

**The border of the board:
The domains of board functions in Swedish family firms**

Jenny Ahlberg

Abstract

Certain functions are ascribed to a board of directors, and are usually assumed to be performed within board meetings. However, research has observed board functions to be performed in other domains, such as informal meetings. This is especially prevalent in family firms, where directors usually have other roles within the firm in addition to being directors. This paper introduces border theory to family firm board research and analyzes four case studies of firms in order to investigate board functions in other domains than the board meeting. I identify four different domains for board functions: board meetings, top management team (TMT) meetings, spontaneous conversations, and family gatherings. Furthermore, I identify antecedents to board functions being performed in other domains. These are that the directors possess several roles within the firm, that they have the capacity for border-crossing, as well as the willingness to cross borders. We also identify consequences of using other domains, which are that it can create tensions during certain circumstances, but under other circumstances it can lead to the handling of family-specific questions in other domains than the board meeting, and to convenient board work. Lastly, I discuss the management of the border of the board, meaning the efforts to align the directors' views on where to conduct the board functions.

Keywords: board functions, board of directors, border theory, family firms

Introduction

Three brothers sit down in the coffee room to discuss the family business of which they are major owners, and of which one of them is the CEO. The brothers have been made aware of a business opportunity that deviates from the strategy of the firm, but may be beneficial. During their meeting, they decide to seize this opportunity; the strategic expansion is subsequently executed. Later, when the external directors of the firm learn of this decision through a third party, they are dissatisfied. Strategic decision-making is theoretically performed by the board of directors (e.g. Zahra & Pearce, 1989), but in this example, it has been carried out in a family meeting.

Certain functions have been ascribed to the board of a firm; these have been conceptualized by Zahra and Pearce (1989) as the service, strategy, and control functions. Research has noted that board matters can be dealt with outside of board meetings (Charas & Perelli, 2013; Fiegner, 2005; Pye, 2004), while research generally assumes that they are performed in board meetings (e.g. Charas & Perelli, 2013; Vandebeek, Voordeckers, Lambrechts, & Huybrechts, 2016). Turning to the family firm context, several studies have found that board functions are performed outside of the domain of the board meeting (e.g. Blumentritt, 2006; Brunninge & Nordqvist, 2004; Corbetta & Tomaselli, 1996; Gnan, Montemerlo, & Huse, 2015; Nordqvist, 2012). For example, strategy and resource provision can take place informally outside of board meetings (Blumentritt, 2006; Nordqvist, 2012; Sievinen et al, 2020) and monitoring can occur in family councils (Gnan et al., 2015). Both types of research contain further examples of “rubber-stamp” or “paper” boards (Corbetta & Tomaselli, 1996; Gabrielsson & Huse, 2005; Stavrou, Kleanthous, & Anastasiou, 2005) that approve decisions that have already been made. Such situations imply that the actual decision-making of the board can occur outside of board meetings. The consequence of board functions being conducted outside board meetings is that no all directors are part of the decision; that board members have a legal responsibility, and not being present in all domains for board functions can imply having legal responsibility for decisions that they have not been part in making; and when studying boards, researchers may capture only a part of the board functions that are conducted if neglecting other domains.

The family firm is an appropriate context for the board literature to study where board functions are performed. First, a reason for board functions to be performed outside board meetings is that directors meet also at other occasions. This is more likely in family firms than non-family firms, since family members typically possess several roles in a family firm (Gnan et al., 2015; Nordqvist, 2012). Further, this “creates a fuzzy organizational structure where it is not explicit where, when and by whom different strategic activities are or should be

performed” (Nordqvist, 2012, p. 27). Focusing on family firms might therefore help to shed light on the circumstances leading to board functions being performed outside board meetings, and the consequences thereof. In addition, there can be efforts to change the borders. While previous research has identified other domains where board functions may occur, and has suggested role overlap to be a reason for this, this paper presents a structured analysis of where board functions are performed, why this may occur, what the possible consequences may be, and how the borders can be managed. Border theory (Clark, 2000) provides a way to conceptualize the locations where board functions are conducted as separate domains, with the board meeting being but one domain. This theory has its point of departure in the balance between the domains of work and home, and in how activities can spill over between these domains. Domains are separated by borders that are either strong or weak depending on the overlap in roles for the actors (Clark, 2000). There are also possibilities to alter the borders through border management (Clark, 2000).

