

# CONFLICT AVOIDANCE WITHIN THE BOARD OF DIRECTORS

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MASTER THESIS

A QUALITATIVE STUDY ON THE BEHAVIORAL ASPECTS IN TERMS OF CONFLICT  
AVOIDANCE OBSERVED IN BOARDS OF DIRECTORS AND HOW THE CHAIRMAN  
COULD OVERCOME THIS BEHAVIOR

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## Introduction

In light of the recently increased importance of the corporate world in terms of power and economic wealth of the global citizens (Drutman, 2015), this thesis will defend the importance of an effective corporate governance. More specifically, it will analyze the current conflict management within publicly traded enterprises in Europe while focusing on the phenomenon of conflict avoidance within the board of Directors, which is believed to be a very important entity of an organization in terms of the enterprise's risk management (Hirth, 2017).

Taking this into account one should not be surprised that there is a growing debate arising on the approach the management of an enterprise adopts when it comes to corporate governance (Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012). Up until now, according to Charitou, Georgiou, and Soteriou (2016), the corporate governance structures, and therefore the implemented conflict management methods, that foster business excellence are predominantly unknown. These authors conclude therefore that most of the already existing studies did research on organizations in crisis or with already existing problems, which is not the goal of this thesis. On top of that they state that a lot of academic works try to only reflect on the monitoring role of the board of directors. Hence, there are a lot of researches that seem to forget the ability of the board of directors to add value in terms of strategic thinking, if managed appropriately.

Consequently, this study will focus on the board of directors as a value adding entity that has to be managed efficaciously in order to fully exploit its usefulness. On top of that, it will focus more on the psychological aspects than on the economic aspects by taking into account the behavior of members during board of director's meetings. Accordingly, it will try to tackle one of the possible problems that could arise on the subject of adequate conflict management, more specifically to avert conflict avoidance when it is importunate to take into account everyone's expertise in a concise manner.

The reason this thesis subject was chosen, is because what happens in the corporate world can greatly affect our lives, referring for instance to the financial crisis in 2008 (Sherry & Shilbury, 2009). Hence, what some of the highest paid employees in an organization deem as a safe and ethically correct way of doing business, will in the end reflect on all citizens. Therefore, different entities are put in place to monitor and in a later stage also to assess strategically the way of

business in organizations (Davies, 2000). This may sound good on paper, to assure an extra layer of reflective and strategic thinking through discussions. However, one could ask if this is translated into practice in the same way.

Many different entities must function well inside a company for it to thrive (Camera & Casari, 2009). However, this thesis will only focus on the board of directors. It will aim its attention on how this entity functions inside ten different Belgian companies on the topic of conflict avoidance. The next sections will therefore try to give the reader in-depth information about the general functioning of the board of directors and thereafter the conflict management applied inside a board with a spotlight on the appliance of conflict avoidance. In a later stage, the results of the interviews will be examined and critically assessed to finish this work with the linking of the theoretical part and the interviews which is the attested, practical part of this study.

## Literature study

### The Board of Directors

The board of directors is a legally independent body that according to Campbell J. T., Campbell C., Sirmon, Bierman and Tuggle (2012) helps top management reach its goal of value creation by controlling their actions and giving them their insights. In order to completely understand some of the behaviors that can be observed within a board of directors one should clearly understand its objectives, expectations and composition. Hence, this section will first give some general information about the board of directors and its composition and will end with a more specific view on its members and their sometimes criticized roles.

First of all, according to the COSO<sup>1</sup> framework, the board of director's main objective is twofold. Namely, a monitoring role and a strategic role. As the daily decisions are made by the corporation's executives and senior managers, the board of directors is a group of elected people who jointly oversee these activities and decisions and discuss the future of the organization. Thus, the

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<sup>1</sup> COSO is the abbreviation of Committee of Sponsoring Organizations of the Treadway Commission, it is a private organization that dedicates itself to improve financial reporting, internal controls, the applied ethics within a business and the corporate governance in general (Moeller, 2007, pp. 5-12).

member's duties consist not only out of watching after the financial wellbeing of the corporation, but their duties have been additionally broadened to make them reflect more on the promotion of success of the company for the benefit of its members in the long term (Hirth, 2017). The board is therefore defined as an entity that has to work closely with management to enhance organizational performance (Cornforth & Macmillan, 2016). This strategical contribution of the board of directors is again stressed by Charitou, Georgiou, and Soteriou (2016). They clearly establish a link between quality management and a quality board of directors when their strategical role is valued inside a company.

The reason of existence of a board of directors is to represent the interests of the real owners of the enterprise, which are the shareholders (Hart, 1993). There are two theories defending this separation of ownership and management: the monitoring theory and the mediation theory. The former states that a large number of unexperienced and scattered owners have no time to cooperate and manage a company, the latter defends the statement that the board is the perfect mediator that separates the ownership of a firm's assets and its control in order to be most effective. This separation is also called the director primacy model as it is opting for an independent entity to lead an organization rather than its actual owners (Fogel & Andrew, 2007).

Hence, a more negative definition of the board of directors, that does not support the director primacy model, is given by Fogel and Andrew (2007) who see the board as a 'buffer' that behaves as an intermediary to supposedly represent its real owners, because after all, the organization still has the power to define its own constitutional rules, apart from the predefined government rules, and these can sometimes not be in line with the expectations of the shareholders, which can cause conflicts.

### Appointment process and composition

In order to dig deeper into the possible conflicts that could arise inside a board of directors, one has to dig deeper into the appointment process and the composition of the board of directors. As for the appointment of the members of a board of directors, shareholders normally elect board members to represent their interest and these members elect on their turn a CEO or a chairman (Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012). There can also exist a nominating committee that nominates possible candidates. Although it is recommended to have independent

standing committees, managers can profoundly influence the appointment process (Fogel & Andrew, 2007). However, when a nominating committee reduces the control of a CEO in the appointment process, the quality of a board is increased and will answer better to the expectations of the shareholders according to Professor at Harvard Aiysha Dey (2008).

Even if no board size and composition is the same worldwide (Charitou, Georgiou, & Soteriou, 2016), the boards are composed in such a manner that they support the theory of Van den Bossche, Gijssels and Segers (2004). This theory explains that shared knowledge increases team efficiency. Which is supported by the composition of a board that exist of various experts coming from inside and outside the organization in question. Hence, the current board of directors of large publicly traded companies are represented by executive directors and a majority of non-executive, independent directors<sup>2</sup> which should indeed reinforce the fact that the board is an independent entity that is not blinded by management decisions and remains a cautious monitor in order to serve the shareholders (Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012).

However, every board structure can differ, and some smaller boards can obtain a larger percentage of executive directors. Thus, in smaller companies, the main shareholders can take part in board meetings instead of non-executive directors. The non-executive directors, that can represent the shareholders in board meetings in mostly bigger companies, are experts in different domains that offer alternatives to some issues a company could face, provided their expertise of the market (Charitou, Georgiou, & Soteriou, 2016).

According to Davies (2000) their presence is valued because the independent director wants to excel in his/her position to enhance his/her reputation and promote his/her career and so, will be a viable trust source for both the management of the organization and the shareholders. On top of that, the executive directors could obtain the incentives to handle in their own interests at the expense of the shareholders when wanting to ensure the long-term viability of the company instead of short-term monetary gains, which would not be the case when independent directors would participate in the decision making since they are neutral to this aspect.

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<sup>2</sup> Executive directors are charged with the day-to-day tasks of the organization and compose the management of the organization. Non-executive directors on the other hand only attend to the board's meetings as they do not work for the organization on a day-to-day basis and do normally not have any material relationship with the company (Dey, 2008).

The statement of conflicting interests between the shareholders and the corporate managers is again confirmed by Dey (2008). She claims that the very divergent expectations from these two different groups and their information asymmetries contribute enormously to conflicts within a board. Consequently, managers will try to resist the nomination of board members with whom they do not see eye-to-eye, with whom they do not have a well-established relationship prior to their membership within the board so to say, and have been trying to exclude as much as possible the shareholders from the decision-making process (Fogel & Andrew, 2007).

### Criticism on the board's composition

Notwithstanding, over the years there have been various studies that question this composition and either want to reduce the presence of non-executive directors or want to increase the presence of the shareholders inside the board of directors. Though there doesn't exist a perfect and universal composition (Charitou, Georgiou, & Soteriou, 2016), the efficiency of the presence of non-executive directors is questioned by for instance Sherry and Shilbury (2009). Contradicting Davies (2000) (cf. supra), they argue that the outside roles of independent directors could have a negative impact on their performance and their supposedly neutral added value, which can also be denominated as a conflict of interest. On top of that, the fact that they are being remunerated for their services could also influence their behavior, most definitely when the CEO or the chairman influences their election process because ingratiation between the CEO or the chairman and the elected person could have an effect on the vigilance of the so called expert whose presence should enhance the firm's value (Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012).

This is confirmed by another study that states that it is very arduous for an independent director to contradict or object a sitting CEO, which makes non-executive directors distance themselves from their responsibilities (Fogel & Andrew, 2007). Moreover, the lack of a long-lasting relationship (Charitou, Georgiou, & Soteriou, 2016) and the lack of any material relationship with the company could be detrimental for their effective added value (Fogel & Andrew, 2007). By the same token, the role of the non-executive directors is challenged when assessing their motivation and involvement inside the board. Accordingly, a lack of commitment is observed from their part due to inadequate dedicated time and attention allocated to the board (Guerrero, Lapalme, & Séguin, 2015).

There also exists a lot of criticism on the role shareholders play within a board and how they are represented. One type of criticism states that the board should shift decision-making from managers to shareholders and to give the shareholders, the real owners of the company, more rights than their mere removal rights (Davies, 2000). Fogel and Andrew (2007) argue that even though managers are officially accountable to shareholders, practically speaking they are only accountable to these owners of the company in the most “extenuated financial way”. These authors therefore propose to include the representation of long-term and high-share owners in the board which they would then call “oversight shareholders” and to facilitate their ability of calling board or Shareholder Meetings because they discuss that at this point there are too much legal barriers for the shareholders to participate in the management of their assets.

Campbell, Campbell, Sirmon, Bierman, and Tuggle (2012) share this point of view and add to this that the board should shift to a shareholder primacy model, which grants greater voice to the real owners of a company. In fact, they want a majority of shareholders represented in the board of directors instead of a majority of non-executive directors, in order to enhance a firm’s governance and to reduce agency losses, which can be defined as the difference between the action of the managers and the best possible outcome for the shareholders.

Nonetheless, apart from the actual composition within a board, which can be a very criticized subject, it is proven that a board with a high cognitive but also a high societal diversity enhances a companies’ performance because it encompasses a vast range of new information, perspectives, insights, ideas and it enhances creativity (Torchia, Calabrò, & Morner, 2015).

The question on this matter is whether this diversity is most effectively managed in terms of conflict. Does everyone speak out freely? There is a strong believe that on paper this diversity sounds like the road to success (Bossche, Gijsselaers, & Segers, 2004), but does this translate into efficient integration of expertise and a reduction of information asymmetries in practice? The previously mentioned studies do not seem to speak about the psychological aspects that are involved when putting people from different backgrounds together in one room who sometimes don’t know each other and are sporadically meeting but who are still expected to create value by cooperating with each other.

### Perceived roles of the board of directors inside an organization

On the subject of psychological aspects, it is important to look at the perceived place of a board within a company, to try to understand what role each member thinks he/she is playing inside the company and to be able, in a later stage of this work, to understand their behaviors better. Indeed, the involvement and role of the board can play a crucial role in terms of conflict within a board (Heemskerk, Heemskerk, & Wats, 2016).

Nadler (2004) defined five different types of boards according to their involvement into the companies' decision-making. The least involved board is the passive board, which only exists to justify managerial decisions with a rubber stamp but is not valued for its input. Then there is the certifying board which is mostly occupied with controlling the activities of upper management. Thereafter comes the engaged board which does not only occupy itself with the control task but takes into account the strategic task. This board tries to enhance the strategical approach of the company by granting them their valuable insights.

Next comes the intervening board which is involved, on top of the control and strategic tasks, in important managerial decisions. Lastly, there is the operating board which makes all the key decisions that are subsequently implemented by the management entity of the company. Consequently, board members can agree or disagree on their current or future involvement and role within the company which constitutes the basis of mutual understanding between the board members. In other words, if this aspect is not agreed upon, the board will not be able to add value to the company and will be in conflict or stand under pressure (Heemskerk, Heemskerk, & Wats, 2016).

### Conflict

Creating a well-performing team has become one of the most important aspects of prosperous organizations, but a lot depends on the nature of the team and the communication within the team to make it a significant value adding entity (Richardson, 1995). On top of that, the analysis of conflict became more and more important in order to enhance cooperation between people which is believed to add value (Euwema & Giebels, 2017). Besides, the many recent corporate scandals as well as the financial crisis in 2008 have put more pressure on boards to increase their insights

in the company and their responsibilities in terms of ethic business and financial viability (Levrau & Van den Berghe, 2013).

Up until now, there is very little knowledge on conflict management within the board of directors. In order to obtain an efficient team management, one needs to start understanding what the negative and positive behaviors can be within a board. Moreover, extensive research should be done on the drivers of a conflict within a board in order to enhance a board's composition and, more importantly, its value adding capacity (Walker, Machold, & Ahmed, 2015).

Conflict can be defined as individuals or groups having divergent opinions who at that moment are failing to find an agreement or accord. One can be in an opposition with other people, forces, external demands or one's own mind and internal demands (Merriam-Webster, 2018). Simply said, "a clash of opinions" (Şahin, 2015). According to Oachesu (2016), a frequent assumption in terms of conflict is that when one can define the reasons of the conflict, that one can also define its resolution. Notwithstanding, some conflicts are not resolvable and there are no secret formulas nor guarantees to find a solution to every conflict. Therefore, it is importunate to look a bit deeper into the concept of conflict before one can dive deeper into how one can manage conflicts in a business environment.

This section of the thesis will therefore first give some information about the reasons of conflict occurrence and the different types of conflicts that have been identified so far. Thereafter it will concentrate on conflict management and the role of a conflict manager while terminating with a greater focus on conflict avoidance and its possible reasons of occurrence within a board of directors.

### Conflict occurrence

When living or working within a group, conflict is imminent and everyone practices it every day (Oachesu, 2016). It is inevitable and it occurs when one perceives threats to its predefined values, interests, objectives or culture (Yang, 2015). The board of directors can be considered as a team but where the interactions become paramount because of its specific composition and role within a company (Torchia, Calabrò, & Morner, 2015). Boards differ from ordinary corporate teams

because it is a decision-making entity with a lot of different profiles that come together less often than full-time working teams<sup>3</sup> and its output is purely cognitive. Because of these particular features, boards are especially inclined by taking risks (Walker, Machold, & Ahmed, 2015). Good communication and conflict management are therefore vital aspects of this entity which will be influenced by their interactions, their overall group satisfaction and the feeling of inclusion of the board members (Melkumov & Khoreva, 2015).

