members decreases with firm size. This is the case for family ties, friendship ties, business ties and ties to owners. Furthermore, motivation by personal ownership decreases with firm size, but motivation by professional standards increase with firm size.

The questions about interactions in chapter 5 only revealed that role integration decreases with firm size. In the chapter about the board working style we found that the length and number of board meetings increase with firm size. Board instructions are followed more thoroughly in larger firms than in the smaller firms. The importance of knowledge among individual board members for influencing board decision-making seems to be less in the larger than in the smaller firms. Board members representing owners are more influential in the small family firms than in the large ones.

In chapter 7 we found few significant relations between the size of the family firm and board task performance. Boards in the largest family firms seem to be less involved in controlling financial return to shareholders and CSR considerations than the boards in smaller firms.

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Appendix: Frequencies

Above we have presented various summaries. In the following frequency tables we present some of the detailed responses to the various questions in the questionnaires. Percentages are reported from firms where the CEO perceives the firm as a family firm (Question B04).

Frequency table 1: Number of board members

	Number of Board members	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**N**
C1a	On December 31st 2002, how many board members with voting power, including the board chairperson and members elected from the employees, did the firm have?		9	17	30	20	13	6	3	2	1	395
C1b	…were women total?	55	33	10	1							395
C1c	…were elected by the employees?	83	8	7	1	1						392

Percentages reported. Only family firms

Frequency table 2: Board knowledge

	Likert type scale 1=strongly disagree 5=strongly agree	**1**	**2**	**3**	**4**	**5**	
C4a	Our board is knowledgeable about: the activities of key business functions of the firm		1	3	26	70	391
C4b	…the critical technologies and key competencies of the firm	2	4	15	41	39	389
C4c	…the key weaknesses in the organization	1	4	24	44	27	388
C4d	…the developments in the firm's technological environment	1	8	33	37	20	384
C4e	…the issue of health. environment and safety	2	7	36	40	15	388
C4f	…the needs of our customers		2	16	51	31	389

Percentages reported. Only family firms

Frequency table 3: Independence, diversity and motivation

	Likert type scale 1=strongly disagree 5=strongly agree	**1**	**2**	**3**	**4**	**5**	**N**
C5a	Our board members do have family ties to the CEO	42	4	6	6	43	375
C5b	…friendship ties to the CEO	33	17	17	10	24	334
C5c	…business ties to the firm	34	8	13	12	33	329
C5d	…ties to firms or persons with major ownership in the firm	58	9	9	8	15	318
C7a	Our board members represent a diversity of functional backgrounds (e.g. sales, finance, accounting)	6	8	19	31	37	367
C7b	…a diversity of industry backgrounds	16	15	26	26	17	350
C7c	…a diversity of educational backgrounds (directions - not level)	8	8	28	27	19	358
C7d	…a diversity of ages	10	15	30	27	18	356
C8a	The board members are positively motivated to do a good job by personal ownership interests	12	3	9	24	51	378
C8b	…by formal legal responsibilities (for example liability)	12	12	25	29	22	358
C8c	…by professional standards (for example reputation)	2	4	17	44	33	365

Percentages reported. Only family firms

Frequency table 4: Interactions inside and outside the boardroom

	Likert type scale ***1=strongly disagree 5=strongly agree***	**1**	**2**	**3**	**4**	**5**	**N**
D1a	When the board shall make very important decisions external stakeholders or actors (e.g. groups of owners, investors, business relations) try to influence the decision-making of the board members	62	16	11	8	3	367
D1b	…internal stakeholders or actors (e.g. the CEO or persons from the top management team) try to influence the decision-making of the board members	17	11	20	31	20	364
D1c	…chairperson contacts other board members before meetings to get support for his/her own points of view	40	17	25	13	6	360
D1d	…some of the board members discuss together (formally or informally) board issues between or outside the board meetings that impact board decision-making	16	12	27	30	16	366
D2	There is no clear division of work between the board chairperson and the CEO	45	16	13	9	17	369
D3	Top management believes in keeping the board informed about all aspects of the firm's operations	1	2	16	29	53	180
D5a	The board is willing to accept the CEO's judgment on strategy formation	1	3	20	48	28	365
D5b	…to base their judgment on knowledge and insights of the CEO	1	5	19	50	25	365
D5c	…to believe that the CEO, if needed, will consult the board		1	9	44	40	353
D5d	…to mandate the CEO to act as spokesperson for the views of the board or the firm	1	2	12	36	48	358
D5e	…to accept strategic decisions of the CEO	2	4	18	47	30	353
D5f	…to give the CEO a priory mandate to act for the organization in important situations	15	20	27	24	15	355
D5g	…to mandate the CEO to take strategic decisions without prior consulting the board	15	20	27	24	15	351
D11a	The board chairperson is especially skilled in motivating and using the competency of each of the board members	6	11	32	39	13	352
D11b	…in formulating and summarizing decisions from the discussions	4	10	26	41	21	349
D11c	…in chairing board discussions without promoting his/her own agenda or motives	5	10	27	38	21	349
D11d	…in getting own decision proposals ratified by the board	5	13	36	32	14	346

