7-2023

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Received: 14 June 2020 | Accepted: 4 October 2022

DOI: 10.1111/ijmr.12317

IJMR INTERNATIONAL JOURNAL of MANAGEMENT REVIEWS   BRITISH ACADEMY OF MANAGEMENT

ORIGINAL ARTICLE

Board governance of Strategic Change: An assessment of the literature and avenues for future research

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Abstract

Boards of directors play a central role in governing corporate strategic change. We systematically review corporate governance research on strategic change published over the past 40 years, differentiating between strategic change types and board characteristics. We identify three developments: a focus on specific strategic change types, board composition and structure, and North American listed firms as a dominant study context. Yet, our analysis of the literature shows that research on board governance of interrelated strategic changes, on different board roles and behaviour, and on the governance of strategic changes across different contexts remains underdeveloped. To address these research gaps, we suggest three future research avenues: (1) examining how boards govern interrelated changes in a strategic change portfolio and its evolution over time; (2) studying the mediating relationship between board governance (particularly different board roles and behaviour), strategic changes, and corresponding outcomes; and (3) gaining a better understanding of the role of context in board governance of interrelated strategic changes. We contribute to corporate governance research by developing a framework that synthesizes extant research on the relationships between different board governance variables and strategic change types, highlights important research gaps, and outlines several future research directions to address these gaps. Our framework and literature overview serve as analytical tools to examine whether boards are well-designed and prepared to govern multiple and interrelated strategic changes.

INTRODUCTION

As the central oversight body of firms, boards of directors are responsible for *governing* corporate strategy on behalf of shareholders and other stakeholders (Dalton et al., 2007; Jensen, 1993) by monitoring, providing access to resources, and/or rendering advice on top executives' proposals for and on resource allocation to strategic activities (Carpenter & Westphal, 2001; Hillman & Dalziel, 2003). Given their roles in strategy, boards also have a key responsibility for governing corporate strategic change (Hoskisson et al., 2002; Oehmichen et al., 2017), which can substantially influence a firm's long-term prospects (Klarner & Raisch, 2013; Müller & Kunisch, 2018; Rajagopalan & Spreitzer, 1997). Therefore, directors are involved in, review, and/or approve strategic change decisions (Jensen & Zajac, 2004).

Boards failing to govern high-stake strategic changes may face not only accountability, with members losing their board positions, but also face sanctions from the director labor market (Fama & Jensen, 1983a; Gillan, 2006). Consequently, it is important to understand how boards govern strategic change.

In line with prior research, we define s*trategic change* as a difference in an organization's alignment with its external environment (Rajagopalan & Spreitzer, 1997), that is, the 'fundamental pattern of present and planned resource deployments and environmental interactions that indicates how the organization will achieve its objectives' (Hofer & Schendel, 1978, p. 25). We focus on *corporate-level* strategic changes, in which the board is involved, as opposed to business-level changes (e.g., Goodstein et al., 1994; Rajagopalan & Spreitzer, 1997). Corporate strategic changes can comprise different (internal and external) *modes*, that is, internal capability development, external modes such as mergers and acquisitions (M&As), alliances, and other external collaborations (Capron & Mitchell, 2009; Hitt et al., 1996; Zollo & Reuer, 2010), and divestitures (Feldman, 2020; Goodstein et al., 1994). Such activities can modify a firm's *scope* of operations (Sharma & Kesner, 1996) by changing the degree of product-market or geographical diversification. We refer to the *types* of strategic changes when indicating the different modes and scope of change.

A significant body of corporate governance (CG) research has studied the board's roles in and influences on strategic changes (Boyd et al., 2005; Kor & Sundaramurthy, 2009). While some reviews in CG address different board roles in general (Åberg et al., 2019; Bankewitz, 2018), others focus on the board's role in specific strategic changes, such as takeovers (Aktas et al., 2016) or the board's general strategic involvement (Pugliese et al., 2009). Some reviews on the strategic change also highlight the role of the board, albeit briefly (Müller & Kunisch, 2018).

While prior reviews have provided important insights into the board's role in strategy, board governance may differ within and between different strategic change types. For instance, some board characteristics may matter differently when governing innovation rather than diversification. Moreover, scholars across different disciplines have focused on different strategic change types (e.g., finance research focuses more on external change, while general management research focuses more on internal change) and on different board characteristics and roles (e.g., finance and accounting research focuses predominantly on board composition and structure, while certain general management and strategy research also examines board behaviour and processes), making it worthwhile to compare dispersed research findings across disciplines. To date, we lack a comprehensive review of the role of boards in strategic change that systematically reviews the literature by addressing different board characteristics and different change types and by integrating and comparing research findings across different disciplines and over time.

Therefore, we address the research question*: What do we know about research on boards' governance of strategic change, and what do we still need to understand?* Our goal is to provide a systematic, comprehensive review of the research on board governance of strategic change by differentiating between board characteristics and their influence on different strategic change types. We integrate and compare different concepts, theories, and results across the domains of accounting, finance, entrepreneurship, innovation, marketing, international business, organization studies, economics, strategic management, and general management over the past 40 years. Our review of 280 scholarly articles shows that researchers predominantly use agency theory or multiple theories and focus on listed firms in North America, although some have begun studying Asian and European listed firms and small and medium-sized enterprises (SMEs). Our analysis shows that extant research remains fragmented, as it mainly focuses on the relationship between specific board characteristics or roles, and their relationship with specific strategic changes, and that far less research examines board governance of different and multiple changes.

The research focus on single or only a few change activities is surprising because companies increasingly need to cope with constantly changing environments; consequently, they maintain a portfolio of multiple strategic changes to adapt to these environments (Ahlstrom et al., 2020). This makes the analysis of how boards govern broader change portfolios (Agarwal & Helfat, 2009) a much-needed and timely research endeavour. By integrating CG research and strategic management research, we propose a future research agenda that shifts the analytical lens from single changes to change *portfolios*, thereby enriching our understanding of board governance of change portfolios and their *evolution*.

Our review differs from other reviews on strategic change (Müller & Kunisch, 2018) and corporate scope (Feldman, 2020) in strategic management, because we examine *different aspects* of the *board's governance* of strategic changes. Our review also differs from other GG reviews focusing on specific change activities (Filatotchev & Wright, 2011) or specific firms (Hamidi & Machold, 2020), or those with a specific theoretical focus (Westphal & Zajac, 2013). We summarize the literature on board governance of *different changes* across firms and provide an overview of different theoretical perspectives.

Our theoretical contribution lies in developing a framework that integrates research on board governance of strategic changes by showing how different board governance variables (board composition and structure, board roles, and board behaviour and processes) and strategic change types (internal change, external change, and corporate scope changes) are related. The framework provides an overview of the major developments and central gaps in extant research. Another contribution lies in outlining several future research avenues to address these gaps. Specifically, we introduce a new perspective on governing strategic change portfolios (rather than isolated changes) and their dynamics. We also outline several research avenues on the influence of board design, roles, and behaviour and processes on the governing of interrelated strategic changes and corresponding outcomes, and the important role of context. This article also contributes to managerial practice by providing a framework that helps boards analyse the effectiveness of their design, and their readiness to govern strategic changes. Furthermore, we expect our future research suggestions to stimulate more work on the challenges that boards face regarding governing interrelated changes over time.

In the remainder, we first summarize our research framework, including the scope of the review, research design, and descriptive results. Subsequently, we present an overview of research on board governance of internal and external strategic change, mixed forms, and strategic change scope, followed by a discussion of future research avenues.