Therefore are conflicts, or pressure for that matter, proved to negatively impact the performance of a board (Walker, Machold, & Ahmed, 2015) which is confirmed by Chédotel, Stimec and Vignikin (2015). According to Heemskerk, Heemskerk and Wats (2016), uncertainty and misunderstandings are the most important drivers of conflict within a board and lead to inferior board task performance. Chédotel, Stimec and Vignikin (2015) add to this that time pressure can play a significant role to provoke conflict within teams in general and Oachesu (2016) adjoins that power relations, scarcity of resources and the divisions of tasks can also play a role in the occurrence of conflict.

As for a board of directors specifically, Heemskerk, Heemskerk and Wats (2016) state that if the relationship between the executives and the non-executives is tense, the executives will not be very open to the advice from the independent experts which would take away the positive inputs a board could offer and therefore it would not fulfill its initial reason of existence. However, a board with internal conflicts may be more open to the influences of external stakeholders which could be highly appreciated by the shareholders (Melkumov & Khoreva, 2015).

### Types of conflict

There are four main types of conflict that still occur today in a business environment. These are interpersonal conflicts, intrapersonal conflicts, intra-group conflicts and inter-group conflicts. The first-named type of conflict, interpersonal conflict, refers to a conflict between two distinct individuals that don't agree on a certain topic. The second type of conflict, intrapersonal conflict, takes place within the mind of a certain individual and is therefore purely psychological. The third type of conflict is the intra-group conflict and it occurs among individuals within teams. It can

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<sup>3</sup> Normally once a month, depending on the growth stage of the company (Courtois & Tazdaït, 2012).

refer to misunderstandings or incompatibilities. The last-named type of conflict is called the inter-group conflict. This type of conflict arises between different teams in an organization. The factors that could influence this type of conflict are a sense of competition or rivalry (Oachesu, 2016). This thesis will only explore the three first types of conflicts as it merely focuses on one team, the board of directors.

When analyzing these different types of conflict, it is clear that their reasons of occurrence can differ. However, the freedom of negotiation within a group seems to have an effect on the occurrence of interpersonal, intra-group and even inter-group conflict. If one is able to understand what provokes constructive group discussions, one could give more room to a better negotiator's group membership. On the other hand, when destructive group discussions are arising, one could more easily walk away from it or choose to engage in a conflict (Demoulin & de Dreu, 2010).

Apart from the freedom of negotiation, another factor can influence positively the decrease of conflict between people or groups, which takes place when averting an 'impeding catastrophe'. If two parties, be it two persons or two groups, seek a mutual way out of a potentially damaging situation for both parties concerned, there is believed to be less room for conflict (Demoulin & Dreu, 2010).

There are two main areas of conflict identified, areas meaning subjects of conflicts. Namely, cognitive conflict and affective conflict. While cognitive conflict handles all sorts of conflicts about work-related tasks or decisions, affective conflict is defined as interpersonal differences that include social and emotional relationships (Wayne, 2005). In general, affective conflicts are perceived to negatively impact performance within an organization whereas cognitive conflict, if the dispute is well discussed and resolved upon termination, can be quite productive (Yang, 2015).

These findings are confirmed for a board of directors, where cognitive conflict can be viewed as a key influencer of its performance as it is considered that within a board, cognitive conflict is a positive indicator of the board's work ethics and positioning within the organization (Torchia, Calabrò, & Morner, 2015). On top of that, task conflicts within a board of directors are an important stimulator for the inclusion of multiple perspectives, insights and a better evaluation of

possible alternatives to enhance the decision-making process and its efficiency while doing so (Heemskerk, Heemskerk, & Wats, 2016).

Diversity is a strong predictor of conflict within a board (Walker, Machold, & Ahmed, 2015). Melkumov and Khoreva (2015) confirm that one of the many challenges a board faces can be defined as tensions due to real or perceived disparities in perspectives and judgements. This can be viewed as diversity issues among members. Hence, Torchia, Calabrò and Morner (2015) find that the higher the deep-level diversity<sup>4</sup> within a board, the higher the levels of cognitive conflicts are, which enhances the creativity of alternatives and thus, the board's performance.

However, Walker, Machold and Ahmed (2015) state the opposite by saying that board members with low deep-level diversity, thus with similar personalities, exhibit higher levels of cognitive conflict because they are able to communicate better with each other on the grounds of their similarity in their way of thinking and in their approach to one another. On the contrary, when deep-level diversity is high, it augments the risk of having affective conflicts because the members face more difficulties in understanding each other which would deteriorate interactions according to these authors.

Apart from cognitive and affective conflict, within a board there can be defined a third form of conflict which is agency conflict. This can be defined as the result of the separation between ownership and control which incorporates the conflicting objectives between the managers and the shareholders (Dey, 2008). This type of conflict is likely to occur more often when members of the board tend to have a pro-self-motivation, which means that they are likely to consider their own interests that are at stake to be more important than those of someone else, instead of a pro-social tendency, which implies the opposite behavior (Aaldering, Greer, Gerben, & De Dreu, 2013).

### Conflict of interest

Relating to the subject of one's interests in a professional setting, one can do research on the subject of conflicts of interests. This is one of the most actively researched struggles within the board of directors. Conflict of interest represents the possibility of one's self-interest that takes the upper

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<sup>4</sup> In terms of personalities, attitudes, culture, skills and knowledge. This is the opposite of surface-level diversity which defines the observable differences between people such as gender, age, ethnicity, etc.

hand in one's decision-making, leaving out one's other duties towards possible third parties. So, it goes without saying that on its occurrence this damages an organization (Sherry & Shilbury, 2009).

A solution to manage these possible conflicts of interests between the managers and the shareholders could therefore be a third-party judgement, translated in the board of directors by the independent directors and the two-tier system. The latter conceptualizes the separation of the board into an executive board and a supervisory board. This separation is believed to facilitate the management of conflicts of interests within the board of directors (Heemskerk, Heemskerk, & Wats, 2016).

Another proposition to reduce the possible conflicts of interests between the shareholders and management could be to allocate stocks to the managers, which would support managerial ownership in order to align the interests of the managers with those of the shareholders (Dey, 2008). This would increase the interdependence and so, it would naturally give incentives to cooperate more (Yang, 2015). I personally do not see this as a viable option since this could, in some cases, increase fraud in order to augment the short-term monetary gains of the organization.

Speaking of fraud, COSO sponsored a research project that evaluated the number of executive directors within a board and found that the more executive directors present in the board, the bigger the possibility of financial fraud becomes. Indeed, this study stressed the importance of independent and expertized directors (Hirth, 2017).

On top of that a recent Cyprian study shows that the number of outside directors present within the board of directors is positively related to the level of quality management and financial performance of a company when the outside directors obtain industry and management expertise in order to fully contribute to the inside and specific expertise of the executive directors (Charitou, Georgiou, & Soteriou, 2016).

### Conflict management

How to resolve a conflict, cognitive or affective, has been a much-discussed subject over the years and it all comes down to how one manages a conflict internally (Richardson, 1995). Meaning that when conflict is not resolved or when teams opt for conflict resolution strategies that do not allow for all parties involved to have the feeling that the conflict is resolved, the team could face

detrimental effects or is likely to be prone to continuous, escalating conflicts (Behfar, Peterson, Mannix, & Trochim, 2008).

Conflict management is believed to encompass communication skills, accurate understanding of your surroundings, appropriate dealing with emotions and foremost, accurate problem-solving skills (Zhang & Cao, 2011). Furthermore, it is understood that the type of conflict that is arising does not specifically matter. It is rather a question of approaching the conflict resolution in the right way, implicating the application of the appropriate conflict management style, that yields team viability. The conflict resolution for that matter is based on the team member's perception that the conflict was resolved (Jehn, Greer, & Mannix, 2008).

Although there is no best practice approach in terms of conflict resolution, there are various conflict management grids that have been developed over time. The newest models include five conflict management possibilities or styles that depend on the place one allocates to its self-interest and the place one allocates to the other's interests which is called the dual concern model (Euwema & Giebels, 2017, pp. 78-81). This observation has also been made by Aaldering, Greer, Gerben and De Dreu (2013). As explained above, they identify agency conflicts based on the importance of the self-interests of the board members.

Hence, the conflict management grids almost all come down to the following enumeration. First, one can force one's opinion and not leave a lot of space to actual problem solving. This is known to take place when one's self-interest is very high and one's preoccupation of other's interests is very low. Second, one can avoid conflict by dodging every possible confrontation, mostly because the person does not think to gain much when confronting the issue but also because he/she believes someone else can do it better so there is no need for his/her intervention on the matter. Hence, this form of conflict management occurs when one's self-interests and one's care for other's interests is low (Euwema & Giebels, 2017, pp. 66-75).

The third form of conflict management is called admitting. This occurs when one's self-interest is low but one's interest in others is high. Fourth, one can try to compromise by taking into account both parties of the conflict and find 'the happy medium'. When someone wants to meet in the middle, one's self-interest and the preoccupation of someone else's interests are quite average. Last but not least, there is the actual problem-solving method when both self-interest and other's

interests are important for the concerned parties. This form of problem-solving gives way to alternative solutions and creative results (Euwema & Giebels, 2017, pp. 66-75).

When studying these approaches and comparing for each of them the performance of the team and the team members' work-related satisfaction, Behfar, Peterson, Mannix and Trochim (2008) conclude that a pluralistic and preemptive strategy results in an increasing or consistently high form of performance and satisfaction in a team. They stress that a high dual concern, a concern for one's self interests and a concern for integrating the interests of all individual members, enhances performance and satisfaction. More particularly, groups are considered pluralistic when they take on a group-perspective instead of an individualistic perspective and are considered preemptive if they can make decisions in a way that integrates individual interests by recognizing them and creating solutions to potential conflicts before they arise.

However, it is believed that even if situation-specific theoretical knowledge helps, the management of conflict often comes down to experience and the strength of relationships with the people involved (Oachesu, 2016). Which brings us to the role a conflict manager can play in resolving conflicts by his or her possible intervention.

### The conflict manager

In the research of Chédotel, Stimec and Vignikin (2015), where these professors analyze conflicts within project teams, the role of the conflict manager is stressed in order to manage conflicts in an effective way. They state that the potential resolution lays partly in the hands of the conflict manager who has to establish a set of principles that help foster a positive resolution process. Such as, focusing on the content of interpersonal relationships, discussing together the reasons that motivate decisions and affecting work to stakeholders who possess the most relevant skills. They add that some procedures could help advance discussions within a group such as discussion forums because they have the potential to provoke a better culture inside a workgroup.

This conclusion is confirmed by Husemann, Ladstaetter and Luedicke (2015) as they state that formalizing a conflict resolution and discussion method helps the group to develop a healthy conflict culture. A healthy conflict culture is defined as an open way of discussing certain topics that are believed to obtain diverging opinions without leaving people out and by showing understanding for all participants, referring back to the dual concern model (Euwema & Giebels,

2017, pp. 78-81; Behfar, Peterson, Mannix, & Trochim, 2008). Therefore, conflicts in this context are judged to enhance relationships upon termination (Husemann, Ladstaetter, & Luedicke, 2015). However, Jehn, Greer and Mannix (2008) do not seem to agree upon this when they researched process conflicts inside business environments. They articulate that conflict resolution does not matter due to the ambiguity and negative emotions that arised during a conflict partly due to high spill-over effects.

However, conflict resolution is a challenging practice and regardless of the impact in a later stage, when conflict arises it should be resolved in the most efficient, competent and adequate way. That is why Messarra, Karkoulian and El-Kassar (2016) call for trainings that would help team members control their emotions and impulses and that would also bridge the gap between the different generations that can be present inside a team. Another approach to resolving conflict and to aid control one's emotions is through cultivating a sense of humor (Şahin, 2015). A totally different perspective researched how majority voting acts on groups as a means to resolve conflicts and found that it enhances team performance, but it decreases member satisfaction (Behfar, Peterson, Mannix, & Trochim, 2008).

What a lot of studies seem to agree upon is the ability of the conflict manager to be flexible in its approach. The approach is believed to develop over time according to the evolution of the group but that the conflict manager needs to adapt pluralistic conflict resolution styles with a great focus on the anticipation of conflicts, disagreements or discords (Husemann, Ladstaetter, & Luedicke, 2015; Behfar, Peterson, Mannix, & Trochim, 2008). About the anticipation of conflict, this seems to be a recurring skill that is requested of a conflict manager with the aim of preventing a possible conflict from escalating by acknowledging divergent opinions from the start and to allow guidance throughout the discussions (Şahin, 2015).

Another study, that established a clear link between conflict resolution strategies, member satisfaction and team performance, does not put the stress on one conflict manager in terms of conflict resolution but focusses on the group's ability as a whole to resolve a dispute. Hence, three main 'best practices' were considered to improve or maintain a good group performance when assessing the critical role of conflict resolution in teams. The identified proceedings are to admit a greater focus on the interpersonal interactions and not only the results, a thorough discussion process behind the reasoning of a certain decision and the assignment of tasks to people that

possess the appropriate knowledge and expertise on the matter, which means going against default or convenience choices of task assignments (Behfar, Peterson, Mannix, & Trochim, 2008).

### *The conflict manager within a board of directors*

The role of the conflict manager is mostly allocated to the chairman of the board (Harrison, Murray, & Cornforth, 2013). His or her function inside the board is plural. Apart from functioning as the conflict manager the chair has to provide resources, legitimacy and information to the board (Withers & Fitza, 2017). Furthermore, the chair's ability to maintain high quality relationships is stressed in order to obtain an efficient decision-making process (Harrison, Murray, & Cornforth, 2013) which also stimulates the informal dialogues outside board meetings. Hence, informal dialogues are described as being primordial for a good functioning of the board (McNulty, Pettigrew, Jobome, & Morris, 2011). Most definitely to have the chance to know everyone's point of view on sensitive topics before the official meeting starts (Levräu & Van den Berghe, 2013). Additionally, the chair operates as the shareholder's primary contact (Withers & Fitza, 2017) and he or she must control and guide the CEO (Krause, 2017).

On the topic of the CEO, this individual could also function as the chair in some boards which is called CEO duality (McNulty, Pettigrew, Jobome, & Morris, 2011). Whenever this is the case, it is believed that it enhances collaboration between the staff and the board. However, when the roles are separated, meaning that the CEO is not the chair, it is considered that it enhances the ability of the board to control the management's actions (Krause, 2017).

The separation of the two roles has been the most popular option in companies worldwide (Withers & Fitza, 2017). When the roles are separated, the importance of the relationship between the CEO and the chair is of high importance. There needs to be a lot of trust established between these two individuals, also to ensure a good board-staff relationship (Cornforth & Macmillan, 2016).