This paper aims to develop theory concerning the location of board functions within different domains, focusing on the context of family firms. The methodology is comprehensive, both containing deductive, abductive and inductive elements. First, I identify the domains of board functions. Second, antecedents for board functions crossing the border of the board are identified - in other words, I examine what enables board functions to be performed outside of the board meeting domain. Third, I identify possible consequences of board functions being performed in domains other than the board meeting. Fourth and last, border management is identified and discussed, where different directors make efforts to place the board functions in certain domains and not in other, and also shape the expectations of the other directors of where to conduct board functions. Four case studies of family firms are empirically analyzed, since conducting case studies is suitable for the purpose of developing theory (Eisenhardt, 1989).

This paper contributes to the existing literature with an understanding of the elusive character of boards, and especially the family firm board. It thus permits board functions in family firms to be better understood from the perspectives of overlapping family and business systems (Basco & Perez Rodriguez, 2009) and the multiple roles of family members in a family business context (Lane, Astrachan, Keyt, & McMillan, 2006). This new understanding makes it possible for researchers to study boards without being restricted to the board meeting domain. Board members of family firms, both present and potential, can also gain an understanding of where board functions in family firms can be performed and why, what the consequences may be, as well as management of borders. Thus, this paper offers opportunities for family and board members of family firms to align their expectations regarding the domains for board

functions, alter these domains if tensions or conflicts arise, and find practices that satisfy the involved parties.

In the next section, I present board functions in family firms and discuss previous findings concerning board functions outside of board meetings. I also introduce border theory as relevant for understanding the use of different domains for board functions. The subsequent section deals with the methodology of this study. In the Findings section, I first identify the board function domains in the firms under study. Next, I apply border theory to identify circumstances which enable board functions to cross the border of the board meeting, and what consequences may ensue. The paper ends with discussion and conclusions.

Theoretical Background

Board Functions in Family Firms

Most studies on family business boards are concerned with the functions of monitoring and advice (e.g. Huybrechts, Voordeckers, D'Espallier, Lybaert, & Van Gils, 2016); other functions, such as conflict resolution, have also been suggested (Bammens, Voordeckers, & van Gils, 2011; Siebels & zu Knyphausen-Aufseß, 2012). This article considers the four board functions of monitoring, resource provision, decision-making, and conflict resolution, following the work of Collin and Ahlberg (2012). *Monitoring* is the board's oversight of the agent from the principal's point of view, while *resource provision* concerns the board giving advice to the agent on different matters, as well as contributing with networks, legitimacy, and reputation (Collin, 2008; Collin & Ahlberg, 2012; Hillman & Dalziel, 2003; Zahra & Pearce, 1989). *Conflict resolution* is conceptualized as the board solving conflicts between different principals regarding the goals for the firm (Bammens et al., 2011; Collin & Ahlberg, 2012). *Decision-making* concerns the board's engagement in strategic decisions (Judge & Zeithaml, 1992). In considering these four board functions, this paper takes a broader perspective than most studies, which sometimes consider only one board function at a time (Bammens et al., 2011). However, focusing on more functions than those of monitoring and advice has been called for (Bammens et al., 2011).

Board Functions outside of Board Meetings

Board functions are not tied to a specific domain, since the board is an organ composed of individuals who can meet outside of the boardroom and conduct board functions elsewhere. For example, Fiegenger (2005) shows that major strategic decisions can be made outside of board meetings in small firms when there are social or kinship ties between actors, or when the directors are working

in the firm. Little research explicitly focuses on where board functions are performed, while there are some exceptions. Nordqvist (2012) discusses domains (arenas) in regards to strategizing, which can be incorporated into the board function of decision-making (Judge & Zeithaml, 1992). Strategizing is found to be carried out in various domains (Nordqvist, 2012). Blumentritt (2006, p. 65) states that family firms may not use the board of directors even if there is one, but can instead “choose to rely only on informal interactions with family members for the advice and aid provided by boards at other firms.” Corbetta and Tomaselli (1996) describe how in Italian family firms where family members possess several roles, it is possible for the board to only approve decisions that have already been made by family members. Gnan et al. (2015) focus on the role of family councils versus the corporate governance mechanisms of the shareholders’ meeting, the board, and the CEO. They find that when there is a family council, the board engages less in monitoring, as this is performed in the family council instead.