RESEARCH FRAMEWORK AND METHODOLOGY

Scope of the review

In this article, we review research that examines the relationship between two constructs: board governance and strategic change. Following other systematic literature reviews of concepts widely studied in different fields (Aguinis & Glavas, 2012), we first define these core terms. *Board governance* includes the core roles of monitoring, advising, and providing resources for strategic matters (Carpenter & Westphal, 2001; Hillman & Dalziel, 2003; Westphal, 1999). Boards monitor top management by ratifying resource allocation decisions and strategic proposals and by overseeing and evaluating the outcome of management's strategic actions (Fama & Jensen, 1983b). Grounded in agency theory, board monitoring also involves incentivizing managers to make strategic decisions that enhance shareholder value (Devers et al., 2013; Jensen, 1993) and to make hiring and firing decisions (Zahra & Pearce, 1989). In line with the resource-dependence perspective (Hillman & Dalziel, 2003; Pfeffer & Salancik, 1978), scholars have also emphasized the role of boards in providing managers with advice and resources. Boards advise on strategic opportunities (Charan, 1998) and investment proposals and provide access to important information and resources to achieve their firm's goals (Hillman & Dalziel, 2003; Pfeffer & Salancik, 1978). Further, they provide connections to important stakeholders (Hillman et al., 2001), build external relations (Hillman & Dalziel, 2003), and facilitate access to capital (Mizruchi & Stearns, 1988).

Strategic change, that is, changes in the organization's external alignment, comprises changes in the content of a firm's strategy, including its scope, resource deployments, competitive advantages, and synergy (Hofer & Schendel, 1978; Rajagopalan & Spreitzer, 1997). This definition of strategic change is well-established and often used in CG research (Haynes & Hillman, 2010; Oehmichen et al., 2017; Sidhu et al., 2021). We use the term '*strategic change*' instead of '*strategic renewal*', because 'change can include refreshment or replacement, but need not. For example, change might refer to extensions, additions, or deletions without any associated renewal' (Agarwal & Helfat, 2009, p. 282). As Schmitt et al. (2018) noted, strategic renewal indicates a specific type of strategic change, that is, 'the transformation of the firm's current strategic intent and capabilities'. Here, we focus on the broader term 'strategic change' to include all relevant activities that are the responsibility of the board and its governing roles.

Research design

We followed the systematic process suggested by Tranfield et al. (2003) and Gaur and Kumar (2018) when conducting our literature review. Our research design and steps are summarized in Figure 1.

In the first phase, we identified the relevant literature. We specifically searched the Web of Science for journals in the categories of Business, Business/Finance, Management, Applied Psychology, and Economics. This step yielded 268 relevant journals. Next, we searched the Web of Science, using a Boolean search string for search terms representing (board OR governance) (e.g., Pugliese et al., 2009) AND strategic change (e.g., Müller & Kunisch, 2018). We used several synonyms for these categories (summarized in Figure 1) and, consistent with recent literature reviews, focused on refereed empirical articles (Danese et al., 2018; Manca, 2022; Maon et al., 2019; Thomas & Tee, 2022), because international journal articles are subject to a blind review process and a thorough evaluation process. The sample was complemented by a search using the same criteria in Ebscohost, ProQuest, and Scopus. To avoid the exclusion of key articles, we conducted additional searches

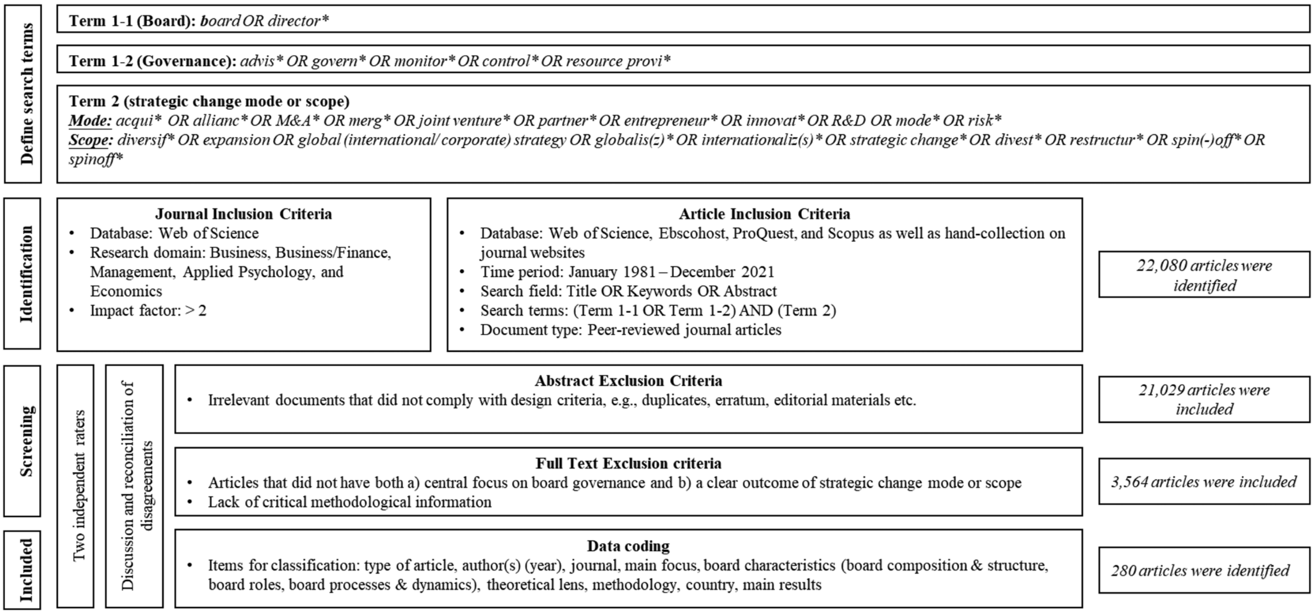


FIGURE 1 Research design

of Google Scholar and the journal websites. We did not limit our search to a particular starting date.

This step yielded 22,080 papers. After removing the duplicates, erratum, editorials, book reviews, and commentary, 21,029 papers remained. Following prior research (Menghwar & Daood, 2021), we subsequently read the articles' titles, keywords, and abstracts, and when necessary, the introduction and conclusion sections to ensure that they focused on the scope of our literature review. Two of the authors reviewed the studies independently and assessed whether they related to the literature search's core themes. For instance, papers were excluded if they examined boards or strategic change in isolation but not their relationship. Finally, two authors read the introduction, hypotheses, method, and conclusion sections of the remaining 3564 articles. We excluded articles that did not meet our definition of board governance or strategic changes. For instance, we dropped articles that examined financial outcomes, such as firm performance, instead of strategic change, and those using proxies, such as the presence of specific accounting standards in a country, instead of measuring board governance. This process resulted in 280 articles for coding, published in 65 journals, covering studies published from January 1981 to December 2021.

In the second phase, we developed a scheme for coding the articles. Following the approach of Gaur and Kumar (2018), we used the type of article, author(s), and year of publication, journal, the main theme, theoretical lens, methodology, country, and main results as categories. We found that most studies focused on one or several of the following dimensions: (1) board composition and structure; (2) board roles; and (3) board behavior and processes. These dimensions emerged from our coding process and we included all relevant concepts in our coding scheme. Board composition and structure include board independence (Dalton et al., 1999), CEO duality (Linck et al., 2008), board size, demography, board tenure, human and social capital (Johnson et al., 2012), board committees (Kolev et al., 2019), director ownership and compensation (Datta et al., 2009), board meeting characteristics, and board faultlines (Tuggle et al., 2010a). Board roles include control, advising, and resource provision (Carpenter & Westphal, 2001; Hillman & Dalziel, 2003; Westphal, 1999). Board behaviour and processes (Forbes & Milliken, 1999) include effort norms, cognitive conflict, the use and application of knowledge and skills to different tasks, interaction processes (Klarner et al., 2020), and decision-making biases (Westphal & Zajac, 2013).

In the third phase, we used this scheme to code the full sample of 280 relevant articles in an Excel spreadsheet (Calabrò et al., 2019). Two authors read and coded each article independently, according to the coding scheme (Schmitt et al., 2018). On coding the literature, it quickly became evident that, in line with our definition of strategic change types, studies can be differentiated in terms of the strategic change modes (internal vs. external), changes in the corporate scope or combinations of different change modes and scope changes. Since the types of strategic change are well established in the strategy literature, we categorized the relevant articles according to these, based on their dependent variables.