In terms of the influence a chair can exercise on the organization it depends on two factors, namely the CEO duality and the full-time commitment inside the institution. More particularly, when the CEO is also the chair, he or she will be able to exert more power inside the board. The influence is also heightened when the chair is employed full-time by the organization, is an executive with other words (McNulty, Pettigrew, Jobome, & Morris, 2011).

When assessing the conflict management grid (cf. supra) on the role of the chairman inside the board of directors, all conflict management styles are named to be cooperative but two, the dominating and the avoiding style. These two aforementioned styles are predicted to decrease performances inside a board due to its provocation of negative work attitudes. Thereby, an emphasis on the building of trust inside the board is enforced because the avoiding style in particular is related to the lack of trust towards the supervisor, the chairman. Hence, a chairman can develop trust by giving its team members the feeling that they are valued and cared for their input, which could demand for trainings of the chairman (Chan, Huang, & Man Ng, 2008).

As for the chair's conflict management skills, they are judged to be far-reaching in terms of satisfaction of the board members and the effectiveness of decision-making (Harrison, Murray, & Cornforth, 2013). In fact, the chair is believed to play a pivotal role in the efficient decision-making of a board (Levrau & Van den Berghe, 2013). He or she is described as someone who is neutral, to allow an objective evaluation during discussions (McNulty, Pettigrew, Jobome, & Morris, 2011) and as a transformational leader. A transformational leader is someone who has a great focus on the cooperation between group members as to promote team coordination and thereby team performance. It allows for every group member to have her/his place inside the group and to not only make them reciprocate with the leader. The ability of the transformational leader to prioritize goals and to not postpone decisions is also highlighted (Zhang & Cao, 2011).

Another research calls the chair an authentic leader. Authentic leaders are characterized as leaders that allow a high transparency and idea sharing as to create a participative safety climate. This requires the use of balanced processing through analyzing all relevant information prior to making decisions openly and a high receptivity of different points of view (Guerrero, Lapalme, & Séguin, 2015). Adding to the opinion of Messarra, Karkoulian and El-Kassar (2016), this study also believes that authentic leadership can be achieved through trainings, not to control emotions but to extend to the creation of the participative climate in which each member feels free to express themselves.

All of these qualities a chair must obtain in order to excel in its tasks and function inside the board are arduous to exercise, especially because the chair has no statutory position, which means that the chair in terms of hierarchy stands on the same level as all the other board members. Consequently and above all, the chair is called a relational leader that can capture the value of

diversity in thought-processes, opinions and ways of expressing oneself. He will be able to surmount some of these difficulties by advocating for reviews and assessments to obtain feedback from his or her peers (Levrau & Van den Berghe, 2013).

However, in accordance with Courtois & Tazdaït (2012) the role of conflict manager inside a board of directors, so to say, is mostly put upon the non-executive directors. They are viewed as referees or mediators to resolve the internal conflicts of interests and to intervene in the executive remuneration. But this position can be questionable because empirical research has proven that it is very hard for non-executive directors to oppose to a sitting CEO (Fogel & Andrew, 2007).

So, that leaves me to ask, is the right approach engaged in a board of directors? Can we speak of effective conflict management within a board of directors? Because as said before, good communication and effective conflict management are imperative for this entity that takes a crucial place within an organization (Torchia, Calabrò, & Morner, 2015). Also, because this team is bounded by limitations in terms of information, decision criteria, time, etc. (Levrau & Van den Berghe, 2013). Hence, it seems interesting to dig deeper into the possible detrimental attitudes that can be discovered within this group of experts. This thesis will focus therefore on one of those possibly detrimental attitudes which is conflict avoidance.

### Conflict avoidance

As said before, conflict avoidance is one of the possible types of managing conflict. It can be defined as a passive and unassertive way of conflict resolution where both parties or only one party may recognize a conflict exists but none of them is willing to put it in wording (Richardson, 1995). It is said to be inherent in the human nature to rather avoid conflict than to invite it, however the extent to which people avoid conflict often has to deal with the importance they attach to the matter (Husemann, Ladstaetter, & Luedicke, 2015).

Avoidance does not know one straightforward way of thinking or mentality but has various cooperative and relational-oriented reasons (Tjosvold & Sun, 2002). The main drivers for this adaptation of conflict resolution are to avoid confrontation, hoping that the problem will resolve itself or be resolved by someone else, indifference towards the matter and sometimes fear of standing in the way its own personal interests (Richardson, 1995). Oachesu (2016) observed in her study that when conflict within a team was mostly associated with destructive and

counterproductive sentiments, that conflict avoidance was most employed. Especially when the people concerned lacked sufficient confidence and aimed solely at the reduction of tensions.

Conflict avoidance is often associated with a behavioral pattern that lays closely to neuroticism. On top of that, it is more often observed with employees from generation X, born in between 1965-1980, than with employees from generation Y, who are born between 1981-2000, by reason of the higher risk aversion observed for employees from generation X. Generation Y employees are described as being more at ease with their surroundings and that can react more spontaneously to a given situation than employees from generation X (Messarra, Karkoulian, & El-Kassar, 2016).

Yang (2015) observes that conflict avoidance is mostly employed by subordinates towards their supervisors. He claims that this is due to the increased self-interests of superiors and the power imbalance which is partly due to the information asymmetry between a subordinate and a superior. As Oachesu (2016) said before, power imbalance can be a stimulating factor of conflict. This is also confirmed by Demoulin and de Dreu (2010) who state that power differentials affect the willingness of group members to engage in positive or constructive interactions.

However, Yang (2015) argues that conflict avoidance is more employed by managers than they would declare themselves. He states that employees often perceive their managers as conflict avoiders whilst the managers themselves let believe in their self-evaluations they do not adopt such conflict management style which could therefore cause rather large perceptual gaps between the subordinates and the managers.

As for the impact of conflict avoidance within business teams, the literature proposes some diverse opinions. Richardson (1995) concludes his research by declaring conflict avoidance as a “weapon” against the value creation of an organization because it doesn’t resolve anything and it could exacerbate the internal wellbeing of the company which would have a detrimental effect on the firm’s external activities. Yang’s (2015) opinion on the matter is quite similar to Richardson’s (1995) as he declares that it is a very unsatisfactory and frustrating approach of conflict resolution since it gives way to a lot of uncertainty. Yarbog (2015) also shares this understanding and declares that it hampers effectiveness inside a team.

On the other hand, Tjosvold and Sun (2002) believe that managers should choose the appropriate conflict management they adapt according to the specific situation and therefore conclude that

each approach could have its positive impact at a given time in the development of the company. Oachesu (2016) agrees upon this and adds that the discerned conflict management type may depend on its status and the entities or values that are involved.

On the topic of conflict avoidance, Tjosvold and Sun (2002) declare that collectivist societies, such as China, actually benefit from this approach and that Western countries, where openness is valued more, see avoidance as counterproductive. In order to avoid disrupting relationships, Tjosvold and Sun believe that conflict avoidance may in some cases be the right approach to apply in a business environment, even in Western countries.

### Conflict avoidance within the board of directors

Before one researches conflict avoidance within the board of directors it is important to bear in mind that one cannot consolidate their impressions on the behavior of one individual to their perceptions on the group as a whole (Tajfel, 1982). Therefore, it will be necessary to research if avoidance of conflict is a general recurring observation for multiple members of the board of directors and to not be biased by one single perception.

While reading through a lot of literature that observes companies to encounter different phenomena within the business world, one can encounter quite some implicit or explicit comments or indications about the avoidance of conflict within a board of directors. Such as in the book of Chattopadhyay, Batra and Ozsomer (2012) which does research on the emergence of new multinational companies in non-triad countries. Even in these highly innovative and open managerial companies the authors observed, and did therefore not fail to mention, that when an important decision has to be made inside the company many of the senior executives “do not seem to be willing to openly disagree with the boss or CEO” (Chattopadhyay, Batra, & Ozsomer, 2012, p. 115).

Besides that, a recent study that analyses the positive impact of a common framework among board members, meaning that they share the same views on their role inside the organization, observes that there reigns a strong atmosphere amongst board members that they should at all times avoid conflict in order to maintain the relationships at a positive position. But the authors agree with Yang (2015) and Richardson (1995) when analyzing the effects of avoiding conflicts. Hence, they state that avoiding conflict within the board of directors reduces the amount of instructive debates

and decreases their capabilities of tackling strategical issues. Consequently, they highlight the importance of a good manager or chair that is not biased by his/her own ideas but promotes the divergent opinions of his/her colleagues (Heemskerk, Heemskerk, & Wats, 2016).

Furthermore, this study declares that conflict avoidance impacts the board's task performance in four different but highly related ways. First of all, this behavior will make the board underperform due to a lack of input. Secondly, it will lead to a continuous increase in indecisiveness because the cognitive resources that are put together inefficaciously will lead to decisions without closure. Thirdly, the board will not perform well in times of crisis because it has made a habit of procrastinating. Ultimately, conflict avoidance could deteriorate relationships within a group instead of enhancing them because communication is the single means to make oneself understand its ideas and viewpoints on the matter (Heemskerk, Heemskerk, & Wats, 2016). This last negative impact that has been observed within a board when avoiding conflict contradicts Tjosvold and Sun (2002) who believe that in some circumstances, avoidance can be the right approach in order to preserve business relationships at a prosperous level.

#### *Reasons of conflict avoidance within the board of directors*

This section of the thesis will include a transversal analysis of all the previously discussed parts of the literature study whilst giving possible explanations for the appropriation of conflict avoidance within the board of directors. As already said before, this study focusses more on the psychological and behavioral aspects that could play a role within the board of directors and this section in particular will highlight this focal point. Hence, the performance of a board of directors can be predicted when examining the behaviors of a board according to Melkumov & Khoreva (2015). More specifically, they claim that the behavioral perspective, which takes into account the dynamics and interactions within a board, has considerable predictive powers.

Although there hasn't been a study that knows as its sole purpose the investigation of the occurrence of conflict avoidance within the board of directors, while doing research in previous literature on conflict management within the board of directors, one can find recurring information about the observation of conflict avoidance, as seen before, and some possible explanations for the adaptation of this behavior. Hence, it seems appropriate to mention these theories in a concise manner and to analyze their applicability and relevance in a later stage of this thesis.

To recapitulate, avoidance of conflict can take place when someone either wants to avoid confrontation or hopes that someone else will resolve the problem or can do it better, or is indifferent towards the problem or because he/she fears that when the issue is not avoided, it would stand in the way of their own personal interests (Richardson, 1995). To begin one could say that the rather unusual composition of the board of directors (Walker, Machold, & Ahmed, 2015) could have a hand in the adoption of such an avoiding behavior prior to normal business teams. When looking at the two different parties representing the board, the executive directors and the non-executive directors, one can find reasons for the avoidance of conflict for both parties.

As for the non-executive directors, I refer back to the criticisms on their role inside a board that were mentioned before. First of all, since they are nominated through a vigorous election process where the CEO could also have a certain influence (Fogel & Andrew, 2007), the feeling of ingratiation may arise (Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012). This is again confirmed by Fogel and Andrew (2007) and Chattopadhyay, Batra and Ozsomer (2012) when they speak about the fact that it is very difficult for a director to contradict their CEO, which could be due to the feeling of ingratiation as well. The feeling of ingratiation makes one feel indebted towards a second or third party and this could influence the way some board members function inside a board, in this case by following the party they feel indebted to and avoiding conflict with them (Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012).

Hence, this sentiment can also emerge within a board based on the social exchange theory (Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012). It is one of the oldest theories that exist on social group behavior and explains that interactions between individuals always consist out of an exchange of tangible or intangible resources. This theory assumes that when being in an exchange, an individual will try to maintain the relationship with the other party throughout the exchange. On that account, it incorporates that when people need to cooperate in order to reach a common goal the relational interdependence takes a very important position in the exchange between two parties (Lambe, Wittmann, & Spekman, 2001). In a board this could be translated into a board member that wants to obtain a favorable position towards other board members such as the chairman or CEO, which reaches even further than the non-executive directors, concerning also other board members based on the same premises (Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012).

Consequently, in order to preserve a good relationship with the sitting CEO or chairman, the other board members could feel obligated to repay their part of the bargain. Especially for the nominating committee, to whom the non-executive directors may feel indebted to since they were elected (Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012). This can therefore translate itself into avoiding expressing one's opposing thoughts in order to 'pay back their debt'.

Also, because non-executive directors sometimes receive a generous remuneration for their services and they wouldn't want to renounce to these received benefits or to the title of being a board member, an urge for social approbation could take the upper hand and stand in the way of one's moral judgement while objectively analyzing the management of an organization (Fogel & Andrew, 2007). The same goes for minority shareholders that risk losing their shares or being diluted (Davies, 2000). Hence, social approbation could also present an explanation as to why board members could fear standing up for its own beliefs or experiences and chooses therefore to avoid conflict, as its best option to secure its position inside the board of directors.

On the other hand, some directors could also avoid conflict because they firmly believe someone else can do or knows better. Hereby referring back to the occurrence of information asymmetries inside boards of directors. A lot of information asymmetries prevail because for instance the managers work with the organization daily whereas the non-executive directors could potentially only get information during meetings from top management, which could sometimes be subjective or come short (Dey, 2008). On top of that Fogel and Andrew (2007) argue that due to the enormous information asymmetries, the managers are accountable to no one anymore in practice.

Along these lines one could define a quest of psychological safety as standing in the way of a good communication process between the executive and the non-executive directors. Psychological safety is a term that is used when analyzing the organizational improvement of a team. Hence, in order for a team to improve its performance, it needs a high level of psychological safety inside the team because this results in stronger relationships. In that respect, psychological safety can be defined as the feeling of being respected and understood by the rest of the team and so this incorporates one's freedom and willingness to display its thoughts inside a team (Dochy, Gijbels, Raes, & Kyndt, 2016). As such, some directors may not feel comfortable giving his or her thoughts on a certain topic when other directors have had the opportunity to acquire more information on that specific topic. This could lead to the avoidance of directors to give their insights and opt for

their own psychological safety instead by keeping silent or by simply agreeing without obtaining all the necessary information needed.

According to Torchia, Calabrò and Morner (2015), the interactions between board members are highly important and the performance of a board depends profoundly on social and psychological processes. Which makes us reflect on the role each member of the board thinks he or she plays inside the organization. As already mentioned before, there are five roles a board can have inside a company: passive, certifying, engaged, intervening and operating (Nadler, 2004). The implicit or explicit agreement on this role constitutes the basis of mutual understanding between the board members. Linking that to the fact that the perceived position of a board could have an effect on one's own positioning inside a board one can state that when someone is a member of a passive board, one's perception of the value of one's role varies a lot from that of a member of an operating board (Heemskerk, Heemskerk, & Wats, 2016).