Both in main-stream board research and family firm board research, it has been noted that board issues can be discussed outside board meetings (Pye, 2004), although board functions are typically assumed to be performed in board meetings (Charas & Perelli, 2013). For example, an analysis by Vandebeek et al. (2016, p. 252) defines active boards of family firms as having “at least two formal meetings a year.” However, a focus on board meetings “sacrifices insight into critical decision-making and strategy production by the board in informal ex-boardroom settings,” according to Charas and Perelli (2013, p. 186). However, one stream of board research focuses on board work as a process, even though main-stream board research traditionally does not (van Ees, Gabrielsson, & Huse, 2009). From a research perspective, only considering board meetings carries the risk of missing some of the board functions that are performed (Charas & Perelli, 2013). This is even more relevant in research on family firms, where a large portion of the directors are family members (Gomez-Mejia, Cruz, Berrone, & De Castro, 2011) who can hold multiple roles, such as participating in governance and management (Lane et al., 2006; Tagiuri & Davis, 1996). As a result, these directors have more points of contact than their directorship, which enables them to meet outside of board meetings as well as within them (cf. Nordqvist, 2012). Hence, the possession of several roles is put forward as a reason for board functions being performed outside of board meetings (e.g. Nordqvist, 2012). For example, Fiegner (2005) found that decision-making was performed in board meetings when the boards contained at least three external directors. The reason could be that independent directors are less likely to meet other directors on a daily basis, and are therefore restricted to the board meeting domain.

In summary, it has been shown that board functions can be performed outside of board meetings and that one reason for this is directors having other roles that allow them to meet outside board meetings. Since this is often the case in family firms, this is a relevant context to study the domains of board functions. In order to identify where, why, and with what consequences board functions are performed outside of board meetings in family firms, border theory is introduced in the next section.

Border Theory

To fulfil the purposes of this article, I apply concepts from border or boundary theory, hereafter referred to as border theory (Ashforth, Kreiner, & Fugate, 2000; Clark, 2000). Border theory is based on the domains of work and home, or roles within these domains; the balance and borders between them; and, ultimately, their influence on individuals' well-being (Ashforth et al., 2000; Clark, 2000; Desrochers & Sargent, 2004). Desrochers and Sargent (2004, p. 40) provide an overview of both theories and their communalities, and state that there are only "minor differences" between them. Border theory has previously been applied to the family business field to a minor extent (Bodolica & Spraggon, 2010). The point of departure in those studies (Bodolica & Spraggon, 2010; Bodolica, Spraggon, & Zaidi, 2015; Sundaramurthy & Kreiner, 2008) is the character of the borders between business and family, which are the two systems of interest in family business research (Basco & Perez Rodriguez, 2009).

Two fundamental concepts of border theory are domains and borders. *Domains* can be defined as different "worlds that people have associated with different rules, thought patterns and behavior" (Clark, 2000, p. 753). The domains in focus within border theory are those of work and home (Clark, 2000). Domains are tied to roles, in which an individual plays a certain role within a certain domain; for example, a person may be an employee at work and a parent at home (Ashforth et al., 2000). The second concept, *borders* (boundaries), are defined by Ashforth et al. (2000) as "the physical, temporal, emotional, cognitive, and/or relational limits that define entities as separate from one another." Similarly, Clark (2000, p. 756) describes borders as "lines of demarcation between domains". In other words, borders separate domains from each other and can take on different forms.