To ensure inter-rater reliability, two authors discussed any differences in their coding, with a third author being consulted in case of disagreement. We also classified the articles into disciplines based on the ABS ranking (ABS, 2015), which was widely used in previous review articles (Thomas & Tee, 2022).

Descriptive results

Table 1 shows the evolution of research across the main strategic change themes, board characteristics, disciplines, and over time, summarizing the number of papers published for these categories in parentheses. As shown in Table 1, the topic gained increasing importance in recent years, especially in research in general management and finance, peaking in the 2010s across nearly all research disciplines.

Most research focused on internal strategic change, followed by external change, scope changes, combinations of change modes and scope, and different change modes. Across the disciplines and strategic change types, most research focused on variables of board composition and structure. This is probably due to established databases providing researchers with relatively easy access to board compositional and structural data through established databases, while data on board roles and behaviour require closer insights into the boardroom (e.g., via qualitative methodologies or access to board meeting minutes). Table 1 also shows that very few studies on board behaviour and processes focused on internal, external, or scope changes, while no study examined the relationship between board behaviour and processes in different changes.

For further information, Table A1 lists the total number of articles published and the percentage of publications in the top 5 journals in each of the disciplines. Table A6 provides detailed information on the theories, method, country, and firm type on which extant research focused.

BOARD GOVERNANCE OF DIFFERENT STRATEGIC CHANGE TYPES

Below, we summarize and synthesize the research on board governance of different strategic change types. Tables A1–A4 provide an overview of the findings.

Boards and internal strategic change

A total of 94 quantitative and three qualitative papers examine boards' role in internal change, of which 89 investigate board composition and structure, eight consider board roles, and one studies board behavior and processes (see Table A2).

While most disciplines used multiple theories to understand the role of different board characteristics in internal strategic change, finance, and accounting studies are dominated by agency theory and a focus on board monitoring proxies. Despite some theoretical plurality, most of the articles focus on proxies of board independence and capital. Moreover, the studies mainly examined North American firms (41), followed by Asian ones (27), European ones (23), those from multiple countries (5), and from Africa (1). Although there are a few studies on SMEs (9%) and family firms (14%), the focus is largely on listed firms (62%). Most of the studies focus on R&D intensity and on product innovation and its outcomes. Research began to emerge in the 1980s in general management, which has since then dominated research. Research in finance, innovation, entrepreneurship, and strategy started evolving in the 2000s, while studies in international business, accounting, organization studies, and marketing only emerged in the 2010s.

Research on internal strategic change (Baysinger & Hoskisson, 1990) shows that different elements of board composition and structure matter differently regarding internal change, depending on the firm type, time span, and proxies used. While all the disciplines studied board composition and structure, far fewer examined board roles. Not surprisingly, the various disciplines studied different firm types (Wincent et al., 2009) and country settings and used different theories, leading to different results.

Findings show that board independence and larger, demographically more diverse, boards do not seem to be related to internal strategic change per se, but that they can be negatively related to corresponding activities if boards do not address the costs associated with greater complexity and diverse perspectives in their governance. There is, for instance, evidence of a positive (Sena et al., 2018), a negative (Osma, 2008), an inverted U-shaped (Wincent et al., 2013) relationship, or none at all (Choi et al., 2019) between board independence and innovation. The conflicting findings result from the different time periods and contexts studied, including firms in the United States (Balsmeier et al., 2017; Jiang & Liu, 2021), Belgium (Deman et al., 2018), and Taiwan (Chen et al., 2016c), as well as SMEs (De Cleyn & Braet, 2012), IPO firms (Kor & Sundaramurthy, 2009), listed firms (Chintrakarn et al., 2016), and family firms (Calabrò et al., 2021; Liang et al., 2013; Querbach et al., 2020). For instance, both Kor (2006) and Baysinger et al. (1991) studied US firms, but different firm types (entrepreneurial firms vs. Fortune 500 firms) and time periods (1990–1995 vs. 1981–1983), which led to different results. Since the role of outside and inside directors varies across countries and firm types, findings regarding outsiders' influence on internal change also vary.

TABLE 1 Comparison of research across strategic change types, board characteristics, disciplines, and over time

Main Theme	Board characteristics	Discipline[a]	1980s	1990s	2000s	2010s	2021	Total
Internal strategic change mode (97)	Board composition & structure (89)	GM	1	3	5	23		32
		FIN			3	8	5	16
		ENT			1	7	2	10
		INNOV			1	7	1	9
		IB[b]				6	1	7
		STR			1	3		4
		Other				4		4
		ACCT				3	1	4
		OS				2		2
		MKT				1		1
	Board roles (8)	INNOV				3		3
		GM				2		2
		ENT				1		1
		IB					1	1
		STR				2		1
	Board behaviour & processes (1)	STR					1	1
	Total		**1**	**3**	**11**	**72**	**10**	**97**
External strategic change mode (76)	Board composition & structure (72)	FIN			13	18	5	36
		GM		5	7	8	1	21
		ACCT		1		3	3	7
		STR			3	3	1	7
		INNOV				1		1
	Board roles (4)	GM			1	1		2
		STR[c]				2		2
	Board behaviour & processes (1)	STR				1		1
	Total			**6**	**24**	**36**	**10**	**76**

(Continues)

TABLE 1 (Continued)

Main Theme	Board characteristics	Discipline	1980s	1990s	2000s	2010s	2021	Total
Strategic change scope (76)	Board composition & structure (67)	GM		4	5	6	2	17
		STR		3	4	6		13
		IB			1	9	1	11
		ENT		1	2	6		9
		FIN		1	3	4		8
		OS				5	2	7
		ACCT			1			1
		Other				1		1
	Board roles (3)	IB				2		2
		STR			1			1
	Board behaviour & processes (6)	GM			2	1	1	4
		STR			1			1
		OS		1				1
	Total			**10**	**20**	**40**	**6**	**76**
Mixed Modes (8)	Board composition & structure (7)	FIN			1	2		3
		GM			1	1		2
		ACCT			1	1		2
	Board roles (1)	FIN				1		1
	Total				**3**	**5**		**8**
Mixed Mode and Scope (23)	Board composition & structure (21)	IB			1	5		6
		STR	1	1	1	2		5
		FIN			2	1		3
		GM			1	1	1	3
		ENT				1	1	2
		ACCT				1		1
		Other				1		1
	Board roles (2)	STR		1				1
		ECON	1					1
	Total		**2**	**2**	**5**	**12**	**2**	**23**

[a]List of discipline abbreviations: ACCT, Accounting; ECON, Economics; ENT, Entrepreneurship; FIN, Finance; GM, General management; IB, International business; INNOV, Innovation; MKT, Marketing; OS, Organization studies; STR, Strategy.
[b]One paper was counted twice as it examined both board composition & structure and board role.
[c]One paper was counted twice as it examined both board role and board behaviour & processes.

There is some support for a positive relationship between board diversity and innovation, whether measured through a multidimensional index (An et al., 2021) or specific demographics such as gender (He & Jiang, 2019) or racial (Miller & Triana, 2009) diversity. Other researchers, however, found no relationship between board gender diversity (Galia & Zenou, 2012), racial minority directors (Cook & Glass, 2015), or board nationality diversity (Khidmat & Awan, 2021) and innovation. Some even found a negative relationship between gender diversity (Zhang & Luo, 2021) and innovation. These inconclusive findings may be due to the different contexts studied and the need to have a critical mass of specific directors, for example, as is the case with gender diversity (Rossi et al., 2017; Torchia et al., 2011). Moreover, CEO duality matters differently for innovation depending on the CEO tenure stage (Zona, 2016) and the firm type (Jiang et al., 2020).

A board's human and social capital diversity seem to promote innovation (Sarto et al., 2020), as does specific expertise (e.g., Ramus et al., 2018) in some industries (Chen, 2014) and functions (Faleye et al., 2020). However, a board's functional, occupational, and relational capital diversity has an inverted U-shaped relationship with innovation (Kim & Kim, 2015), suggesting that overly diverse boards face difficulties with reaching consensus on such decisions. It also suggests the importance of studying different fine-grained measures of board capital diversity instead of aggregating it into a broader construct.