Hence, Bryant & McKeown (2016) did some research about the positioning of highly-skilled contractors and concluded their research by disclosing that these type of contractors can position themselves in three ways: as an outsider, as an expert or as a stranger. When identifying as an expert, a contractor recognizes the added value its presence represents and their professional status. When a contractor identifies as an outsider, they do not feel valued as much as the permanent staff is being valued and they are likely to feel marginalized. Finally, when one identifies as a stranger one's position inside an organization is marked by insecurity and absence of integration. They have the feeling that they are hired purely out of organizational and legal needs and that their input is not really valued in practice.

Since non-executive directors can be viewed as high-skilled contractors who are only active inside the company for a determined amount of time and who are very expertized in their field of study, one needs to dig deeper into the role they think they play inside a board and how they are perceived by other members of the board. Fogel and Andrew (2007) seem to be quite sure that non-executive directors identify as strangers. They argue that the executive directors are “notionally accountable to a board of strangers” which is mainly due to the informational head start management has over the non-executive contractors according to them. When combining this to the phenomenon of collective identification which makes a new member identify him- or herself in the same way their peers have identified themselves inside the group (Bryant & McKeown, 2016), one can easily find

a reason for the avoidance of conflict. So, to sketch an example, if a passive board counts a majority of non-executive directors who almost all identify as strangers inside the company, a newly elected director would be more inclined to identify as a stranger as well and adapt him- or herself to the passive role that the board apprehends inside an organization.

Taking all of this into account, and assuming that Fogel's and Andrew's (2007) observation is based on some accurate ground, one could say that some directors avoid conflict because they do not consider themselves to be in the right position to oppose other board members. On top of that, if non-executive directors consider themselves as negligible entities, managers could share this perception of their role and perceive them as mere strangers that have to be present only to adhere to the governmental rules (Fogel & Andrew, 2007). Therefore, executive directors could experience on their turn some issues in relying on the expertise of non-executive directors when they do not identify the non-executive directors as valuable assets to the companies' growth.

But can trust issues be harmful inside the board of directors? As for corporate teams, Camera and Casari (2009) seem to believe that trust and cooperation can be sustained even when both parties are unknown to each other, but they studied teams that had an indefinite duration of their collaboration. Since the board cannot identify itself as an average or normal work team with undetermined collaboration perspectives (Charitou, Georgiou, & Soteriou, 2016), their theory could be questioned when examining trust issues within a board of directors.

On the contrary, Yang (2015) defends the fact that trust is a vital aspect for a good relation between managers and the people they have to cooperate with. On top of that he declares that trust lays the basis for good internal communication processes. Demoulin & de Dreu (2010) complete this viewpoint by stating that pro-social individuals are more prone to engage more in conversations, in a constructive way, than pro-self individuals because they can place a higher trust in their colleagues.

Trust is related to the culture inside an organization and is not related to individual personality traits, which means that the perceptions of someone's role could have a hand in trust issues (Courtois & Tazdait, 2012). So, a diverging perception of someone's role inside a board can also be due to the fact that boards do not benefit the same durability and closeness as normal work teams (Walker, Machold, & Ahmed, 2015).

To summarize, it could be hard for executive directors to trust non-executive directors due to their perceived role inside the company or because of the specificity of a board of directors as a corporate team. Therefore, managers could opt to avoid conflict because they are indifferent to the objections of independent directors or because they do not want something to get in the way of their personal interests.

There seem to be multiple explanations as to why executive or non-executive directors could be avoiding conflict but there is always one general conclusion which is that this behavior is not the desired behavior of a board member because this attitude stands in the way of sharing cognitive resources, which is believed to be of paramount importance inside business teams (Van den Bossche, Gijsselaers, & Segers, 2004).

Furthermore, in a team such as the board of directors where the transactions are highly valued (Torchia, Calabrò, & Morner, 2015), bad communication can be detrimental since it leads to a poor Transactive Memory System. This is a system that is fostered by learning each other's cognitive ability and trusting in one's experiences and knowledges (Ellis, Porter, & Wolverton, 2017). Which cannot be the case when members of a team avoid conflict for their own personal reasons or wellbeing, referring back to the intrapersonal form of conflict (Oachesu, 2016).

### Research question

After having conducted the exploration on the existing literature on the functioning of a board of directors and its conflict management, the research question can be put together. Hence, is there conflict avoidance on a systematic perspective in a board of directors and why? Plus, how can a chairman overcome the adoption of this behavior? More precisely, what is referred to as a good conflict manager in a board of directors? In a nutshell; *is there an observation of recurring conflict avoidance inside a board of directors and what chairman behaviors are identified to prevent conflict avoidance?*

Henceforth, the opportunity this thesis will try to capture is the challenge that is represented when conducting board of directors' meetings. To have every board member's maximum input and expertise in a board in which different competences and skills are present, and sometimes conflicting. What is observed in the previous literature study is that some board members experience difficulties saying what they really think and giving the insights they master thanks to

their field of experience. This study will analyze the humanitarian aspect and connect it with the economical and scientific way of thinking. Because on paper, one can consider it a strategic move to bring together different people that master complementary but yet exhaustive skills and knowledges. But that doesn't mean that they will necessarily pay off in the way one would expect.

The above stipulated literature research leaves a lot of questions open. One can assume conflict avoidance could happen in practice almost in every company big enough to know one person that would systematically adopt the conflict avoidance approach as its preferred style of conflict management. However, the following part of this work will focus on recurring aspects inside a board of directors. By interviewing ten different board members, of distinct boards, one can assess if it is a common approach that is observed or even utilized by the interviewees themselves and how this can be prevented through the help of the chairman.

Knowing that conflict is a rather sensitive subject to talk about and that people often perceive decision-making as difficult and sometimes emotional (Hanselmann & Tanner, 2008) the approach had to be precise and thorough. The next section of this thesis will therefore expand on this.

## Methodology

In order to apprehend a reputable and reliable methodology, the coaching seminar (de Moerloose, Jacquemin, & Malcourant, 2018) helped greatly to find direction. More specifically, it helped to find reliable sources of information in three different languages through the Discovery tool and the ESPO library but also to define the area of research correctly and therefore also the boundaries of this thesis. Hence, the area of research was defined to be qualitative and to research the conflict avoidance within ten Belgian board of directors. To add more value to this work by trying to find an approach to help overcome this difficulty, the role of the chairman concerning the prevention of conflict avoidance, was evaluated.

Consequently, the limits of this work can be found in the fact that the impact that conflict avoidance has on a board of directors and specifically on the effectiveness inside a board was not researched. On top of that, one must be careful while doing qualitative research not to force logic and not to be biased (Miles, Huberman, & Saldaña, 2014) especially since the amount of data that was

collected for this work was not very high in quantity and that only Belgian companies were assessed, so this does not mean the results apply to all boards.

In the interest of acquiring valuable data and to analyze it in a critical way the book named 'Qualitative Data Analysis A Methods Sourcebook' of authors Miles, Huberman and Saldaña (2014) was used. The authors believe greatly in the high value of qualitative data as a source of information for scientific purposes. Accordingly, the qualitative data that will be used for this thesis will help to reveal the complexity of processes within the conflict management of a board of directors.

In light of this preset subject, thorough research had to be done on the preexisting studies. More particularly on secondary and external data (Lambin & de Moerloose, 2016). In order to guarantee a high scientific standard for this work, predominantly recent scientific articles, scientific books and professional journal articles were used. These sources of information revealed a lot of underlying complexities in the board of directors. Specifically, when assessing the conflict management within a board of directors. This research helped me to construct the basis of the data collection process which will be further explained in the next section.

### Collection of data

In order to obtain the primary data (Lambin & de Moerloose, 2016), information was obtained in the form of words (Miles, Huberman, & Saldaña, 2014). The data collection was done through the medium of interviews in a one-on-one setting. All interviews took around one hour or more and the questions were sent in advance to the interviewee.

As said before, the topic of conflict can sometimes be hard to discuss (Hanselmann & Tanner, 2008). On top of that, historical and social contexts deeply influence interpretations (Miles, Huberman, & Saldaña, 2014). Accordingly, one needs to be very careful not to be biased and not to bias the interviewee. Thereupon, it was determined not to announce the genuine subject of this thesis, conflict avoidance. This strengthened the fact that the topic in almost every interview naturally occurred or surfaced.

The interview questions were constructed through the help of the theoretical support (see Appendix 1). In such a manner, the research questions were composed from general questions -to make the

implicit, explicit and to not freeze or limit the interviewee's vision to a particular direction- to more specific questions. The more specific questions were often based on the interviewee's previous responses. Hence, no interview was the same and they each brought value to this thesis in their own way. By having a conceptual framework that would go from the general functioning of the board of directors to the personal perceptions of one's role inside the board, the interviewee was able to obtain some structure during the interview which made it easier to respond to questions (Miles, Huberman, & Saldaña, 2014).

The data collection activity was carried out in a local setting and collected through audio records. These audio records were later transcribed (see Appendix 2) which is the first stream of the data analysis according to Miles, Huberman and Saldaña (2014). These written documents allowed the processing of the data via the program called Dedoose<sup>5</sup>. Thereafter the second stream of data analysis could be initiated which was the pattern coding. Here, a case-oriented approach was used in order to establish relationships between the variables of the different interviews. The third stream of analysis englobed the drawing and the verifying of conclusions by linking the theoretical frameworks to the research on the field.

## Results of the interviews

Reflecting back on the methodology that was utilized to guarantee high scientific quality, the case-oriented approach was invoked, namely the cross-case analysis. The cross-case analysis allows to find patterns and similarities across different cases, in this instance across the different interviews (Miles, Huberman, & Saldaña, 2014). However, in order to find similarities or divergences through the different interviews, one needs to apply a systematic approach. Therefore, the respondents will first be introduced. Thereafter, their responses to the different questions will be analyzed in a systematic manner by using codes induced thanks to the program Dedoose (cf. supra). This part of the thesis will therefore allow the transversal analysis in the last section.

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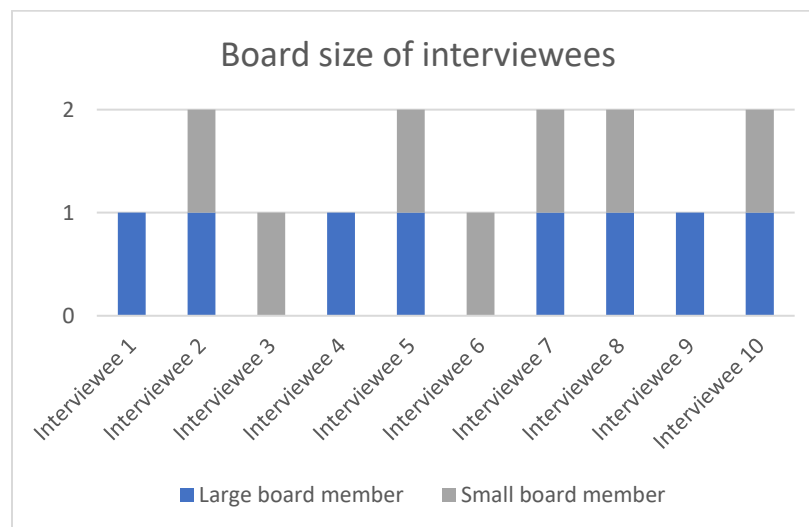
<sup>5</sup> <https://app.dedoose.com/App/?Version=8.1.8>

## Presentation of the interviewees

As stipulated before, the interviews took place in a local and face-to-face setting as to allow open conversations. Candid exchanges were important for these interviews in order to guarantee truth telling and therefore reliability (Miles, Huberman, & Saldaña, 2014).

The profile of the respondents that this thesis looked for, were experienced board members (minimum active for 5 years in one or more boards) that are currently active in Belgian boards. Out of the 27 people that were contacted, a mere 12 people showed interest and only 10 people were able to free up their agenda to schedule a meeting of at least one hour. Thus, ten men between 43 and 67 years old were interviewed but they will be kept anonymous. The argumentation behind the undisclosed names of interviewees and the companies they will mention throughout the interviews designate an extra layer of trust to speak openly and to allow distributing after the analysis of all the acquired data. Hence, no women took part in these interviews due to a lack of contacts, to my greatest regret.

The boards where these interviewees are active in, vary in size and composition. The following graph depicts the members active in small boards (ranging from 3 to 7 people) to the members active in big boards (boards that count between 8 to more than 40 people) or both.



*Graph 1: Indication of board members' presence in big and/or small boards the X-axis depicts the interviewees and the Y-axis the presence in small or big boards only (1) or presence in both small and big boards (2).*

The graph shows that eight of the interviewees are active in boards that count more than seven members and seven of the respondents are active in boards that contain seven members or less. Hence, five of the interviewees are active in both small and big boards, three of them are only active in large boards and two only in small boards. For your information, all the respondents are being part of more than one board which heightens their experiences in a positive sense. Four of the respondents asked to be sent the results of this work in order to learn from the extra insights provided in terms of their adoption of conflict management styles - they were all part of big boards.

### Dedoose

Dedoose is the platform that was apprehended to allow a thorough analysis of the data. It is originated from Ethnonotes which was a web-based filemaker. Hence, Dedoose is a platform that allows for cross-analysis of qualitative data by utilizing coding of written documents for which excerpts are attached to each code (Dedoose, 2019). Thus, after uploading the transcribed documents on the platform, the identification of descriptors of the different folders had to be established. Thereafter, excerpts had to be linked to the self-defined codes. Dedoose consequently brings together all the excerpts that were attributed to the same code to allow for a transversal analysis and to increase the insights regarding the different possible responses of the interviewees.

### Pattern coding

This stage of the thesis will focus on the results accustomed by the interviews. In order to guarantee objectivity, the results will be described in a stepwise manner by using pattern coding. The interviews were conducted in three steps, namely an introduction to the board member's engagement in large or small boards, thereafter a deep-dive into his perceptions of the general functioning of the boards he participates in and in the last stage, when the interviewee would be most familiar with the setting and the interviewer and therefore willing to talk most openly (Miles, Huberman, & Saldaña, 2014), the topic of conflict would be addressed in a thorough manner whilst assessing the interviewee's perception of his personal involvement and added value but also the role of the chairman in the board of directors. Thereupon, the pattern codes (please consult Appendix 3) will be described in the same order as the allocated codes between brackets in the head text. The choice of the codes was closely related to the preliminary literature study. Therefore,

the main codes that were later divided into diverse child nodes, were the role of the board, the personal role of the directors inside the board and conflicts within the board. When allocating codes to the possible conflicts within the board, diverse child nodes such as the reason of conflict, conflict avoidance and conflict resolution were utilized to stimulate a structured analysis of all the information that was gathered during the interviews.