Transferring border theory to the context of the board, the concept of the domain can be used to conceptualize the different settings where board functions are performed. A setting is not necessarily a physical location, but is rather tied to a role that can be performed in different locations (Ashforth et al., 2000). As an example in our context, board functions can take place in the board meeting or family council domains (Gnan et al., 2015). When performing a board function

in another domain than the board meeting, the director role is practiced. When board functions are performed outside of the board meeting domain, the border between this domain and other domains is flexible, meaning that the director role can also be carried out outside of the board meeting domain. A flexible or weak border between domains implies that domains are similar in characteristics—that is, “embedded in similar contexts” with “overlap in the physical location and the membership of the role sets” (Ashforth et al., 2000, p. 479). In contrast, when domains have a strong border and no interplay between them, they typically differ in their goals and norms, for example, and have “minimal overlap in the physical location or the membership of the role sets” (Ashforth et al., 2000, p. 476). When the roles do overlap, there is a possibility that an individual will be called on to take on a certain role in a different domain than the one with which the role is mainly associated; for example, an individual may be called on to act as a son at the family firm while at work, or as a director while in the coffee room as an employee (cf. Ashforth et al., 2000). In contrast, separated roles implies that “each role is associated with specific settings and times,” which makes it difficult to cross the border between roles or domains (Ashforth et al., 2000, p. 477). Furthermore, activities can take place in a “borderland,” where the activity being performed cannot be placed in either domain; or, they may take place in several domains at the same time (Clark, 2000, p. 757).

Within border theory, Clark (2000, p. 751) describes *balance* as a central concept, and defines it as “satisfaction and good functioning at work and home, with a minimum of role conflict.” Concerning the domains of work and home, some individuals achieve balance when there is a great deal of contact between the domains, while others achieve balance when there is not (Ashforth et al., 2000; Clark, 2000). Clark (2000) also describes how disagreements can occur between actors over the domains and borders, and can create conflict. The actors can then negotiate the domains and borders through border management (or boundary work, see Ashforth et al., 2000; Nippert-Eng, 1996; Sundaramurthy & Kreiner, 2008) in order to strive for balance (Clark, 2000). When applied to the board of directors, balance can be considered as an agreement between the directors regarding which domains are used for board matters.

Two other concepts within border theory are border-crossers and border-keepers. *Border-crossers* are individuals who can cross the border between domains because they are “central participants” with enough influence to negotiate the domains and borders and identify with both domains (Clark, 2000). When applied to family firms, a central participant plays several roles—in addition to board member it can be roles such as owner, employee, and family member—which enables this person to alter the border of the board. Clark (2000) suggests that central participants have more influence over domain

borders than other participants. Furthermore, border-crossers can cross borders in order to “fit their needs” (Clark, 2000, p. 759). For example, central participants can make decisions outside of board meetings if they consider it to be convenient, such as when a quick decision must be made. In other words, the border-crossers’ preferences, together with their ability to cross borders, influence whether the borders are crossed or not. There may be several persons who cross borders, in so-called *co-crossing* (Clark, 2000). *Border-keepers* also negotiate domain borders, but do so in order to maintain domains and influence the border-crosser. For example, individuals may try to isolate board work to board meetings. The efforts of border-crossers and border-keepers to affect the borders between domains can be identified as *border management* with the aim of achieving balance (Clark, 2000).

Border theory is of particular interest for family firm board studies, since it has been shown that board functions are not only conducted in the board meeting domain, but cross borders to other domains. In this paper, the domain concept is applied to the different settings where board functions can be performed. Thus, I offer a new perspective for board research that has previously focused on only the domain of the board meeting (Charas & Perelli, 2013). In addition, border theory informs the analysis of antecedents to the use of different domains. Three factors that affect the possibilities for individuals to engage in border crossing are identified in border theory. First, role overlap can enable border crossing; second, in order to engage in border crossing, individuals need sufficient influence; and third, individuals need a preference to do so. Border theory also contributes to the analysis of possible consequences of border crossing from the board meeting. Border theory states that there can be either balance or conflict concerning domain use. If there are disagreements about borders, these can be negotiated between border-crossers and border-keepers through border management. In summary, border theory offers a means of theorizing about the board and, more specifically, of examining where board functions are performed, why, and what consequences may ensue.