Percentages reported. Only family firms

Frequency table 5: Length of board meetings

	Number of hours	0	1	2	3	4	5	6	N
D12	How many hours was an ordinary board meeting scheduled for in 2002	2	14	26	29	18	7	2	369

Percentages reported. Only family firms

Frequency table 6: Number of board meetings

	Number of board meetings	0	1	2	3	4	5	6	7	8	9	10	12	N
D13	How many ordinary board-meetings with a physical presence were held in 2002?	2	4	11	9	29	15	17	5	4	1	2	2	369

Percentages reported. Only family firms

Frequency table 7: Boards structures and processes

	Likert type scale ***1=strongly disagree 5=strongly agree***	**1**	**2**	**3**	**4**	**5**	**N**
D16	The board actively uses the board instruction**s** in it's work	28	18	27	17	10	368
D17	There exists a clearly stated division of labor among the board members	24	19	26	16	15	368
D18	All board members are actively involved during the meetings	4	5	14	32	46	366
D19a	Our board members are fully using their knowledge and skills in their board involvement	3	5	16	36	40	367
D19b	…are prioritizing to devote all necessary time to their board assignment	3	7	27	34	30	365
D19c	…are always available if the board work should demand it	1	5	18	34	50	364
D25	The board is usually active in finding their own information in addition to the reports from management	15	16	37	18	14	353
D26	The board is often asking discerning questions in connection with suggestions initiated by the management	7	10	29	37	17	365
D27	The board often asks critical questions regarding information presented by the management	9	15	33	28	15	363
D28	Our board members present many creative and innovative suggestions	3	19	37	33	8	181
D29	Our board finds many creative and innovative solutions	4	19	38	30	8	182
D38a	When an issue is discussed, the board members with the most experience and knowledge of the issue have the greatest influence	3	3	25	44	24	362
D38b	…the board members representing the largest owners have the greatest influence	12	13	24	29	22	362

Percentages reported. Only family firms

Frequency table 8: Service and control

	Likert type scale ***1=strongly disagree 5=strongly agree***	**1**	**2**	**3**	**4**	**5**	**N**
E!	Board members contribute to networking that provides contacts with important stakeholders	10	16	29	29	16	362
E2	… contribute to lobbying and legitimizing. e.g. affecting important stakeholders	23	24	27	18	8	360
E3a	…contribute with advise on general management questions	6	12	26	36	20	365
E3b	… …on legal issues	13	19	26	25	18	365
E3c	… …on financial issues	6	12	19	37	26	366
E3d	… …on technical issues	10	21	31	25	13	364
E3e	… …on market issues	5	12	26	40	17	363
E4a	The board is involved in following up and controlling cost budgets	3	8	14	36	39	396
E4b	…controlling sales budgets	5	7	17	36	34	396
E4c	…controlling firm liquidity	2	3	17	36	42	396
E4d	…controlling investments	2	3	14	31	50	396
E4e	…controlling the CEOs contribution and behavior	6	15	26	30	23	396
E4f	…controlling product quality	8	16	32	24	20	396
E4g	…controlling human resources	5	13	32	30	21	396
E4j	…controlling financial return to shareholders	4	6	19	39	32	362
E4k	…controlling the CSR activity of the firm	6	17	34	29	14	365

Percentages reported. Only family firms

Frequency table 9: Strategic decision-making

	Likert type scale 1=strongly disagree 5=strong agree	**1**	**2**	**3**	**4**	**5**	**N**
E5a	The CEO and the management actively initiate strategy proposals	4	9	22	38	28	368
E5b	…make decisions on long-term strategy	3	8	22	40	27	368
E5c	…implement strategy decisions	3	4	18	43	32	367
E5d	…control and evaluate strategy decisions	4	6	25	40	25	368
E6a	Our board actively initiates strategy proposals	11	19	28	25	16	368
E6b	…. makes decisions on long-term strategy	6	10	23	36	25	368
E6c	…. implements strategy decisions	8	16	32	29	15	363
E6d	…. is active in controlling and evaluating strategy decisions	5	12	29	36	17	363

Percentages reported. Only family firms

Frequency table 10: Supervising, remunerating and protecting

	Likert type scale 1=strongly disagree 5=strong agree	**1**	**2**	**3**	**4**	**5**	**N**
E7a	Our board sees to that the activities are properly organized	2	8	20	40	30	368
E7b	… establishes plans and budgets for the firms' activities	4	5	18	39	34	368
E7c	… board establishes guidelines for the activities	3	5	22	40	31	367
E7d	… board keeps itself informed about the financial position of the firm	1	1	7	36	56	369
E7e	… board sees to that the activities are properly controlled	1	4	16	36	42	367
E8	… board sets the CEO remuneration	13	7	16	25	39	363
E9	…board never acts in such a manner that it provides some shareholders advantages on the expense of other shareholders	7	2	8	14	70	354

Percentages reported. Only family firms

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