Studies on board interlocks (Krause et al., 2019; Li, 2021) show mixed findings, ranging from positive effects on innovation in large, listed firms in different countries (Helmers et al., 2017; Reguera-Alvarado & Bravo, 2018), to no relationship in SMEs and Spanish listed firms (e.g., Hernández-Lara & Gonzales-Bustos, 2019), and to an inverted U-shaped relationship in US listed firms (Bravo & Reguera-Alvarado, 2017). In addition to country-specific effects, there are also differences between interlocks types (Qin & Zhang, 2019): Extra-industry interlocks affect innovation positively, while intra-industry and women interlocks have a negative effect (Cook & Glass, 2015). Overall, the influence of board interlocks depends on interlock and director type (insider vs. outsider), but findings also vary according to the contexts and time spans.

In terms of director ownership and compensation (Lim & McCann, 2014), there is an inverted U-shaped relationship between directors' equity ownership and the R&D intensity in listed US pharmaceutical and technology firms (Guldiken & Darendeli, 2016), but a positive relationship between outsiders' stock-option compensation and the R&D intensity in S&P 1500 firms (Deutsch, 2007). Family board members' ownership (Sanchez-Famoso et al., 2015) relates positively to the R&D intensity (Ashwin et al., 2015), but negatively to R&D investment (Chen & Hsu, 2009). The differences in findings can be explained by the sample size, firm type, and time period studied. Research also shows that the benefits of board capital depend on how the directors are involved in governing innovation and on several board meeting characteristics (e.g., Wincent et al., 2010).

Boards monitor executives by, for instance, overseeing the risks associated with innovation (Wu & Wu, 2014). Some studies used managerial compensation as a proxy for board monitoring (Zona, 2016), while others showed that board archetypes, which differ in board capital, influence firms' innovation commitment (Schiehll et al., 2018). Recent qualitative research provides insights into board involvement in product innovation, revealing that innovative firms' boards show behavioral diversity and unveiling the multilevel, structural, and temporal dimensions of board behavior and its relational characteristics (Klarner et al., 2020). These first qualitative studies show more directly how boards use their human and social capital to govern innovation.

Boards and external strategic change

Firms engage in external change through acquisitions and/or strategic alliances. Acquisitions are considered riskier than alliances (Deutsch et al., 2007; Sanders, 2001), but can be a source of accelerated growth (Malhotra et al., 2020). Boards are responsible for monitoring major acquisition decisions (Demirtaş, 2017; Zhang & Greve, 2019), including decisions about the selected target and the premium paid (Haunschild, 1994). They can also provide top executives with useful advice by sharing their acquisition expertise gained through their work as executives with other firms and on other boards (McDonald et al., 2008). Most of the 76 papers, of which 75 are quantitative, examine the role of board composition and structure (see Table A3).

Finance scholars show a strong interest in the role of board governance in external change, followed by studies in general management, strategy, and accounting. Studies often build on agency theory, while the remaining articles apply multiple or different theoretical lenses. Similar to research on internal strategic change, these articles predominantly examine the role of board independence and capital in North American firms (e.g., Panayi et al., 2021), and there is even less emphasis on Asian and European boards compared to research on internal change. There is also less diversity with respect to the firm types studied, as the predominant focus is on large, listed firms. Consequently, there is less variance in the findings, and the studies mostly examine the role of different board characteristics in the likelihood, number, or outcomes of external strategic change modes. Most studies focus on acquisitions

(70) and far fewer on alliances (6). Research on external strategic change emerged in the 1990s in general management and accounting, while research in finance and strategy only began to emerge in the 2000s. Overall, fewer disciplines studied board governance of external change than those researching internal change.

Research on the role of board independence in external change examined mergers (Khorana et al., 2007), acquisitions (Adams et al., 2021; Ben-Amar et al., 2013; Malikov et al., 2021; Moeller, 2005), and alliances (Post et al., 2015). For instance, board independence does not matter for acquisition likelihood (Peng & Fang, 2010). Nevertheless, the board's outsider ratio relates positively to acquirer returns (Defrancq et al., 2021), but negatively to such returns when independent directors depart suddenly (Fahlenbrach et al., 2017). Board independence also relates negatively to the completion of value-decreasing acquisition bids, suggesting that independent boards monitor these decisions effectively (Paul, 2007). However, board size (Masulis et al., 2007) and CEO duality (Bange & Mazzeo, 2004) are not related to acquisition performance per se, suggesting important differences across countries and time periods.

Several studies examined the role of different types of board demography in different external change types (Bachmann & Spiropoulos, 2021; Clout et al., 2021). Furthermore, a large body of research examined the role of different board human and social capital in acquisitions (e.g., Greve & Zhang, 2017; Güner et al., 2008; Hilscher & Şişli-Ciamarra, 2013; Masulis & Mobbs, 2011; McDonald et al., 2008). The findings show that specific diversity types' influence depends on the types of external change activities (e.g., acquisitions, alliances). Board gender diversity, for instance, relates negatively to the number of acquisitions (Dowling & Aribi, 2013), but positively to the likelihood of sustainability-themed alliance formation (Post et al., 2015). Additionally, female directors' presence influences acquisition returns positively, suggesting that it improves monitoring (Lucas et al., 2021). The conflicting findings on the role of specific board human capital, such as investment banking experience, on acquisition returns can be explained by the different time periods studied.

A few researchers have studied board tenure, revealing that although it reduces acquisition likelihood, frequency, and relative size, it increases acquisition returns (Kim et al., 2014), suggesting that outsiders' monitoring improves with tenure. These findings also suggest that besides the number of external directorships, how directors leverage their knowledge for their governance also matters. Outsiders' acquisition experience at other firms gives them valuable knowledge, which they can transfer to other directors (Beckman & Haunschild, 2002). Directors' different interlocks (Cai & Sevilir, 2012) are therefore an important mechanism for scanning the business environment (Useem, 1984), but could also lead to firms' imitative acquisition behaviour (Haunschild, 1993; Westphal et al., 2001). Interestingly, director interlocks influence firms' acquisition frequency (Renneboog & Zhao, 2014), and directors with multiple board seats can enhance firms' acquisition performance (Harris & Shimizu, 2004), but only up to a certain point, as from there onward they face time constraints regarding fulfilling their governance duties (Ahn et al., 2010).

Several studies examined the relationship between board ownership (Shivdasani, 1993) and M&As (Carline et al., 2009), revealing that inside and outside director ownership matters differently for the acquisition likelihood, rate, and returns. A few studies examined board roles in acquisitions, showing that directors provide managers with valuable advice, connections, and resources in the acquisition process of technology-based ventures (Graebner & Eisenhardt, 2004). Moreover, board monitoring relates negatively to listed firms' extreme M&A performance (Goranova et al., 2017), seemingly limiting CEO discretion to engage in value-destroying (but also value-creating) M&As. Boards can also grant executives equity-based compensation (Datta et al., 2001) to encourage them to undertake quality acquisitions. In a study on board behavior and processes, Zhu (2013) revealed that boards are subject to group polarization when making decisions about acquisition premiums. Overall, given the complexity of acquisitions and alliances, it is important to address how different board characteristics, roles, and behaviour influence different external change types.

Boards and mixed forms of strategic change

Several studies examined the boards' influence in a combination of different strategic change types (see Table A4).

First studies focused on the role of governance in mixed forms of internal change, external change, and scope changes. While 31 quantitative studies examined different types of change, which cannot therefore be compared directly, they commonly focus on board composition and structure, with research in international business, finance, and strategy dominating. They tend to apply multiple theories or agency theory, and focus on United States and listed firms. Research on combined change modes and scope changes emerged in the 1980s in strategy and economics studies, gaining more attention than research on different change modes, which only emerged in the 2000s. Fewer disciplines studied board governance of internal and external change than those researching change modes and scope changes. Eight quantitative studies examined the role of board composition and structure, and board control in mixed forms of change, while 23 quantitative studies investigated how board composition and structure relate to change modes and scope changes (e.g., Cheng, 2008; Johnson et al., 1993).