Method

A Case Study Approach

Since this study has a theory-building purpose, a qualitative study based on four case studies was performed.

Selection of Cases

The case firms were selected based on a number of criteria. First, a family firm was defined as a firm of which at least 50% of the ownership is held by one family, and which is perceived by the chairperson or CEO as a family firm

(Westhead & Cowling, 1998). More than one family member must be involved in the board or management of the firm, since this is what distinguishes family firms from entrepreneurial firms (Le Breton-Miller & Miller, 2008) and specifies the possibility of family influence within the firm. Second, the inclusion of cases was based on variance concerning board composition, generational involvement, and firm size. Variance in board composition was deemed important, since it can influence the involvement in board functions (Pearce & Zahra, 1992). External directors are considered to better realize board functions than directors who are family members (cf. Gomez-Mejia et al., 2011). In addition, all-family boards and boards with external directors may have different interactions between the directors outside of board meetings; therefore, board composition can affect the domains that are used. Involvement from different generations was considered to be important, since more generations can imply more family members being involved, and may also imply more distant family relationships. These factors could in turn entail the presence of different views on the firm and an increased need for the board functions of monitoring and conflict resolution (cf. Bammens et al., 2011; Gabrielsson & Huse, 2005). Lastly, variation in firm size was sought in order to specify the level of formalization of the firm's governance in general (cf. Miller & Friesen, 1984), which in this case also concerned the board of directors. This factor could influence the domains in which board functions are performed.

All the case firms are Swedish. Sweden provides an interesting context because all limited liability companies are required to have a board according to company law; this implies that the firms in our study are required to have board meetings, at least officially. Characteristics of the case firms, including selection criteria and firm-specific data, are provided in Table 1.

(Insert Table 1 about here)

Data Collection

The empirical data consists of information from annual reports, newspaper articles, firm websites and semi-structured interviews, following the recommendation to use several sources (Yin, 2009). A total of 27 interviews were performed, of which 26 were recorded and transcribed word by word. The interview lengths ranged from 30 min to 2.5 h. The total time recorded was 39 hours. In Firm A, five interviews were performed; in Firm B, six interviews; in Firm C, seven interviews; and in Firm D, nine interviews were performed.

The interviewees held several positions in the firms, including owners, family members, non-family members, family members from different generations, directors including chairpersons, managers, CEOs, and employees. Some

interviewees were not directors. The variance in positions gave opportunities for insight in domains other than board meetings.

Data Analysis

The first step in the analysis was data condensation (Miles, Huberman, & Saldaña, 2014) into anonymous case descriptions and a matrix of case characteristics. The interview transcripts were then coded for board functions and domains. Board function coding followed a previously made operationalization of the four functions of *monitoring*, *decision-making*, *resource provision*, and *conflict resolution* (Collin & Ahlberg, 2012)—in other words, deductive coding was used (Miles et al., 2014). For the operationalization, see Table 2.

(Insert Table 2 about here)

Domain coding did not follow such pre-defined categories, but was inductive and followed a grounded theory approach that resulted in four domains: *board meetings*, *top management team (TMT) meetings*, *spontaneous conversations*, and *family gatherings*. To illustrate how the coding for domains and board functions was conducted, Appendix 1 provides an example from Firm A with a quote that contains a board function performed in a domain. I then sought possible antecedents to border crossing from the board meeting domain, inspired by grounded theory and its working process of developing categories from codes, which in turn are labels set on for example sentences (cf. Charmaz, 2006). The categories that emerged from this analysis and were interpreted as being connected to the localization of board functions are hence the antecedents that meet the paper's second purpose of identifying antecedents for the use of different domains than the board meeting. First, a within-case study analysis was performed (Eisenhardt, 1989). This started with coding what was characteristic about each case in the interview transcripts, which can be described as initial coding of sentences or sections that contained characteristics (Charmaz, 2006). The codes and quotes illustrating them were assembled in an Excel sheet in order to get an overview. Then the codes were grouped into categories, which could be described as focused coding (Charmaz, 2006).