### *Role of the board*

The first codes that were inducted into the Dedoose platform were codes describing the general role of the board (Role of Board), the monitoring (Monitor) or strategic (Strategic) task perception of the board members and the customary atmosphere during board meetings that was perceived by the interviewees (Atmosphere).

Firstly, the role of the board is described as being “*absolutely essential*” (Interviewee 5) and as a legal obligation. This is agreed upon by all the interviewees. However, two of them stress the fact that a board can only be very useful “*if it is well designed and if it has the right people in it*” (Interviewee 3). One interviewee goes even further than that by saying “*You have to make a distinction between a board of directors where there are active people and non-active people. If they are all active, then a management meeting and a board meeting are basically the same.*” (Interviewee 2).

On top of that, 30 percent of the interviewees mention a difference in the role of the board according to the structure of the company and the shareholders. Thus, if the company is family owned or owned by a mother company, the role of the board differs from a board that is composed by non-executive directors to represent the major shareholders. For example, one of the interviewees is a board member of a subsidiary of a Belgian bank, therefore he describes the role of his board as not only functioning for the good of the company but also to streamline the information from the mother company to the subsidiary.

On the matter of the task perception of the board of directors, the opinions were dispersed. 60 percent of the respondents allocated a monitoring role instead of a strategic role to the board. These respondents’ opinions were unilateral and viewed the board as a “*sanity check*” (Interviewee 4), but the main strategy is defined at the level where the main activity is, namely on the management level.

*“The board is there to confirm and to formalize a decision. If you understand what I mean, I think a board is there to advise but not for the ultimate decision making.”* – Interviewee 4

However, there was one respondent who said the role of the board depends on the size of the company. Hence, if it is a small company, the role is more monitoring and if it is a big company the role of the board is more strategic.

The other 40 percent also allocated a strategic role to the board. Even though they do not renounce the monitoring role, they are believers in the strategic power of the board.

*“The monitoring part is in general easier to fulfill as a role. But, a good board also has to combine that with a strategic role. It is a challenge for every board to spend enough time in its strategic role and to not dive too much into the monitoring or even an operational role.”* – Interviewee 3

Regarding the atmosphere inside board meetings, there were named two factors that influence an informal environment. Namely, the regularity of the meetings and the durability of the relationships with the attendees in the meetings. Hence, the smaller the board and the more often the meetings took place, the more recurring the board meetings were identified as being informal. For instance, one interviewee who was active in a board that counts more than 30 members said:

*“[...] the biggest one, is maybe the most formal. Because you have a lot of political figures that are present. It really gives kind of an atmosphere. It’s also bilingual, some of the people are French, others are Flemish, so we do most of the talking and the presentations by alternating between the two languages. This adds a layer of formality.”* – Interviewee 7

To recapitulate, all interviewees agree that a board of directors can be effective. More than half of the interviewees, 60 percent, finds the board to fulfill a monitoring role. The other 40 percent allocates both a monitoring and a strategic role to the board. The meanings on the atmosphere within a board ranged from informal to formal.

In a later stage a more profound meaning was questioned behind the functioning of the board. Consequently, the trust inside the board was assessed, according to the perceptions of the interviewees (Trust). Also, the information asymmetries (Asymmetries) and power imbalances (Power) were surveyed. Ergo, some criticism on boards and their functioning (Criticism) could be identified in each of the interviews, which will be described hereunder.

As for general trust inside the boards, the topic had surfaced in seven of the ten interviews. In each of these interviews, trust had been identified as primordial. *“The fact that they would doubt that I would do something that is not correct, that is really a big problem for me, if they would have that feeling.”* (Interviewee 2). Either from the directors to the chairman or from the shareholders, the different committees and the management to the board. For five out of the seven interviews, trust had been described as an issue inside the board.

Trust issues originate from different angles, the ones identified by the interviewees were because of personality problems, meaning that some personalities were said to not inspire trust. Secondly, because of the larger size of the board and because some members are not well known by the rest of the board. Or because of trust issues from a major shareholder who feels that he or she is missing information. Which brings us to the topic of information asymmetries. Eight out of the ten interviewees identified information asymmetries inside the boards.

*“I think that there is a difference in the level of being informed inside the board. Everyone has the same access to the written information and all documents that are available to take a certain decision but of course, there is a lot of contextual information that is oral or that you have from the contact with team members and not everyone has access to that kind of information.”* – Interviewee 3

The reasons given differed in two aspects. Or someone inside the board did not have access to the same information as others because they did not play an important role inside the company, on an executive level, or in terms of shares or ownership they played the underdog. Another reason was because these people chose to be less involved than others, they were identified as people *“who only follow by mail and come to the meetings only once a month”* (Interviewee 4). One interviewee, who is the financial responsible inside a board, admitted that informing the major shareholder was done in a different way than informing the inside management.

*“There are some topics in the summary that the directors of the company will read before the bank, the shareholder, will read it. This often means that we write down some things in a different way than how they were actually intended. I won’t say that we hide information but if there is something very important that we need to discuss, we write it down in a way that everyone will agree.”* – Interviewee 10

However, the two remaining board members said that there are no information asymmetries in a board of directors as it is the duty of the management to keep all the board members informed by mail and during the board meetings. *“When something happens, then you are supposed to get an e-mail directly.”* (Interviewee 9).

When addressing the subject of power differentials in the board, six interviewees identified this as a problem. These imbalances in power were described as board members that have more decision power compared to others. It was said that this was because some attendees have more shares than others or because of strong inside relations. Information asymmetries were also identified due to this imbalance by one interviewee in the following excerpt.

*Interviewer: Does it happen sometimes that people misuse their power?*

*Interviewee: Yes. Of course.*

*Interviewer: Could you explain how this happens?*

*Interviewee: By not giving information that is requested or being really short about it or making that agenda closed and saying that they have made a decision about it so that they won't discuss it further.*

*Excerpt Interviewee 2*

Lastly, in all interviews the board members included some criticism on the board and its structure. The reasons were various. The most recurring one was the dysfunction of the independent directors. Six interviewees declared, without a preceding question about this topic, that the independent directors are not really independent in reality and questioned the added value of their presence.

*“For instance, you have boards on the federal level, boards like the NMBS and these boards are very politically composed and it's a big challenge to be an independent member of this board because every question you ask is interpreted in a political way. On top of that they know by which political party you are assigned.”* – Interviewee 1

That same respondent admitted himself that he has been an independent member of a board whilst being head of a political cabinet which he calls “*against all rules of corporate governance*” (Interviewee 1). Another board member admitted his own counterfactual independence by saying:

*“I have also been a long-standing independent member of a bank, for 12 years actually and after 12 years you lose your independence so you cannot be a board member anymore but, however, after that I became an independent board member for the main shareholder of the bank. So that’s how I became board member again.”* – Interviewee 9

The six interviewees that identified this as a problem all agreed on the fact that it is not putting the good of the company as the upfront ordeal preset by the board because of the fact that their individual interest could provoke misalignments with the rest of the team. One respondent calls it very hard to find an independent director because the job this person will practice in its daily life will always intervene with its objective decision making and therefore create a personal agenda. However, this seemed to be disagreed upon by another interviewee who feels that when the independent director is not elected by the shareholders and has no shares him- or herself in the company, this person can be called a viable independent member.

Furthermore, two of these interviewees call the independent directors often not expertized enough to be representing the board. They hereby refer back to the power imbalances where the independent board members are chosen because of their good relationships with some powerful attendees and not because of their expertise. Another recurring point of criticism concerns the understanding of the role that each member has to play in a board. When asked if the good of the company should be the first priority of a board member Interviewee 6 answered:

*“That is your legal duty. People tend to forget that but as long as you sit on a board you are legally obliged to act for the good of the company. Not for the shareholders, not for yourself, but for the good of the company.”* – Interviewee 6

Another respondent therefore called for trainings with the whole board of directors, so that the board members get reminded about what is expected of them.

Two board members claimed that there is no real decision power if there is no large amount of money invested in shares, hence smaller share owners in the end cannot really alter a lot in the decision-making process because they don’t own a lot of shares which makes them question the

utility of their presence. Another respondent goes even further than that by saying that the whole board has no real decision power other than on paper and that the real discussions take place in smaller groups and committees that discuss everything beforehand.

The main takeaways for this part of the results of the interviews are that in the interviews where the topic of trust came to pass, more than 70 percent identified trust as being an issue inside the board, referring to a lack of trust. Moreover, 80 percent identified information asymmetries prevailing inside a board of directors and 60 percent found that there was an imbalance in power during board meetings. On the subject of independent directors, 60 percent of the respondents questioned their independence. Furthermore, 30 percent criticized the decision power as being low for minority shareholders or for the board as a whole.

### *Personal role*

For all interviews where the question on the personal identification as a stranger, a contractor or an expert (Expert) popped up, each interviewee responded that they identify as an expert. Two interviewees therefore declared that it is very important, according to them, to know when to step down as a board member in a company due to the lack of expertise. Another interviewee mentioned that, related to this, there might be some directors who may want to stay as long as possible in the board as a viable expert when he said:

*“Some people want to orient the company in a strategical way so that their expertise becomes more valuable.”* – Interviewee 3

It also occurred to one respondent that the more expertized one is inside a board, the better for his inclusion in the decision making, his relationships with the company and his image. Interviewee 1 has experienced a similar situation for himself. He added: *“[...] it means that I don't have to prove anything anymore. I mean, we are wise and old and we know the organization and the CEO and COO (laughs).”* (Interviewee 1).

### *Conflict*

This section of the pattern coding will further elaborate on the subject of conflict within a board of directors. Afterwards it will focus more on conflict avoidance and the role a chairman can play

inside a board of directors in order to overcome conflict avoidance according to the interviewees. There were various codes used to bring structure to this main topic of the thesis, please consult them in Appendix 3.

When engaging the conversation to the topic of conflict, three interviewees seemed to call it inevitable and “*always looming around*” (Interviewee 2). However, another interviewee seems to challenge this point of view when saying: “I think I would say that we don’t have conflicts.” (Interviewee 5). Besides, the perception of conflict is for 90 percent of the interviewed board members perceived as a negative event. More precisely, it is described as a situation where all parties loose by one interviewee. Another interviewee describes conflict as negative when the arguments are not well founded or when there are too much emotions involved.

The latest economic crisis was mentioned four times and all respondents seem to agree that the outcome added a lot more transparency to the general functioning of a board. On top of that, four board members seem to think that in situations of crisis, being it financial or not, there is more conflict.

*“[...] when things are going really well, the danger is that a board is going with the flow and is not playing its usual critical role anymore. Because the money is flowing in and everything is going as you want. [...] when things are rather difficult, the trust between people is under pressure. Because it’s your money. If some things are really not going well, then you have to try not to become paranoiac.”* – Interviewee 7

Only one respondent seems to think that a crisis, internal or external for that matter, reduces the conflicts inside the board by saying; “*conflicts more often arise when the stakes are smaller and not when the stakes are so big.*” (Interviewee 9), referring thereby to the economic crisis in 2008.

As for the three main types of conflict, agency, cognitive and affective, the opinions on the most occurring type of conflict were divided. More precisely, for the interviews where the aforementioned question was asked, 25 percent answered that affective conflict is the type of conflict that occurs the most. A little under 40 percent answered that cognitive conflicts surface the most in a board of directors. Only 12 percent found agency conflicts the most recurring type of conflict and another 25 percent claimed that all three conflict types arise equally often inside boards.

However, nine out of the ten interviewees identified conflicts of interest as a type of conflict arising inside the board of directors. It is described as board members acting upon their own agenda, referring back to the independent directors that are not seen as independent by some interviewees or to shareholders and executive directors searching for their own personal gains instead of putting the wellbeing of the company on the first place. They all agree that conflict of interest is a negative type of conflict. Hence, *“it could harm the decision making in a board. It is also very difficult to manage.”* (Interviewee 7). Three of these board members stress the fact that it is imperative for them that the conflict of interest is expressed and talked about in order for the board to be notified in due time.

When the topic of freedom of negotiation inside a board arose, six board members pinpointed that there is a lack of room to discuss during board meetings. The reasons that were identified were big egos inside the board that take the upper hand in the decision-making;

*“I know a very good chairman in one of the boards, but he is the type of older statesman. He’s very used to be in the middle of something. Then sometimes other people feel that they don’t have the room to say what they want because the guy is talking all the time.”* – Interviewee 7

Or because of an imbalance in ownership;

*“[...] it depends on the shareholder structure of the company. If it's a family owned business where the chairman is the father or grandfather. Imagine he's been running the business for the last 50 years and he's now the chairman. He’s not executive CEO anymore. Obviously, in this case, there is a high tendency that this guy will decide himself on things [...]”* – Interviewee 5

Which is confirmed by a majority shareholder in a board; *“the minority part could sometimes feel that they don’t have too much to say. I can imagine that they feel like that. In our case we really don’t listen too much to them and to what they are saying. We are just informing them.”* (Interviewee 2).

Or because of a lack of trust;

*“There is one person who has really a problem of being not very respected or trusted. Her opinions are not really taken into account. Most of the other people have a lot of questions on what she is doing in the board actually.”* – Interviewee 3

To summarize the main findings on conflicts inside the board for the interlocutors, their opinions on the occurrence of conflict are diverse; some feel that it is happening all the time whilst one respondent says it never occurs. However, the respondents are close to unanimity, 90 percent, when classifying conflict as a negative event. A situation of crisis is identified as a circumstance where conflict is more present by most of the interviewees where this subject surfaced. The type of conflict that was identified most often as the most recurrent form of conflict was cognitive conflict. Aside from the three types of conflict, 90 percent of the interviewed board members distinguished conflicts of interest to emerge inside a board of directors. Besides, six interviewees mentioned that there is a lack of room to negotiate inside boards of directors due to three various reasons stated above.

### *Conflict avoidance*

These quotes about the room to negotiate inside a board bring us therefore to the topic of conflict avoidance within a board of directors and how the interviewees relate to this phenomenon. It is paramount to mention that the difference between a perceived lack to negotiate and conflict avoidance inside a board lays in the fact that when board members observe a lack of freedom to voice their opinion it goes beyond their own will to participate which is not the case for conflict avoidance. Precisely this means that conflict avoidance can be attributed solely to the inclination of a board member to not participate whereas when there is a lack of negotiation power observed, the board attendee wants to participate but finds itself limited in doing so.