Research examining boards' influence on both internal and external change focused on selective types of human capital (e.g., Cai & Nguyen, 2018; Zhu & Chen, 2015), revealing, for instance, that directors' diverse, firm-specific, and functional expertise is more effective in monitoring different investment activities than board homogeneity (Harjoto et al., 2018). Boards can also incentivize managers via managerial compensation (Gormley et al., 2013; Xue, 2007): Insiders with equity emphasize internal innovation, whereas outsiders with equity emphasize external innovation (Hoskisson et al., 2002). In terms of board roles, studies found that a monitoring-intensive board relates negatively to acquisition likelihood and acquisition returns, R&D investment, and patent citation, probably because intense monitoring can promote managerial myopia (Faleye et al., 2011).

Others examined boards' influence on combinations of strategic change modes and scope changes (e.g., Fuad et al., 2021), revealing, for instance, that board independence increases the likelihood of acquisition as an entry mode over JVs (Datta et al., 2009), but the influence depends on the studied time period (Lai et al., 2012). Separating the CEO and board chair roles relates positively to international corporate entrepreneurship (Wang et al., 2015a) and to the likelihood of acquisitions over JVs to enter a foreign market (Datta et al., 2009). Moreover, board size relates positively to the performance of cross-border M&A (Datta et al., 2020), suggesting that larger boards might process more information, have greater experience, and might therefore monitor CEOs' acquisition behavior better.

Studying cross-border M&As, scholars found that foreign independent directors from the same region as the target (Masulis et al., 2012) and outsiders' board tenure (Basuil & Datta, 2017) relate positively to cross-border acquisition returns. Studies on board capital (e.g., Albino-Pimentel et al., 2018; Fremeth & Holburn, 2020) show the relevance of directors' country or international experience for international expansion via acquisition (Lai et al., 2012) and for cross-border M&A returns (Basuil & Datta, 2017). However, there is an inverted U-shaped relationship between multiple directorships and international M&A returns (Chen & Lai, 2015), suggesting that the time constraints that many directorships impose, reduce directors' governance ability. In terms of director compensation and ownership (e.g., Kao & Kuo, 2017), insider equity ownership and pay for long-term firm performance influence the likelihood of choosing a full-control entry mode (Musteen et al., 2009).

First studies examined the board's control role in change modes and scope changes. Agency theorists suggest that top executives engage in diversification to mitigate their risk (Shleifer & Vishny, 1986). Although some studies have found that manager-controlled firms are more prone to diversify and engage in conglomerate acquisitions than owner-controlled firms (Amihud & Lev, 1981, 1999; Denis et al., 1997, 1999), later studies found that the corporate ownership structure does not affect diversification (Lane et al., 1998, 1999), implying that there are differences over time periods. Overall, the research suggests that the influence of board compositional factors and roles depends on the type of change mode and scope change combinations, as well as on the time period studied.

Boards and changes in the corporate scope

In addition to examining the different strategic change modes, another stream of research focused on changes in the scope of operations (e.g., Bednar et al., 2013; Quigley & Hambrick, 2012; Schepker et al., 2017), differentiating between extending (66 studies) (e.g., Beekun et al., 1998; Yoshikawa & Phan, 2005) and reducing (14 studies) the scope (Table A5).

Similar to the other themes, research on scope changes across the different disciplines mainly examines proxies of board composition and structure. Most of this research is quantitative and uses multiple theories or agency theory. However, the diversity of the studied countries is higher for research on scope extension than for research on scope reduction (e.g., Chen, 2011; Ferretti et al., 2020; Mahmood et al., 2017). Interestingly, research on board roles and behavior remains scarce. Studies in general management dominate the research stream, followed by strategy and international business research. These studies mainly examine North America firms (35), with less emphasis on Europe (17) and Asia (15). While there are a few studies on SMEs (7%) and family firms (12%), the dominant focus is on listed firms (63%). Research on scope changes emerged in the 1990s in general management, strategy, entrepreneurship, organization studies, and finance, while studies in international business and accounting started emerging in the 2000s.

Research has examined a broad range of firm types (Majocchi et al., 2016), as well as different countries, time periods, and outcome variables. The findings, particularly on board compositional proxies, vary at times. For instance, the findings on the role of board independence (e.g., Ilhan-Nas et al., 2018) in corporate scope extensions remain inconclusive, with some suggesting that such extensions relate positively to diversification (Hill & Snell, 1988), strategic change (Brunninge et al., 2007), and internationalization in listed (Nam et al., 2018) and family firms (Dou et al., 2019; Herrera-Echeverri et al., 2016). Other studies found no such relationship regarding listed firms (Singh & Delios, 2017), or even a negative relationship with strategic change (Castro et al., 2009). Similarly some research regarding scope reduction found that a high outsider ratio increases the likelihood of divesting a poorly performing unit (Shimizu & Hitt, 2005), while others found no relationship between outsiders and divestitures (Goodstein & Boeker, 1991)—findings that can be attributed to the different types of firms and time periods studied.

The findings also vary with the relevant outcome variable. For instance, board size has an inverted U-shaped relationship with internationalization (Kretinin et al., 2020), and depending on the country setting, with strategic change (Golden & Zajac, 2001), but no significant relationship was found with diversification (Goodstein et al., 1994). Similarly, findings on the role of board size in divestitures are mixed and depend on the time frame and firm type studied (see Table A5).

It is, moreover, important to differentiate between scope extension and reduction. For instance, CEO duality shows a positive relationship with unrelated diversification (Kim et al., 2009) and internationalization (Singh & Delios, 2017), but not with scope-reduction activities such as divestitures (Praet, 2013).

The influence of board demographics on scope changes depends on the type of characteristics, which suggests that it is important to examine the influence of different demographics rather than using aggregated board compositional proxies. Insights into the influence of various types of board capital reinforce this. For instance, directors' international expertise and networks are not per se beneficial, since their influence depends on the types of interlocks and firm. Studies examined, for instance, different types of director human capital (Westphal & Zajac, 1997), finding that boards' specific human capital increases diversification, while general human capital (Holzmayer & Schmidt, 2020) or occupational diversity (Goodstein et al., 1994) decreases it. Findings regarding the role of director human and social capital in internationalization remain mixed (Ang et al., 2018; Connelly et al., 2011; Fernández-Méndez et al., 2018; Puthusserry et al., 2021). Some researchers have found that directors' international, industry, or governmental experience, as well as their functional diversity, relate positively to internationalization (e.g., Bloodgood et al., 1996), while others found no such relationship regarding governmental (Rivas, 2012a) or international and managerial experience (Barroso et al., 2011). Moreover, some research examined board interlocks (Chen et al., 2016b; Diestre et al., 2015), finding that they relate positively to internationalization, whereas others found an inverted U-shaped relationship (Kretinin et al., 2020). These differences are not surprising, because the studies' time period, type of firm, and the countries studied differ greatly.

Few studies have examined the influence of board roles and behavior on scope changes. While board control relates negatively to diversification (Boyd et al., 2005), boards' strategic involvement relates positively to internationalization, but only in non-family firms (Calabrò et al., 2013). This suggests the need for more research on how boards exercise their different roles and influence scope changes in different contexts. As shown in Table A5, first studies examined the role of board attention, biases, dissent, and processes in strategic change, providing a good starting point for more research on board behavior and processes (Hoppmann et al., 2019; Kemp, 2006). For instance, whereas one would expect outsiders to monitor executives' pursuit of diversification, Westphal and Bednar (2005) showed that boards exhibit pluralistic ignorance—a bias that can contribute to failure to change a strategy in response to poor performance.

Key developments in extant research

Our review and analysis of the literature help answer the first part of our research question ('what do we know about research on boards' governance of strategic change?'). The study results across the four themes remain fragmented partly or wholly because they examined different strategic change types, different firm types, country settings, and time periods. Consequently, their conclusions sometimes differ regarding whether and when specific board characteristics influence strategic changes. Interestingly, research on all the themes—except studies on external change—often used multiple theories to examine board governance and was positioned within a more diverse range of disciplines than research on external change. A comparison of the research across the four themes reveals three key developments and resulting gaps.