The emerging antecedents were subsequently compared between the cases in a cross-case analysis (Eisenhardt, 1989). During the cross-case analysis the emerging antecedents in the different cases were compared, as well as the localization of board functions, to see if there were some circumstances that existed in more than one case (cf. Miles et al., 2014). This helped to specify the categories, to merge some of them and rename others. Thereafter, the antecedents were further specified through an interpretation based on border

theory—hence, an abductive process was used, in which previous research, theories, and the empirical material were revisited several times and used to inform each other (Thornberg & Charmaz, 2013). The antecedents that were identified are *role overlap*, *border-crossing capacity*, and *directors' expectations*; these can be compared with the three reasons for border crossing derived from border theory in the Theoretical Background section. These were overlap of roles, sufficient influence and preferences to move across the border. To exemplify, Appendix 2 illustrates the antecedent *role overlap* in Firm A, the codes contained in the category and exemplifying quotes for the codes.

When analyzing the empirical data, the consequences of using domains other than the formal board meeting were also sought, first through a within-case analysis and after that through a cross-case analysis (Eisenhardt, 1989). This part of the analysis was conducted in a similar way to the identification of antecedents, i.e. through returning to the empirical data, to border theory and going through this process several times. In contrast to the identification of antecedents, the identification of consequences was mainly inductive. This part of the analysis resulted in three possible consequences: *tensions*, *handling family issues outside of board meetings*, and *convenient board work*. Tensions can be compared with the conflicts over domain borders from border theory, and was specified as a consequence through abduction; the other two consequences were induced from the empirical data. Appendix 3 provides examples from the four case firms.

The analysis concerning the last purpose of border management was also inductive. The major part of this analysis was made at the same time as the other categories were investigated, hence first through a within-case analysis and then through a cross-case analysis. Also here the revisiting of the theory and data was applied in order to further develop this part of the analysis. Border management did not result in categories in the same way as the other parts of the analysis, since the empirical data on this were not as extensive. This is rather a conceptualization of how borders can be altered and expectations of borders shaped. This can be seen in Appendix 4.

Findings

This section presents the findings regarding antecedents, board function domains, and the consequences of board functions crossing the border of the board. In addition, border management is identified, meaning the efforts to alter the border of the board.

Board Functions and their Domains

This section describes where the four board functions of *monitoring*, *decision-making*, *resource provision*, and *conflict resolution* were observed in the case firms, and in which of the domains of *board meetings*, *TMT meetings*, *spontaneous conversations*, and *family gatherings* they were conducted. This is illustrated in Table 3.

(Insert Table 3 about here)

To some extent, board functions were conducted in the board meeting domain in all of the case firms. In Firms B and C, all of the identified board functions were performed in this domain, although the function of decision-making also crossed the border into family gatherings. In Firms A and D, more board functions were performed outside of the board meetings. In Firm A, only monitoring took place in board meetings, while decision-making took place in spontaneous conversations. In addition, all four board functions were located in the borderland between board and TMT meetings. The respondents stated that TMT meetings and board meetings were almost the same, as they have nearly the same participants, since the TMT consists of the directors in addition to the marketing manager Jim.

The respondents also stated that every other TMT meeting could be called a board meeting, or could be defined as such *ex post*, or could be transformed into a board meeting if the marketing manager did not participate. At the same time, it was not important for them to make this distinction. These comments reveal a borderland between the two domains in which it is not always clear whether the gathering taking place is a TMT or board meeting.

To summarize, board functions were conducted in domains other than the board meeting in all four case firms, to varying degrees.

Antecedents to the Use of Different Domains

The analysis identified three antecedents to board functions being conducted in other domains: *role overlap*, *border-crossing capacity*, and *directors' expectations*. All these antecedents must be present in order for border crossing to occur. First, there needs to be *role overlap*, meaning that in addition to their directorship, directors hold other positions within the family and/or firm. This overlap enables directors to meet in domains other than the board meeting, enabling board functions to be conducted in the domain in question. Second, the directors need to have *border-crossing capacity* in order to cross the border of the board meeting. In other words, they must have the mandate to perform board functions outside of the board meeting domain—they must be central

participants. Third, there needs to be a preference or interest in doing so, which I refer to as the *directors' expectations*. A description of the antecedents is provided in Table 4.