So, seven of the respondents identified conflict avoidance as a means to avoid confrontation for the good of the decision-making in the board;

*“I think most of the time it is avoiding. Especially if it is not about a superficial issue. If it is about something really fundamental, then people can avoid discussions because they have the feeling that it is not the time and the place to have this fundamental discussion. Then they have the feeling that they should be effective and make a decision.”* – Interviewee 3

Or to not destroy any relationships with particular board members;

*“We had a problem with one of the board members where there was a lady that had been a board member for a very long time. When I started as the president of the board, I had a meeting with*

*all of the board members separately to get to know each other better and to hear how they were thinking. Each one of them was saying that they really had a problem with this lady because she really has an outdated vision on the company. Although they all had the same meaning, nobody had bothered to try to communicate this to the lady herself.” – Interviewee 7*

When considering the relationships with other board members, four of these seven interviewees also avoid confrontation because of a preoccupation about one’s reputation;

*“Long story short, you need to be careful. You should integrate and smoothen out your problems over time. I think the mistake that many people make is that if you want to win everything, people will start saying this is an impossible guy. [...] maybe you know it's not completely OK and maybe you know it's not the way you would do it, it still is what it is in the end.” – Interviewee 1*

All of the board members also additionally applied the conflict avoidance management style when they were less affected personally by the topic at hand. This can be illustrated by the following quote;

*“It depends on the subject. If it's an important subject or a minor one. If it's a minor one and there are no serious consequences and there are some alternatives on the table, some of them which are not my preferred alternatives but OK I can live with one of the other alternatives being chosen. If it's an important subject I will express my view.” – Interviewee 5*

Four of the ten interviewees expressed the occurrence of indebtedness inside a board and linked it to the occurrence of conflict avoidance. It is described as *“I scratch your back you scratch mine”* (Interviewee 1). This made reference to allowing a board member to have his or her way when the next time the roles would be reversed in a silent agreement. The next instance where the two parties would have opposing opinions, the benefitting party would have to give in on the favors of the party that admitted to these the first time. The appearance of indebtedness is also closely related to the dependence on the real owners of the organization, where one party systematically gives in more easily to the party that obtains a stronger position in terms of ownership, such as illustrated in the following excerpt.

*Interviewer: I get the feeling that you would rather avoid having a conflict with the shareholders to have a good relationship with this person in order to get the money you need?*

*Interviewee: Yes, that is correct. We have an expression in French that says that the money is the most important and, in this case, in this company, it is exactly the case. [...] So, in most of the cases the others follow because the bank has maybe 90 percent of the shares.*

*Excerpt Interviewee 10*

Conflict avoidance is also linked to the information asymmetries prevailing inside the board by four board members. According to these board members, information asymmetries reduce someone's contribution as being close to zero because of the fact that some of the attendees in the board meetings don't have access to the underlying information flows. "[...] *the people that are not being part of the pre-sounding but disagree, then they sit back.*" (Interviewee 4). On the topic of information asymmetries, five interviewees related conflict avoidance to a perceived lack of expertise. These board members labelled this as adding to the avoidance of conflict in a board because they feel as if they lack expertise to participate in the decision-making.

*"[...] people tend to be more silent regarding certain subjects when indeed they are not familiar with a subject. Then they are not very certain to out their opinion"* – Interviewee 4

Two other members linked frustrations to conflict avoidance when they explained that people become unwilling to put their dissenting opinions on the table when they experienced personal frustrations regarding their place inside the board. On the other hand, six interviewees linked the importance of maintaining good relations with key figures in the board of directors to the adoption of conflict avoidance.

*"[...] for example, the COO of a company is not doing a good job but the CEO really likes that person then, you know, some people would just be like "I'll wait to give my opinion on that and hope that things will change and then I will come back to it". But they don't change. So, it's not a general rule but according to my experiences, if people do not speak up, usually it means because some emotional value is involved."* – Interviewee 6

The attempt at maintaining good relationships inside the board can be linked to the strive for maintaining a position inside the board for as long as possible and therefore avoiding conflicts with key figures inside the board. A percentage as high as 70 percent of the interviewees claimed that this event occurs in board meetings. There can be identified two reasons for this to appear. The first given argumentation is that the need to maintain a position in a board transpires because it looks good on someone's resume to be active inside a board of directors.

*“When people get very involved in the company and are very proud of the company, even more than the financial aspect, they lose their status of being a board member if they are thrown out. They cannot tell people anymore that they are part of the board. But it's very human. Being in a board is sometimes a very interesting lesson in psychology.”* – Interviewee 7

Another board member admits to the fact that it is a positive factor to put on one's resume. Hence, he describes conflict avoidance as *“integration over time”* (Interviewee 1). He adapts this approach because he'd rather be present in a lot of boards. *“the image I use is I'd rather be a small fish in a big pond than a big fish in a small pond. So the question is, do you want to have a small piece of a big cake or do you want to have a big piece of a small cake? [...] you have to prevent it [conflict] and when there is a conflict you have to be wise and it sometimes also means that you have to swallow your own little victories.”* (Interviewee 1).

The second argumentation behind the urge to maintain someone's spot inside the board is because there exists a fear of buyout for minority shareholders. *“We just buyout all the shareholders who are causing a problem or don't want to align.”* (Interviewee 9).

*“Minority parts sometimes don't want to speak up because they just don't have the financial capacity to follow when somebody else could try to buy them out.”* – Interviewee 2

Moreover, four board members said that when certain key figures inside the board share an opinion, this opinion tends to be followed.

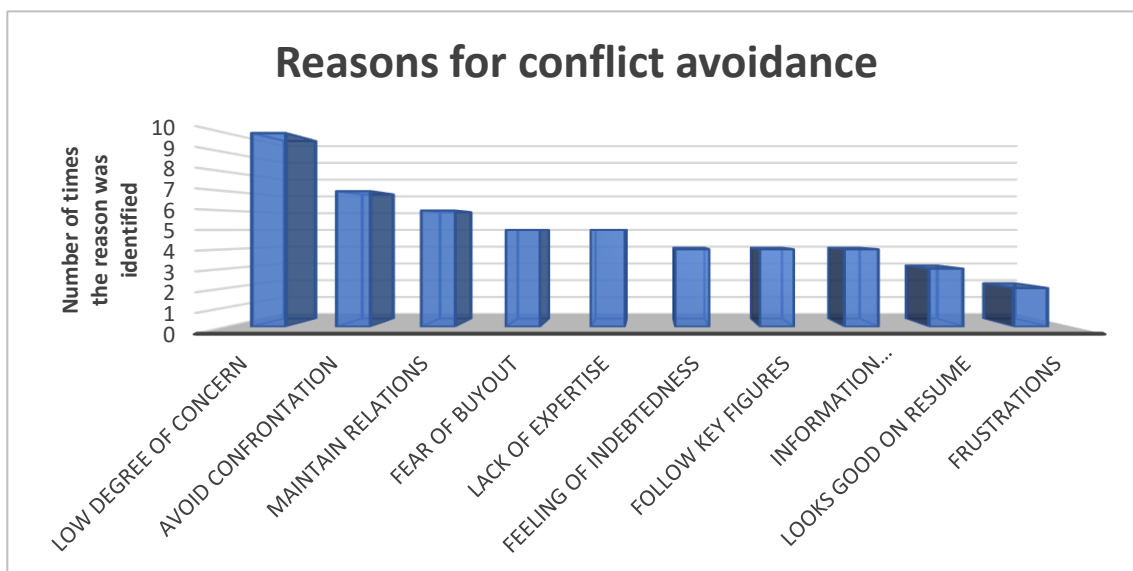
*“What you see is that, and I think that's human, if some key figures are really, really, convinced that a certain decision should be made then people tend to follow that.”* – Interviewee 7

*“It’s true that if three or four of the most important members have more power or more weight than others, if they all say yes then the rest of the board will have a hard time to say no to that decision.”* – Interviewee 3

When their general opinion on the subject of following the opinions of key figures was connected to their own behavior, instead of talking about the issue, all four respondents seem to say that they would rather question their own judgement or wait to see the outcome than question the good judgement of the key figures they are following. Which can also be illustrated by the following quote.

*“I’m not OK with that decision but everybody else seems to be pretty sure, then I should be wrong.”*  
– Interviewee 5

To encapsulate the main discoveries of this crucial part in the research for conflict avoidance, one can say that in all the interviews the subject of conflict avoidance emerged during the one-on-one conversations. On that account, all respondents labelled avoidance as a phenomenon that they have seen during board meetings regarding their experiences, eight of them explicitly and two of them implicitly. The main findings on the manifestation of conflict avoidance can be summarized in the following graph. This graph shows the diagnosed reasons for conflict avoidance within the board of directors in a manner of increasing apprehension by the interviewees.



*Graph 2: The identified reasons by the interviewees for conflict avoidance within a*

*board of directors. The Y-axis shows the various reasons that were mentioned during the interviews and the X-axis illustrates the number of respondents that indicated the specific reason as contributing to the avoidance of conflict.*

As one can see, the degree of concern is the highest identified reason for which the interviewed board members would avoid conflicts. More particularly, if the board members were less concerned by the outcome of a certain situation that was presented inside the board meeting, they all preferred to not voice their opinion in order to avoid conflicts. The second most popular reason for conflict avoidance was to avoid confrontation because they believed it would stand in the way of an efficient decision-making or to not ruin relationships with their peers.

The third reason that was shared amongst six interviewees was to maintain relationships with key figures inside the board. These key figures are referred to as the chairman, the CEO and the owners of the organizations. All the other reasons to avoid conflict were pinpointed by 50 percent or less of the interlocutors. The reader can consult the graph and the quotes above to increase his/her apprehension on these reasonings.

When assessing the co-occurrence of the codes that were applied in order to bring structure to this analytical part, two interesting links could be established. Firstly, 50 percent of the respondents who identified a power imbalance inside the board of directors also had a tendency to avoid conflict when certain key figures were agreeing on a particular topic and their opinion could be followed. Secondly, another 50 percent that described the feeling of indebtedness as making them avoid conflict also implied that avoidance of conflict occurred when they wanted to maintain good relationships with key figures of the board or company in general.

### *The conflict manager*

In all the interviews where the question appeared on who the conflict manager should be, the answer was unanimously the chairman. Throughout the interviews, different behaviors, approaches and experiences were identified and shared by the interviewees as proper or improper for a good functioning of the decision-making and conflict management inside the board. They will be elaborated upon in the following paragraphs.

The chairman is described as a key player who has to stay neutral in order to find a balance in the board of directors and to reach a conclusion. “A chairman is not a debater.” (Interviewee 9). With regards to being neutral, the chairman is believed to assess all the member’s opinions before introducing a certain subject. Therefore, it is accentuated that the chairman must possess great human understanding.

*“[...] when you introduce certain topics in the board, try to introduce it as neutral as possible, don’t take sides directly. Taking into account what we spoke of before, the loyalty and the agendas, you have to, as a chairman, try to understand the reactions of everyone.”* – Interviewee 1

He is also described as an authority figure that has a pivotal role in how a decision process evolves. However, forcing his or her opinion and thereby abusing his or her authority is believed to be detrimental for the suitable functioning of the board by four of the questioned board members.

*“He will decide on the process. Whether it will be long and hard or whether the decision will be taken very quickly. It is the way he frames the formal decision process that pivots the conflict avoidance and the efficiency in decision-making. The way he will frame a decision is really important for its efficiency.”* – Interviewee 4

Hereby, a high transparency during board meetings and the anticipation of reactions of board members are mentioned by five interviewees as primordial. The general transparency of information leading to a decision, the anticipation of the reception of new information and the attitudes towards this unfamiliar topic of discussion are believed to prevent the majority of conflicts from materializing.

*“The moment that he [the chairman] senses conflict, which according to me is when there has not been enough pre-sounding or when there has not been given enough information beforehand, he has to make a call on how to proceed. Sometimes he’ll have to force a decision and sometimes he can say, “no we have time, we can push it a little bit further”. [...] We therefore handle things in a smaller setting before you bring it to the full board.”* – Interviewee 4

More precisely, *“You have to try to prepare the decision and to have everybody aligned beforehand. So, I think that the work in between meetings is also very important to manage possible conflicts.”* (Interviewee 7). Consequently, the ability of a chairman to prevent conflicts is believed to lay in the comprehensive preparation of the board meetings and spending enough time in

between meetings with board members who might have more expertise or more difficulties with reference to certain topics, fields or issues. Hence, Interviewee 1 continues this line of thoughts;

*“Another thing we do for conflict prevention is if you are in a board that has worked together for several years, after a while you know how people will react. For instance, in an organization, when you know that the proposal will be difficult for somebody to accept you call the person beforehand and you try to talk about it. That’s another way of transparency.”* – Interviewee 1

Seven of the interviewees therefore highlight the importance of conversations that the chairman upholds with his or her board members in a peer-to-peer setting, also to overcome the adoption of conflict avoidance or even the avoidance of differences in opinions by some board members.

*“I try to approach it in a very informal way. So, not like ‘Hey you! I need to speak to you. Let’s schedule a meeting!’. That really makes it very formal and uncomfortable but what I would do is, at the end of a board meeting, I would go out to the parking or whatever and, at that point in time, I would say ‘Hey I noticed that you were very quiet today, I know that you have quite some experience in this or this area. Just say it. I really appreciate your opinion, I would like to hear it.’”* – Interviewee 6

On top of that, these ‘informal conversations’ are believed to also improve the decision-making inside the board because they align opinions before the board meeting takes place. Henceforth, four board members believe that the actual board meetings are more a formality and that the prior, smaller and more informal meetings that take place in between board meetings with a select group of attendees are the ones that discuss the matter for it to be approved by the board as an official procedure. They feel as if the decision is made during preliminary meetings and that the board has to trust their good judgement when bringing the topic to the formal meeting.

On the topic of conversations with company members, nine interviewees mentioned in their interviews that it is crucial for a chairman to preserve good relationships with his/her board members, the other employees of the organization and for two interviewees even with politicians and governments. *“It’s a kind of relation management with your stakeholders. Because these are all human interactions basically”* (Interviewee 1). Again, these respondents refer back to certain key players in the board that have a greater weight in the decision making, they express that the relationships with these key attendees are far-reaching.

*“[...] what I do as a general manager [chairman] is after a certain time, you know who the most important people in the board are or those people that can influence most the decisions that are made. So, I try to have a chat with them from time to time or to have a telephone call or to drink coffee from time to time so that they know what is going on in the board.”* – Interviewee 7

In order to maintain prosperous relationships, the chairman has to be able to handle different people with diverse personalities, opinions and backgrounds, according to four respondents. *“We are talking about various people, countries, scales, etc. You need to understand the complexity of running such complex businesses. If you have at least that, you can be a good chairman.”* (Interviewee 4).

Other approaches that were said to help preventing conflict and conflict avoidance by the conflict manager, the chairman, were widespread. Five respondents found a formalized approach to help deal with conflicts. An *“elaborate reporting system”* (Interviewee 2) or appointing a third and independent lawyer is said to help the board members and the shareholders be transparent in times of conflict and to find a, legal, solution in an efficient way.