The *first development* is that most studies examined board influence on internal or external change modes in isolation, while only a few articles (eight studies) examined them in combination. Furthermore, few studies examined both change mode and scope changes by, for example, evaluating how firms diversify via acquisitions and innovation, and how they choose between different modes when entering foreign markets. Although extant research provides valuable insights into the different board characteristics that influence strategic change types in isolation, we know very little about how boards govern combinations of different change modes in a broader portfolio and how they govern the changing dynamics of strategic change portfolios over time—a first *central gap* that future research should address.

A *second* development is that most research on governance of strategic change modes and scope changes focuses on one or a few specific board characteristics or roles. Research on all themes examined similar core variables of board composition and structure, ranging from board independence to director ownership and compensation (see Tables A2–A5). The focus on board composition and structure is influenced by the frequent use of agency theory in empirical studies. Nevertheless, a growing number of studies use multiple theories to examine and understand board governance. This can be explained by the complexity of board governance of strategic change, which calls for theoretical diversity. It also refers to the development of boards, which, in some countries such as the United States, do not limit their roles to monitoring executives (a role addressed by agency theory), but also consider it important to strategically collaborate with the CEO to create shareholder value (Boivie et al., 2021). Interestingly, while research on internal change, external change, and corporate scope changes has shown that boards exert an influence on strategic changes beyond their control role, research on how boards exercise their different roles in the context of strategic changes remains limited. While the trend to apply multiple theoretical perspectives is an encouraging sign, most of this research has compared agency theory with other theories, predominantly with resource dependence theory. Surprisingly, little CG research has studied boards' roles in strategic change through a behavioral lens and by combining relevant theoretical perspectives that do not follow agency-theoretic assumptions. Only a very few studies have, for instance, examined group polarization (Zhu, 2013), psychological biases (Westphal & Bednar, 2005), or director personalities (Xiao et al., 2021) in the context of strategic change. Consequently, the second *central gap* is that there is little research on how boards fulfill their different roles and how behavioural elements influence their governance of strategic changes.

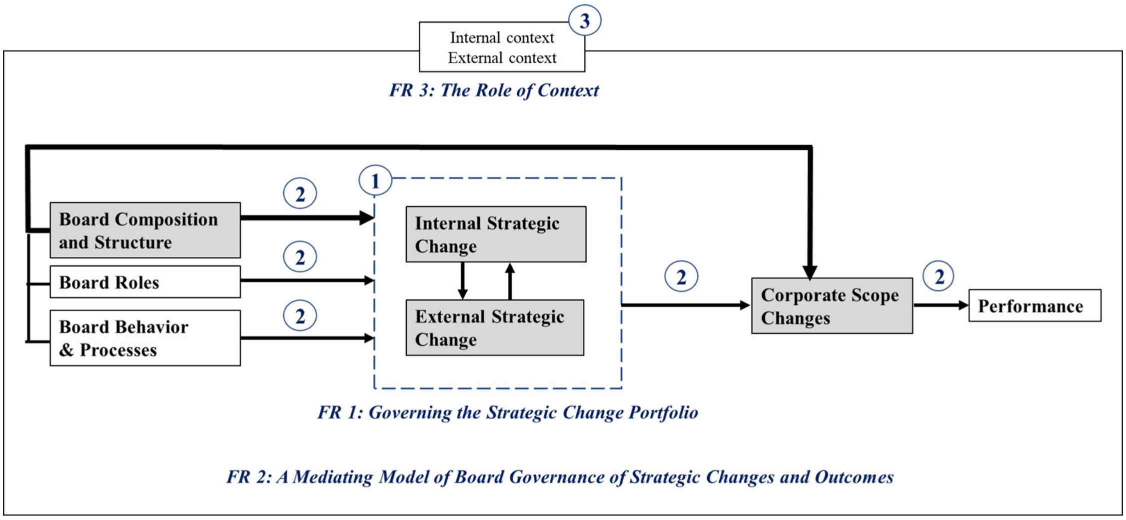
Finally, a *third development* is that while prior research examined many different country settings and firm types across various strategic change types, North American listed firms with a one-tier board model is still the dominant study context across all four themes, with few cross-country comparisons. Even studies using the same theoretical lens (e.g., agency theory) find different results, such as a positive (Lu & Wang, 2018) versus a negative relationship (Osma, 2008) between board independence and firm innovation. This can be attributed to different time spans and firm types studied, which show the need to more closely study the role that contextual differences play in the board governance of strategic changes. The third *central gap* is therefore the lack of research that examines board governance of strategic changes across different contexts.

Addressing these gaps, which relate to the second part of our research question ('what do we still need to understand?'), we propose three avenues for future research on board governance of strategic change. These avenues allow for and indeed may need the cross-fertilization of research in CG, strategic management, upper echelons, and organizational theory and behaviour. We propose that researchers expand the scope of their analysis and shift the analytical lens from single strategic change to multiple changes by (1) examining how boards govern interrelated changes in a broader strategic change portfolio and its evolution over time; (2) examining the mediating relationship between different board characteristics, interrelated strategic change modes, strategic scope changes, and firm performance; and (3) examining the role of context in board governance of interrelated changes. Figure 2 illustrates current research's dominant focus on the relationship between board composition and structure, and on internal, external, or scope changes, as shown by the bold black arrows and gray boxes. It also shows how the future research avenues extend these research foci. Further, Figure 2 shows that prior research frequently studied the relationship between specific board characteristics (predominantly with respect to board composition and structure) and specific strategic changes. However, future research needs to broaden the scope by examining the relationship between different board characteristics (also including different board roles as well as board behaviour and processes), interrelated strategic change portfolio activities, and the resulting outcomes in different contexts. We highlight the future research avenues in Figure 2 with thin arrows and numbers and explain them in the following. Table 2 summarizes exemplary future research questions.

FUTURE RESEARCH AVENUES

Governing the strategic change portfolio (research avenue 1)

Based on the first research gap we identified, we suggest that future research needs to address how boards govern multiple, interrelated strategic changes (as highlighted by number 1 in Figure 2 and Table 2). Most extant research examined boards' roles in and influence on *single* changes, which might be driven by journal requirements regarding articles' theoretical and empirical focus, and length constraints. This is, however, surprising, given the need for and importance of governing *multiple* changes in the firm's change portfolio. Firms often combine and orchestrate



Dominant relationships in extant research are marked by bold arrows and grey boxes.
Future research avenues (FR) are marked by thin arrows and numbers.

FIGURE 2 A research framework for board governance of strategic change portfolios

TABLE 2 Future research avenues

Future Research Avenue	Exemplary Research Questions
(1) Governing the Strategic Change Portfolio	– How do boards address the complexity associated with governing multiple changes in their engagement? – How do CG innovations influence the impact of powerful CEO-chairs and boards on strategic change portfolio decisions? – How do boards address conflicts that might arise from a discussion of strategic changes with different timelines? – How can boards address grand challenges such as climate change and economic inequality? – How do boards govern the timing of adjustments to a change portfolio in order to adapt effectively to changing market opportunities and stakeholder needs? – How does board governance of the change portfolio change over time?
(2) A Mediating Model of Board Governance of Strategic Changes and Outcomes	– How do directors share their expertise in the boardroom to govern different changes in the strategic change portfolio? – How do boards develop and maintain the capabilities required to govern a complex strategic change portfolio? – How do boards exercise their different roles when governing strategic change portfolios? – Do boards pay simultaneous (e.g., in a meeting) or sequential (e.g., across meetings) attention to different changes? – How do boards collaborate strategically with the CEO with regard to interrelated strategic change opportunities and decisions? – How do board dynamics influence the effectiveness of board governance of change portfolios? – How do directors' personality and cognition influence their governance of multiple strategic changes? – How do board interlocks and CEO-board ties influence board governance of interrelated strategic changes and corresponding firm outcomes?
(3) The Role of Context	– How do changing international market conditions, major crises, and shifts in economic power influence board governance of interrelated strategic changes? – How can boards govern strategic change portfolios effectively during crises? – How can boards govern change portfolios effectively in agile, team-based, and flat organizations? – How do institutional differences across countries influence the way boards govern strategic changes?

changes in their change *portfolio* (Agarwal & Helfat, 2009), and nearly all firms, even relatively young and small ones, have a portfolio of different changes. Given the challenging environment in which they must cope with technological, sociopolitical, and institutional changes, most firms need to maintain a portfolio of changes to have the required flexibility and agility to respond to changes effectively (Ahlstrom et al., 2020).

