

Is corporate governance a structure, a process, a group of policies, or something else?

Abstract

Over recent decades boards of directors and corporate governance have become the subjects of much research. Many definitions and concepts of corporate governance have appeared in the literature—more so as knowledge about companies; shareholdings; boards; management; board–management interactions; and, control has expanded. However, no singular concept of corporate governance appears to have been universally accepted. This deficiency is most likely because the ontological basis of the phenomenon/field is yet to be resolved.

The empiricist concept in the literature, frequently cited in practice holds that corporate governance is a structure, a process, policy framework or some combination of all three. However, boards, board–management interaction and corporate governance seem to be “the product of a plurality of structures” (Bhaskar, 1989, p. 3) that can be associated hierarchically. Thus, the continued pursuit of a single immutable truth about boards; a one-size-fits-all theory of board–management interaction; an optimal board structure; or, a universal market-based or policy-based corporate governance system may be futile. Though the practitioner community has at various times embraced *all* such arguments, the socially dynamic nature of boards and the open system within which they operate must be accounted for if credible explanatory theories are to emerge.

This conceptual paper comments on the various concepts/constructs of corporate governance that have been proposed in the literature. Informed by boardroom observations, it seeks to advance the preliminary work of Crow, Lockhart and Lewis (2014), by providing an alternative conceptualisation that seems better suited to corporate governance and how boards actually work.

Keywords: corporate governance, critical realism, mechanism

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