Another course of action to prevent conflicts for two respondents was for the conflict manager to tell jokes or to apprehend a very informal communication with the board members outside the board meetings. Moreover, two other interviewees also referred to wine as an attempt of the chairman to ease the tensions and resolve conflicts inside a board.

*“But it is a very clever person, he [the chairman] really has the feeling. In some cases, he will just be in the meeting and say “I am sorry I have to go to the toilet, give me five minutes”. Doing that, he knows that either they will continue having words that he will not hear and after five minutes, when he is back, he will say “Oh, I found a really nice wine in my cellar!”. That is something you cannot reject and this is his way of trying to decrease the conflicts.”* – Interviewee 10

Furthermore, and opposite to the quite informal way of using humor or wine to deal with conflicts, five board members referred to voting as a viable option to reach a decision and prevent conflicts from elaborating. However, four of them experience voting as a practice that should be adopted by the chairman only when there seems to be reached an impasse in the discussions. These four interviewed members believe that the sharing of opinions that goes prior to the adoption of the

voting scheme is far more crucial than the eventual decision. *“You do not need to reach unanimity but you do need to exchange viewpoints and exchange visions.”* (Interviewee 6).

An additional four respondents, so eight in total, agree on the fact that reaching a decision by sharing all opinions and not excluding any board member in voicing his/her viewpoints and perspectives is a meaningful and preferred practice that is put into use by the chairman. They preach for a collective approach that can, according to the interviewed board members, be stimulated and provoked by the chairman.

*“He [the chairman] has to try, like in all group interactions, not to dominate a meeting but instead try to really insight people to say what they think and how they see things. Some people are very talkative and all over the place and others are quieter. Very often these quiet people have very good ideas.”* – Interviewee 7

Hence, the chairman is thereby believed to be responsible to foster the openness of board members by actively integrating them in discussions and creating a climate that allows for everyone to feel heard. The main goal of this approach is to give room for the dissenting opinion to surface and to prevent conflict avoidance from taking the upper hand.

*“There you have a serious responsibility resting with the chair of the board. A good chairman should always be looking for the dissenting opinion. He has to make sure that this opinion gets enough room because he understands that the dissenting opinion is maybe the most important opinion. At least it should be heard and should be discussed. So, there is a large responsibility for the chair of the board there.”* – Interviewee 9

One of the other approaches that was identified by 50 percent of the respondents for preventing conflicts was to postpone a decision. *“If there appears to be a real difference of opinion between such members of the board then it is better to postpone and to have separate discussion to avoid a public discussion.”* (Interviewee 3).

The reasons that were stated for postponing a decision to the next meeting were threefold. First, if there were too many problems to be handled with and the board decided it would be better to focus on more pressing matters. Second, if there was not enough information to take a decision yet. Two of these respondents referred hereby to information asymmetries inside the board. The third reason to postpone a decision was to maintain good relations with another board member and to align all

expectations after the meeting in separate discussions in order to take the decision during the next meeting.

The above stipulated descriptions of the conflict manager in a board of directors are plural and very diverse. Hence, in order to create some clarity around what the interviewees identified as a good conflict manager who would prevent conflict and also conflict avoidance inside a board of directors, a graph was created. The graph below shows which practices were most mentioned as recommendable to be applied by the chairman in the interviews in a decreasing order (from most indicated as a preferred practice, left, to less relevant, right).



*Graph 3: The behaviors and methods applied by the chairman that are believed to help prevent conflict and conflict avoidance inside a board of directors. The X-axis illustrates the various approaches a chairman could apprehend and the Y-axis gives the amount of interviewees that were in favor of these approaches.*

The three most important practices a chairman should adopt as a conflict manager inside a board of directors, that were agreed upon by more than 50 percent of the interviewees, are to maintain good relationships with the board members and stakeholders, to integrate the opinions of all the board members before taking a decision - thereby mobilizing a collective approach - and to have conversations with the board members outside the board meetings in order to prepare meetings

and anticipate conflicts. Interestingly, eight respondents who allocated a high importance for the chairman to anticipate the reactions of certain board members, also said that the ability of the chairman to uphold private conversations outside the board meetings were far-reaching.

## Link with literature study

### Conflict avoidance

In order to assess better the observed avoiding behaviors and their argumentation, one can find close links between what previous researches described about the topic and what the interviewed board members described. Nonetheless, one can also encounter some opposite viewpoints and thanks to the interviews even some additions to the previously researched theorems and fields of research. On the topic of avoidance within a board of directors, all interviewees referred to the occurrence of this phenomenon thereby agreeing with Oachesu (2016) when they state that conflict, when it can be avoided, should be avoided because it is a negative event. Which seems to make sense, even beyond the considerations of decision-making effectiveness and prosperous cooperation. However, the reasons that were given for embracing of conflict avoidance opened up some underlying problematics that have not always been linked to a board of directors in previous studies, which will be explained in the following paragraphs.

Firstly, the reason that was mentioned most for the avoidance of conflict was the degree the board member was concerned by the topic. Here the board members seem to agree with the overall definition of conflict avoidance that states that the extent to which people avoid conflict often has to deal with the importance they attach to the matter (Husemann, Ladstaetter, & Luedicke, 2015). However, one could ask why some board members would feel as if one decision would be less important to them than others since they are present in the board to serve the wellbeing of the company (Campbell, Campbell, Sirmon, Bierman, & Tuggle, 2012). This can be linked to the criticism that was given by the interviewees on the board structure where board members seem to forget what role they have to play inside a board. This link can therefore add an extra layer of argumentation to the study of Husemann, Ladstaetter and Luedicke (2015) in a board setting. A possible solution that was proposed by one of the interviewees was to give trainings to remind

board attendees of their duties which adds to the studies of Messarra, Karkoulian and El-Kassar (2016) and Chan, Huang, and Man Ng (2008).

However, when pushing the links with the literature research further to more psychologically-oriented explanations one can affiliate that the social exchange theory (Lambe, Wittmann, & Spekman, 2001) applies nicely to the identified reason of conflict avoidance which was to avoid confrontation. Hence the need to avoid confrontation with other board members based on the social exchange theory to not jeopardize any relationships with them or to maintain good relations with key players inside the board all play out to be linked to the interdependence and the relational power inside the board. More precisely, the interviewees that testified to avoid confrontation all told to do so because they feared confrontation would stand in the way of maintaining good relationships. Therefore, upholding positive and continuing exchanges takes in an important place during the board meetings for these board members, making some board members not speak up when having an opposing opinion or a problem with a certain board member.

On top of that, the quest for social approbation, analyzed by Fogel and Andrew (2007), can also present a plausible explanation for conflict avoidance in a board of directors. Hence, the fact that interviewees affirmed that some independent board members avoid conflict because it looks good on their resume to be active in a board or because minority shareholders fear that they could lose their shares adds perfectly to the described urge for social approbation inside a board of directors. More particularly, board members spoke out to have witnessed or applied themselves conflict avoidance because they are looking for a guarantee to stay a board member for as long as possible, thereby adapting their behavior.

Another theory that was mentioned before by Dochy, Gijbels, Raes and Kyndt (2016) conveys that psychological safety obtains an important place inside teams and defines one's freedom and willingness to display one's thoughts inside a team through the feeling of being respected and heard in a team. However, one can clearly state that a lack of psychological safety was observed by the interviewees, which is attributable to the following named reasons. Namely, the information asymmetries inside a board could make one feel as if they do not know enough to voice an opposing opinion.

Also, the perceived lack of expertise to participate in preliminary meetings adds to the occurrence of low participation because they believe someone else knows better due to low psychological

safety inside the group. Here the results of the analysis also seem to agree with Richardson (1995) who claims that people avoid confrontation in the hopes that someone else will resolve the problem and can do this better. Furthermore, the reduced willingness to contribute during board meetings due to frustrations are also related to the loss of psychological safety inside a board. Hence, when detaching oneself from the group discussions and conflicts due to frustrations, it is a result of the loss of psychological safety because the person in question is dissatisfied about his or her place inside the group and feels he or she is not respected or understood.

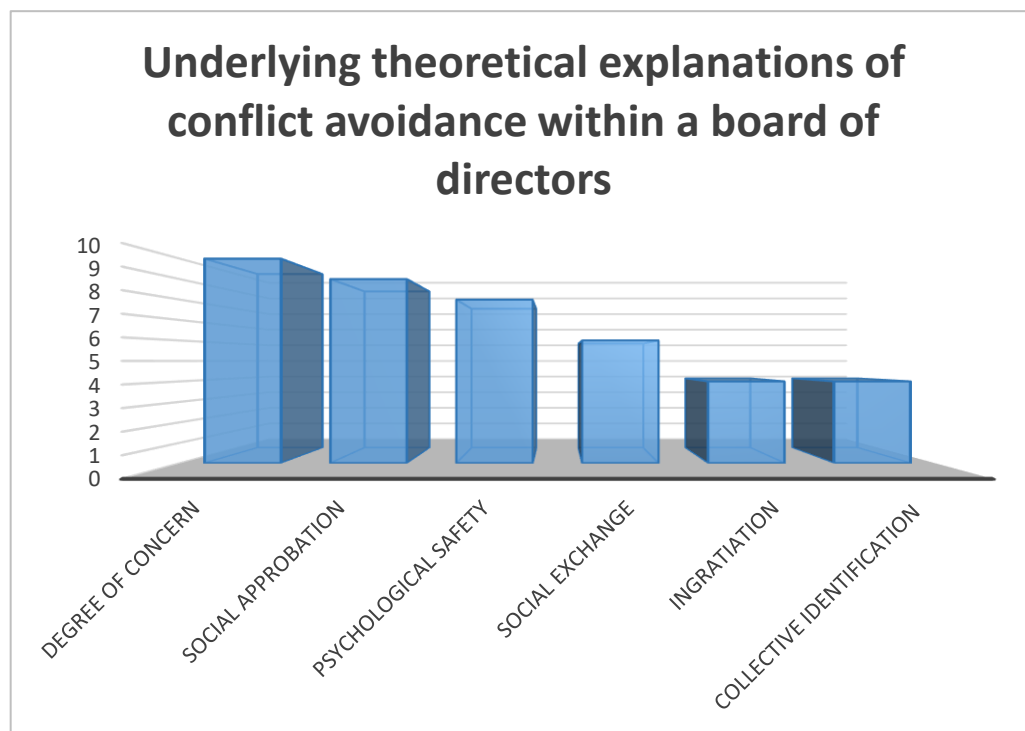
Four out of ten interviewees also spoke about indebtedness when they related to conflict avoidance. An explanation for this can be found back in the literature study under the name of feeling of ingratiation by Campbell, Campbell, Sirmon, Bierman and Tuggle (2012) who say that because of this feeling, some board members may have a hard time opposing the sitting CEO or chairman. However, in this case the interviewed board members also described the feeling of ingratiation surfacing between the other board members based on favorable decision-making perspectives. Meaning that when one of the board members gives in on one course of direction which is not his or her preferred choice, he or she could expect the party that benefitted from that decision to return the favor in a later stage. Hence, the feeling of ingratiation researched by Campbell, Campbell, Sirmon, Bierman and Tuggle (2012) is believed to lay even deeper as these authors described in their research.

Another argumentation for conflict avoidance was that some interviewees preferred following the judgement of some key figures and question their own abilities rather than expressing their dissenting opinion. This is called collective identification by Bryant and McKeown (2016), and it could be linked thanks to this thesis to the perceived power imbalances and lack of room to negotiate inside the board of directors. More particularly, 60 percent claimed that there were power differentials inside the board which was said to also add to information asymmetries and another 60 percent talked about a lack of room to negotiate.

Even though a shortcoming room to negotiate does not mean that the person in question will necessarily avoid conflict, it does so happen that all the concerned interviewees observed conflict avoidance inside the board and that 80 percent of all interviewees who expressed their perceptions on the scarcity of negotiation power inside the board also named the board meetings to be more a

formality and the preliminary meetings to rather orient the decision to be fixed which reduced their negotiation powers.

In order to give an overview of the links that can be made with theories of preexisting literature and the identified reasons during the conversations with the ten board members a graph was created below.

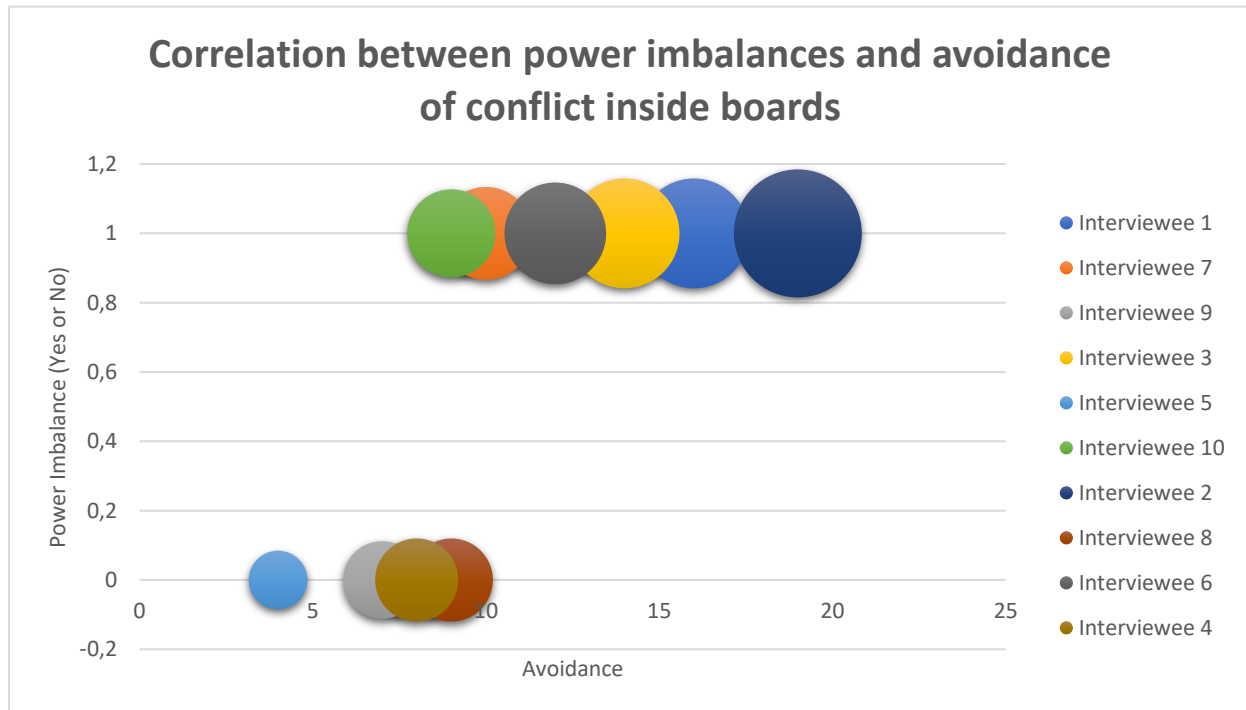


*Graph 4: The theoretical and psychological reasonings behind the application of conflict avoidance inside a board of directors. These reasons can be found on the X-axis and the Y-axis counts the number of interviews they refer to.*

Taking all of this into account, the main reasons given for conflict avoidance inside the board that were described above and now encapsulated in a theoretical setting are a low degree of concern, a search for social approbation to maintain one's board position, a quest for psychological safety which makes board members think someone else knows better or makes someone not wanting to participate more, the social exchange theory to maintain favorable relations inside the board, a prevailing feeling of ingratiation to act in someone else's favor and a high collective identification

which makes board members follow key figures rather than to speak out and engage in a possible conflict.