Strategic management research has shown that decisions on different changes are often interrelated, because acquisitions may, for instance, follow technological innovation (Kaul, 2012), and divestitures and acquisitions can complement one another (Bennett & Feldman, 2017). Consequently, firms need to consider multiple changes when deciding how to adapt the resource allocation and corporate scope (Capron & Mitchell, 2009; Villalonga & McGahan, 2005), thus adopting a portfolio perspective. Recent strategy research has highlighted the need to study combinations of different strategic change modes and corporate scope changes (Feldman & Sakhartov, 2021). Over time, firms adapt their change portfolios by changing the mix of initiatives (Capron & Mitchell, 2009; Penrose, 1959). Different strategic changes can have varying time horizons from the initiation to the performance outcomes (Hitt et al., 1996); consequently, firms must allocate their resources (Ireland et al., 2003) to different initiatives over time. Whereas prior research examined board involvement in strategy (Federo & Saz-Carranza, 2018; Judge & Zeithaml, 1992; McNulty & Pettigrew, 1999), we need to shift the analytical lens to derive better insights into board involvement in strategic change portfolios, specifically because boards need to orchestrate a portfolio of changes with different timelines and challenges in their governance (Bakker & Knoben, 2015; Lee & Lieberman, 2010).

A cross-fertilization of CG and strategy research will help answer questions like: How do boards address the complexity associated with governing multiple strategic changes in their engagement, via different board designs (e.g., committee structure), and through their different networks? How do CG innovations, such as the appointment of a lead independent director (Semadeni & Krause, 2020), influence the impact of powerful CEO-chairs and the board on strategic change portfolio decisions?

An increasingly important topic for boards is how to govern environmental sustainability, which can include strategic changes to reduce energy consumption and waste (Aguilera et al., 2021). Future research needs to address questions such as: How do boards govern by balancing long-term investments in environmental initiatives and short-term investments? How do they address conflicts that may arise from a discussion of strategic changes with different timelines? How can boards address grand challenges such as climate change and economic inequality—increasingly important topics for boards (Aguilera, 2021; Fields et al., 2022)—in their governance of strategic change portfolios, for example, by supporting responsible investments actively?

While research on board governance of alliances remains scarce, their increase in recent decades (Menz et al., 2021) raises important questions on, for instance, how boards govern alliance portfolios, along with other external and internal strategic changes in the company's broader strategic change portfolio.

To adapt to external changes, firms should also modify their change portfolio, and boards need to carefully govern such changes. For instance, while global M&As reached new highs in 2021, several large established firms, such as IBM, Daimler, GE, and Toshiba, announced demergers or divestitures to focus on their core operations (PWC, 2021). Shareholder activist campaigns pushed boards of directors to review their companies' strategic portfolios and divest non-core businesses. Given this recent development, it would be particularly interesting to examine how boards govern changes in the strategic change portfolio effectively. Among other factors, directors need domain expertise and capabilities to devote sufficient time, attention, and energy to their governance tasks (Hambrick et al., 2015). These factors become even more important because of rapidly shifting industry environments that require new expertise (e.g., in digitalization, AI, and IoT). Although prior research began investigating how directors pay attention to specific roles, such as monitoring (Tuggle et al., 2010b), and specific initiatives, such as entrepreneurial processes (Tuggle et al., 2010a), we know little about how boards govern different changes in a broader portfolio. In the New Normal environment, it has become increasingly important for boards to not only assess management proposals for strategic changes, but to also be alert to new opportunities and potential disruptions; this approach allows them to encourage and facilitate appropriate firm responses (Ahlstrom et al., 2020; NACD, 2017).

Future research could offer valuable insights into boards' governance by examining, for instance, how directors draw on internal discussions and their external networks to collect information about emerging strategic issues that could influence the change portfolio. We also need to better understand how boards govern the timing of adjustments to the portfolio to adapt effectively to changing market opportunities and stakeholder needs. How can boards help identify the need for changes in the portfolio as well as the type and sequence of changes needed? Research on the role of temporality in strategic changes (Kunisch et al., 2017) and decision makers' temporal dispositions (Chen & Nadkarni, 2017) can provide a starting point for examining, for instance, how directors' temporal differences (Mohammed & Harrison, 2013) influence their governance of change portfolio dynamics.

It would also be valuable to examine how board governance of the change portfolio changes over time. How does board turnover, for instance, relate to portfolio changes? How do changes in board expertise and committee structure relate to such portfolio changes and resulting firm performance? How should boards govern complex activities in the change portfolio during changing access to information (e.g., customers' private information)? The advantages of digitalization, that is, greater automation and transparency (Menz et al., 2021), also influence board governance. Owing to the rise of AI applications across industry sectors, board interaction with AI could become an increasingly important issue (Peregrine, 2021). For instance, how do big data, data analytics, and AI change the way directors collect information about strategic opportunities and risks, how do they evaluate different strategic change options and future scenarios, and how do they monitor the strategic change portfolio over time and advise on it? Furthermore, how do boards govern digital innovation with respect to their economic and broader social consequences (Aguilera, 2021)?

We also need more studies on how board governance changes over a firm's life cycle. Strategic management scholars recently suggest examining how change unfolds (Feldman & Sakhartov, 2021). When firms evolve from their early to their more mature stages, they might have different goals and accumulate greater resources that could expand the scope of possible initiatives. Hence, boards need to adjust their discussions based on firm goals and the resources available at the different stages of the firm's life cycle.

A mediating model of board governance of strategic changes and outcomes (research avenue 2)

As the second research gap suggests, extant research focused predominantly on board composition and structure or on specific board roles, while little research has examined how boards fulfill their different roles and how board behaviour influences the board governance of strategic changes. Our analysis of the literature has also shown that most of this research focused on either specific change modes or on the direct relationship between board characteristics and changes in the corporate scope. However, firms tend to use specific change modes to change the corporate scope (e.g., they acquire firms to internationalize), which implies that scope changes are often the result of different strategic changes. Consequently, the framework we developed highlights the need for a mediating model that examines the relationship between different board characteristics (particularly different board roles and board behaviour), interrelated strategic change modes, the resulting scope changes, and firm performance. This future research avenue is highlighted by number 2 in Figure 2 and corresponding research questions are summarized in Table 2.

Extant research, for instance, often proxies board roles such as monitoring, applying executive compensation measures, or hiring and firing decisions. We know little about how proxies of board independence and board capital relate to boards' ability to oversee and advise on change portfolios. Directors need to share their specialized expertise during board discussions of strategic changes that fall within their expertise areas (Kroll et al., 2008; McDonald et al., 2008) and the board should collectively consider the portfolio of interrelated changes, incorporating different board members' expertise. Recent qualitative research has shown how directors with deep expertise govern innovation in committees and transfer their insights to other directors (Klarner et al., 2020). Building on this research, scholars can apply a human capital lens to study how inside and outside directors share their specialized and diverse expertise in the boardroom to govern different changes in the portfolio. We also need to understand how boards develop and maintain the capabilities required to govern a complex change portfolio (Klarner et al., 2021). Future research should study how knowledge sharing about strategic changes is ensured in boardroom debates, especially under tight agendas.

Scholars have more recently suggested that directors' engagement, strategic preparedness, and their ability to contribute to board processes might explain board governance of strategic changes better than traditional (agency-theoretic) proxies of independence or monitoring (Boivie et al., 2021). According to Boivie et al. (2021), a board focus on monitoring without building a strategic partnership with the CEO would result in distrust (Sundaramurthy & Lewis, 2003), which can harm effective governance of complex strategic foci. Scholars therefore need to rethink their assessment of board monitoring and simultaneously examine different board roles in multiple strategic changes. This includes studying research questions such as: How do boards exercise their different roles in order to govern strategic change portfolios? Do boards pay simultaneous (e.g., in a meeting) or sequential (e.g., across meetings) attention to different change portfolio activities? How do boards collaborate strategically with their CEO (Boivie et al., 2021) regarding interrelated strategic change opportunities and decisions? How often do boards spend time discussing scenarios regarding the disruption of the change portfolio and regarding potential solutions?

There is also a strong need for research that examines board roles more directly. Scholars have, for instance, argued for more research on the board's role in value co-creation, particularly in SMEs (Gabrielsson, 2007; Hamidi & Machold, 2020). Future research could build on this work to examine whether and how different firms' boards engage in value co-creation from strategic change portfolios, for instance, through their behavior. Importantly, a key area for future research relates to how board behaviour and processes influence their governance of change portfolios and their outcomes. Researchers have started examining board attention to specific strategic issues and biases, but we need a better understanding of how the differences in directors' personalities, such as the Big 5 traits (Herrmann & Nadkarni, 2014), overconfidence, and hubris (Holmes et al., 2021), influence their governance of change portfolios. Building on psychology research, research on top executives' personalities has recently increased, demonstrating the important role of CEO personality in strategic decision making (Nadkarni & Herrmann, 2010). CG scholars can build on this work to examine the role that directors' personalities play in their governance, an area about which we know far less. Moreover, how do board dynamics, particularly the dynamics of social relationships and constructive conflict, influence the effectiveness of board governance of change portfolios? Examining how directors' cognition facilitates their governance of multiple changes and how it, in turn, influences corporate scope changes and firm performance could also provide valuable understandings. Scholars could also draw on team production theory (Huse & Gabrielson, 2012) to study how complementary human capital in the TMT and the board influences change portfolio decisions and their outcomes.

Research has shown that board interlocks are important sources of learning (e.g., Stuart & Yim, 2010), but that they can also become a liability when directors prefer to imitate the behavior of their interlinked firms (Haunschild, 1993) instead of carefully assessing the focal firm's context and the suitability of change modes. Future research should therefore examine the role of board interlocks and CEO-board ties in governing interrelated change activities. Since directors are not only embedded in business, but also in social relationships with other firms, directors, and executives, they are inevitably influenced by these ties. We need more research on how these ties might influence directors' attention to and decisions on change portfolios and corresponding firm outcomes.

Finally, while some research has examined outcomes such as acquisition returns or patents, future research needs to examine the short-term and long-term performance implications of board governance of different change activities.

The role of context (research avenue 3)

Since board governance depends on the context surrounding the board (Boivie et al., 2021), the third future research suggestion (number 3 in Figure 2 and Table 2) highlights the importance of addressing contextual factors more comprehensively. We propose several suggestions to better understand the role of firm contextual factors (i.e., CEO, TMT, board, organization) and external contextual factors in board governance of strategic changes.

As summarized in the third research gap, most research has focused on North American listed firms. Studies with a specific theoretical focus often applied agency theory, particularly to study board governance of internal or external change and scope changes. Yet, even when studies examined specific board composition variables from an agency-theoretic lens, they found different results, depending on the studied context. Agency theory has been criticized for its 'undercontextualized nature and hence its inability to accurately compare and explain the diversity of corporate governance arrangements across different institutional contexts' (Filatotchev et al., 2020, p. 174). We need more comparative research that draws upon other theoretical lenses to examine how boards govern strategic change portfolios across research settings.

While prior research provided rich insights into board governance of strategic change types, the world has, in the interim, changed profoundly—and continues to change—since these early studies. In 2022, the context in which companies operate is very different given the ongoing Covid-19 pandemic, the economic volatility (Peregrine, 2021), and major geopolitical tensions. We need a better understanding of how different contexts, such as the changing and diverse international market conditions, major crises, and shifts in economic power influence board governance of interrelated strategic changes, such as international acquisitions and alliances, and scope changes, such as internationalization, as well as their performance outcomes. How, for instance, can boards govern strategic change portfolios effectively during crises, thereby supporting their business's resilience and long-term company growth?

We also need more research to examine how CEO, TMT, board, organizational, and environmental factors influence the relationship between board governance of change portfolios and their outcomes. For instance, how do CEO power and TMT human and social capital moderate the relationship between board governance of change portfolios and firm performance? How can boards govern change portfolios effectively in agile, team-based, and flat organizations (Birkinshaw, 2018), and amid environmental uncertainty and ambiguity? We furthermore need to better understand how the discussion culture in the boardroom influences the relationship between board capital and board effectiveness when governing change portfolios. These questions and issues suggest the need for theoretical pluralism to enhance our understanding of governance of change portfolios, specifically regarding board behaviour.

Furthermore, we need to deepen our understanding of country differences because, in different countries, the board functions may vary due to the ownership structure (e.g., dispersed, family, state, and concentrated ownership by affiliated owners), formal requirements (e.g., one-tier versus. two-tier, mandatory committees), and composition (e.g., outsider ratio, gender quota). Although most previous research is based on North American firms, North America is an outlier regarding various institutional characteristics relevant to CG (Aguilera, 2021). Crossland and Hambrick (2011), for instance, showed that the United States and Canada differ from many European countries with respect to ownership dispersion, legal origin (common law vs. civil law), and employer flexibility (Crossland & Hambrick, 2011; Witt et al., 2022). In common-law countries, shareholders are privileged, while executives and directors must take all stakeholders' interests into account in civil-law countries (Crossland & Hambrick, 2011). We need to enhance our understanding of the board roles in diverse country contexts and how the related institutional differences affect the way boards govern different strategic changes. How, for instance, do differences in legal systems and cultural influences across countries affect boards' governance of strategic change portfolios? For example, we do not know much about how board governance of strategic change portfolios differs in Middle Eastern countries, which are built on religious tenets (Aguilera, 2021), compared to North America and Europe. Comparative CG research (Aguilera & Jackson, 2010) is well-suited to examine these cross-country settings. It would, moreover, be particularly fruitful to examine both the institutional environment and boards' microfoundations (e.g., Garg, 2014) for a more comprehensive understanding of how boards govern strategic changes across different contexts.

CONCLUSION

Our goal was to provide a comprehensive review of board governance of strategic change, with the intention to better understand what we already know from studies across disciplines and time, to organize this knowledge, to identify issues we do not comprehend, and to develop a framework for future research. We find that research across disciplines and time focuses mainly on the role of board composition and structure in specific changes in listed firms. Our theoretical contribution lies in developing a framework that maps the central relationships between board governance variables and strategic change types, identifies the central research gaps, and outlines future research directions to address these gaps. Specifically, we introduce a new perspective on governing strategic change portfolios (as opposed to isolated changes) and their dynamics, and suggest several research avenues on the influence of board design, roles, and behaviour and processes on the governing of interrelated strategic changes and their corresponding outcomes, which also addresses the important role of context.

The broader research agenda will shift the emerging CG discussion from whether boards can be effective monitors (Boivie et al., 2016; Hambrick et al., 2015) to how they can govern strategic changes, specifically through their different roles and behaviours, thereby enhancing our understanding of the mechanisms for effective CG. Our research also demonstrates the central role of the board in multiple strategic changes and their relevant interdependencies (e.g., Bennett & Feldman, 2017). For boards, we offer an analytical tool to examine whether they are appropriately designed and prepared to govern strategic changes, especially a change portfolio, in order to enhance their firms' long-term value creation. We hope that our future research suggestions will lead to more work on the complexities that boards face when governing interrelated strategic changes over time.

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SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

How to cite this article: Klarner, P., Yu, Q., Yoshikawa, T., & Hitt, M.A. (2022) Board governance of Strategic Change: An assessment of the literature and avenues for future research. *International Journal of Management Reviews*, 1–28. https://doi.org/10.1111/ijmr.12317