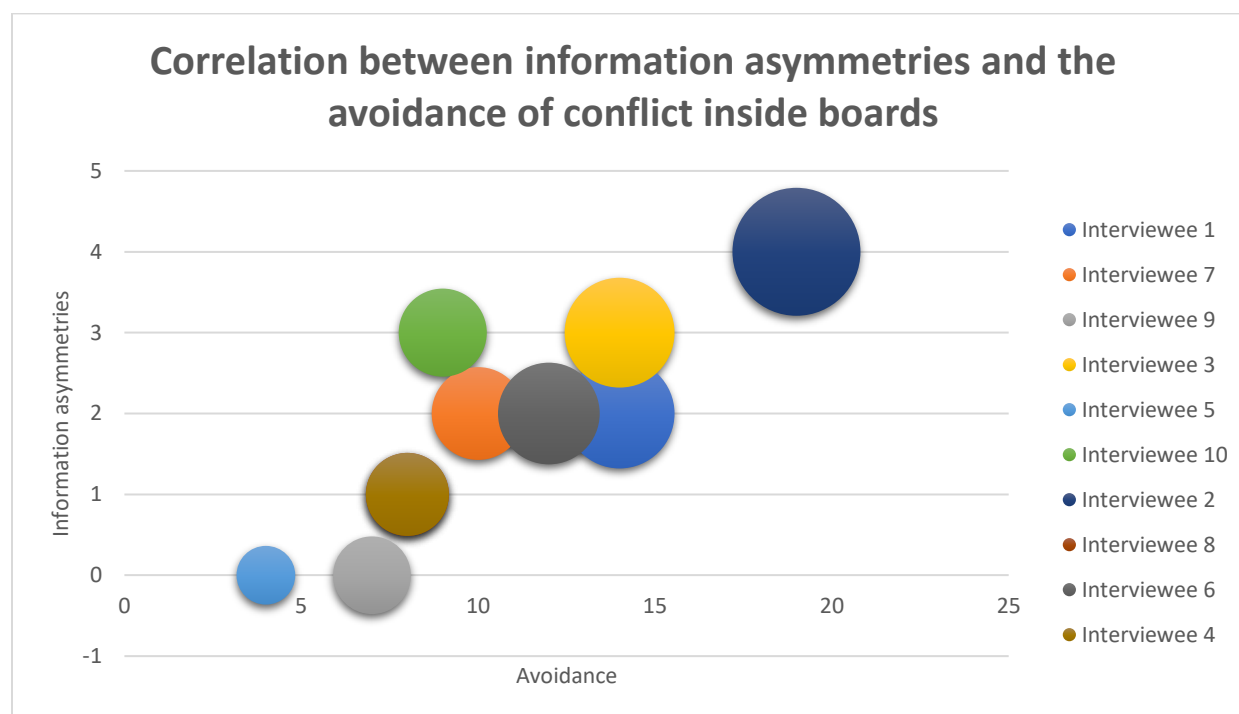
But one may ask why these behaviors specifically occur inside a board of directors according to the respondents, which would look further than the literature studies that were found on the topic of conflict avoidance. It does so happen that some underlying reasons for the occurrence of these behaviors inside the board can be found in the criticism that was given on the board thanks to this study. Hence, all the board members who identified trust issues inside the board also lacked social approbation inside the board. What is more, is that there can be found a remarkable correlation between power imbalances and conflict avoidance and information asymmetries and conflict avoidance. Thus, the two following graphs illustrate this notifiable correlation. Nonetheless, before consulting these graphs below, one should keep in mind that these correlations are only based on ten interviews. The quantification of the data in this part has as sole purpose to give the reader a clear overview of what similarities can be found across the different interviews to adhere to the cross-case analysis.



*Graph 5: Correlation between power imbalances perceived inside a board of directors and the occurrence of avoidance of conflict. The X-axis depicts the observation of conflict avoidance*

within a board of directors in terms of code occurrence and the Y-axis demonstrates the presence of power imbalances (1) or the absence of power imbalances (0) perceived by the interviewees.

When analyzing the graph, one can notice that when there was no power balance observed in the board of directors, the level of conflict avoidance was significantly lower than when there were said to be power inequalities. Moreover, a size indicator associated to the occurrence of the conflict avoidance code was linked to the diameter of the separated indicators. This means that the larger the diameter of each circle indicating the various interviewees, the more conflict avoidance was mentioned during their interview. Consequently, the size of the indicators increases gradually, adding to the observation of the correlation between power imbalances and conflict avoidance.



*Graph 6: The correlation between information asymmetries and the avoidance of conflict inside board meetings. The X-axis shows the occurrence of the conflict avoidance codes and the Y-axis the occurrence of the information asymmetry code.*

When consulting this graph one can see that there is a positive linear correlation between the information asymmetries and the observation of conflict avoidance inside a board of directors by the ten interviewed board members. More specifically, the two interviewees who did not observe information asymmetries inside their boards interpreted considerably lower levels of conflict avoidance than the respondents who witnessed higher information asymmetries. Also, for this

graph the conflict avoidance size tag was used in order to assess the times conflict avoidance was referred to in the interviews. Hence, the surface increases by 475% from left to right which strengthens the fact that there is a linear correlation between the two aforementioned factors. Again, it needs to be stressed that this graph was only based on ten interviews and can therefore not be viewed as based on quantitative data as one ought to compose a graph of. The linear correlation is thereby observed with a very low confidence interval.

### Conflict manager

After having demonstrated theoretical reasonings behind the avoidance of conflicts inside the board and having established links between the lack of social approbation and trust and between the avoidance of conflict and power and information inequalities, this insightful outcome of the research brings us to reassess the practices and skills a chairman should administer inside a board of directors in order to defeat the previously communicated reasons for conflict avoidance.

Graph 3 on page 50 summarizes the best practices for the chair of the board given by the respondents. The most important one being his or her skill to uphold good relationships with board members and the stakeholders. This stands in the same line of thought as Levrau and Van den Berghe (2013) who call the chairman a relational leader who can also deal well with diversity inside a team.

As a second statement the respondents seem to refer to an authentic leadership style most when they talk about the chairman's requested abilities to include all opinions before making a decision. Thereby a chairman should expose of the capability of understanding and integrating all interpersonal reasons and uphold transparency during board meetings. This leadership style calls for the creation of a safety climate but it can be questionable if such a climate resides in some boards whose members were interviewed. Indeed, 70 percent of the interviewed board members who were asked about the trust factors of a board of directors mentioned trust issues inside their boards, 90 percent avoided conflicts due to the quest for social approbation and 80 percent due to the lack of psychological safety. These perceptions all reduce the likelihood of a safety climate created by the chairman.

Besides that, 70 percent of the interviewees find the informal dialogues the chairman conducts valuable, which was also researched and affirmed by McNulty, Pettigrew, Jobome and Morris (2011). Furthermore, it was said to add to a chairman's ability to anticipate conflicts whose adequateness was studied by Husemann, Ladstaetter, Luedicke (2015) and Şahin (2015). However, when taking into account the previous section that revealed some underlying problems regarding power imbalances, information asymmetries and trust issues that were positively related to the conflict avoidance inside a board, it seems as if the informal dialogues can sometimes have a counter-efficient effect. Therefore, it is suggested by this study that the chairman could focus more on the transformational leadership style described by Zhang and Cao (2011).

Hence, a transformational leader stresses the fact that decisions need to be made together in order to find a sound solution to the problem at hand. This type of leadership emphasizes the importance of all board attendees to find his or her spot inside the group and to reduce the identification with the opinion of the leader, the chairman in this case. Nonetheless, in order to attain a collective feeling of reaching decisions, one could ask if conducting preliminary meetings and informal conversations with key figures would stand in the way of this?

By creating a safety climate and integrating each board member in the decision-making process and thereby exhibiting a transformational leadership style, some identified issues could be overcome. Thus, in order for the board members to be more prone to express conflicts rather than avoiding them, it seems as if talking openly about issues a certain board member can have or to discuss openly with key figures inside the board what their viewpoints on the matters would be, could alter some identified problematics inside the board meetings.

This approach could thereby help overcome some of the identified issues that were said to create the attitude of conflict avoidance inside boards of directors. Firstly, it could help diminish the blind collective identifications by allowing for every board member to find his or her place inside the board. Secondly, it could increase the feeling of psychological safety by making everyone feel heard inside the board and create a broader safety climate. Thirdly, it would lessen the perceived lack of expertise by including everyone in the decision-making and not only some of the board members, in order for all the board members to learn on the subject and give insights according to their knowledge and experiences by looking at it with a different lens. Fourthly, it would reduce perceived power imbalances since everyone's opinion is equally heard and valued,

notwithstanding that a voting would give the upper hand to majority shareholders. Fifthly, by including everyone in the decision-making process, the information asymmetries would be reduced.

Not renouncing to the fact that preliminary meetings foster efficiency, this study seems to have enough grounds in saying that the underlying problems they can create - such as collective identification, the quest for psychological safety, power imbalances, information asymmetries, to name a few - are not worth it. Which contradicts McNulty, Pettigrew, Jobome and Morris (2011) who say in their study that informal dialogues promote the good functioning of the board meetings.

Instead, a board could meet more often and discuss together more frequently in what directions the decision could orient itself. This would also reduce the perceptions on the lack of room to negotiate, increase the degree of concern and lessen the perceptions on the mere formal aspect of approving the preset decisions because the board would find it necessary to meet more often and board members would be more involved.

## Conclusion

As a conclusion one can say that this study exposed some issues inside a board that can be related to the avoidance of conflict by board members. The main findings are that trust issues, power imbalances and information asymmetries are related to the avoidance of conflict. The main argumentations behind the avoidance of conflict are a low degree of concern for the topic at hand, a lack of psychological safety and social approbation, a high need for the upholding of good relationships with key figures based on the social exchange theory, a high feeling of ingratiation and collective identification.

When this was connected to the role of the chairman, it was found that in order to attempt to overcome these issues, the chairman should focus more on its role as a transformational leader. Hence, to make and reach decisions together as a team and augment the respective board member participations. This could be realized by conducting more board of directors' meetings with all the board members included in order for every board member to obtain all the information, to not feel excluded due to a lack of expertise or standing inside the company.

The conclusion of this study merely takes into account the board member's perceived feelings and sets aside any efficiency considerations in terms of time management. Nevertheless, based on the Transactive Memory System theory such as stated above (Ellis, Porter, & Wolverton, 2017), one can say that a board reaches its uppermost efficiency when everyone feels free to express their dissenting opinions. Hence, when assessing the board on a higher psychological level rather than on a mere economical aspect, time efficiency does not always translate itself in more money.

This study therefore truly believes that conducting more board meetings and thereby building more on relationships between all board members and not only with the chairman itself, will diminish conflict avoidance in the boards of directors because it will decrease information asymmetries, power imbalances and trust issues. Once these factors are reduced, there will be a higher psychological safety, feeling of social approbation, improved social exchanges and less collective identification. It goes even further than that, by integrating each board member more and expecting their utmost participation, their perceptions on the lack of room to negotiate and their degree of concern for the company itself will increase.

### Practical takeaways for board members

This study allows to draw some conclusions on the observed behavior of board members. It is therefore viewed as insightful to include this paragraph in the conclusion of this thesis as to give board members some information about what the interviewed board members identified as positive or negative behavioral patterns. With as its sole purpose to help current or future board members fulfil their role and tasks in the most excellent manner based on the conducted interviews and the effected literature study of this thesis.

When basing these takeaways on the given criticisms one can state that board members are expected to engage more during the board meetings and to know their role better. A board member should inspire trust and view its fellow board members to be trustworthy because they all act towards the same purpose which is the wellbeing of the organization. Furthermore, by actively sharing all the written and non-written information as a board member and by speaking up when something is not clear, when the independence of a board member is questioned, when there is a low decision power observed, when there can be detected a conflict of interest, when there prevails

a lack of negotiation during board meetings, etc. the board member would fulfil his or her role in a more prosperous way.

Being an active member during and outside board meetings is identified in this study as a positive behavior. Not only because it increases the information acquired by the board member to make a decision and express a sound opinion based on solid data but also, by regarding the role of a board member to be highly important and very demanding, it should stimulate the willingness to act towards the benefit of the enterprise by confronting people when needed and by setting personal interests or frustrations aside. A board member should be aware of the added value of his or her expertise and should express his or her views on every manner for as the organization has the right to analyze each decision in a thorough manner by taking into account different opinions regarding various areas of expertise.

The presence of a board member in a board meeting should in no way be viewed as a way to maintain good relationships with key figures inside the board, as the primordial relationship should be upheld with the general prosperity of the company. Therefore, a board member upon entering a board meeting should be prepared to possess different viewpoints on certain matters than other board members and should be willing to share these under any circumstance as to allow an open discussion even if this could turn out in a conflict. This does not mean that everyone's opinion should be blindly followed but, it should always be taken into account that when one is hired to share his or her expertise, it should at least be expressed and discussed in order to learn from it.

## Limitations and further research

The impact that avoidance has on the functioning of a board of directors and the individuals who are represented in the board meetings was not assessed in this study. As illustrated in the literature study, the research of Heemskerk, Heemskerk and Wats (2016) on conflicts in boardrooms described different impacts that conflict avoidance can have on a board. The logical subsequent study could do research on what the actual effects are of conflict avoidance in a board setting, building on Heemskerk, Heemskerk and Wats (2016). Moreover, another study could analyze what the effects are of more frequent meetings with board members as a whole and what it would change in its dynamics.

This study only focusses on ten Belgian, male board members, which can also be seen as a grand limitation. One cannot merely subtract conclusions based on ten board members and expect it to apply to all boards in Belgium or beyond. Therefore, this part calls the reader to not generalize the findings in this study and to assess each board independently. In order to examine if the findings apply to a greater number of boards, one can conduct a quantitative country-wide study that appraises through questionnaires the recurrence of the argumentations behind conflict avoidance within boards of directors and study more thoroughly their connection with information asymmetries, power imbalances and trust issues.

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