(Insert Table 4 about here)

Role overlap

All the firms under study had directors who hold several roles in addition to their directorship, such as being family members and working in the firm. For example, in Firm A, there is an almost complete role overlap between directors, TMT members, family members, and involvement in daily operations. This role overlap between the participants in board and TMT meetings enables board functions to occur in the borderland between the two domains. Family belongingness as a source of role overlap occurred in all four firms, in addition to other types of overlaps. In Firm D, border crossing to spontaneous conversations was enabled by the several roles held by one of the external directors, who was the family's financial advisor and who had known the family for decades. Hence, not only family members are involved in conducting board functions in other domains.

Even if role overlap enables border crossing, it is not certain that border crossing occurs when there is role overlap. That is, although role overlap is considered to be one of the premises enabling border crossing, border crossing does not occur unless the two other antecedents also enable it. Theoretically, however, border crossing is only possible when there is role overlap, as there is otherwise no other domain available for board functions to be performed in.

Border-crossing capacity

Border-crossing capacity enables board functions to take place in domains other than the board meeting. If no border-crossing capacity exists, border crossing does not occur. However, border crossing does not necessarily take place even when both role overlap and border-crossing capacity are present; it also depends on a third antecedent, directors' expectations. For example, the CEO and owner of firm B do not discuss board matters before board meetings even though they have the capacity, since the owner prefers to deal with such matters in the board meeting domain.

For border crossing to occur, directors must have the capacity to be border-crossers. When border crossing occurred in the case studies, at least two directors were involved, and at least one of these directors was a family member who was a major shareholder. This finding indicates that the capacity to be a border-crosser depends on one's ownership share in the firm, or that the border-crosser is border-crossing together with an owner. For example, the two major

owners in Firm A make minor decisions alone. In Firm D, border crossing occurs when the three brothers in the second generation conduct board functions during family gatherings, and when conflict resolution takes place between two family members and the financial advisor, who acts as a mediator.

Directors' expectations

Even when the directors have the capacity to cross the border of the board meeting domain, they must have a preference to do so in order for border crossing to occur. This factor is conceptualized as the directors' expectations, which are the directors' preferences regarding in which domain board functions are performed. In Firm A, there were no outspoken preferences; however, the execution of board functions within the borderland between board meetings and TMT meetings was perceived to be working well. A second-generation owner stated that it was not particularly important to differentiate between TMT and board meetings.

Interviewees from the other firms showed preferences regarding which domains board functions should be conducted in. In both Firms B and C, the owners' preferences for conducting board functions within board meetings restricted border crossing to other domains to a certain extent. In Firm B, the owner wished to have an active board, which is understood as a board that performs board functions within board meetings. He expressed his desire for discussion partners in the board, in the form of external directors, who can give feedback on ideas; in addition, he wants the external CEO to report at board meetings. Even though role overlaps occur between the board and TMT meetings, with up to four directors sometimes being present in TMT meetings, no board functions are performed there. Hence, the factor that restricts border crossing in Firm B is interpreted as the directors' expectation that functions be conducted within the board meeting domain. The CEO of Firm B stated, "*There is no point in rigging the question because then we do not have to have a board.*"

In Firm C, the interviewees expressed preferences that board functions be conducted within the board meeting domain. A few years ago, board functions did cross the border of this domain to a larger extent than at the time of the case studies. Since then, changes have been made to formalize board meetings, which include performing board functions within these meetings. One of the second-generation owners has been the driving force for these changes, and perceives the previous informal structures as a drawback. Thus, even though the role overlap and border-crossing capacity in Firm C enable border crossing, the directors' expectations restrict it. In this sense, the owners of Firms B and C are border-keepers who maintain the border of the board. At the same time, the owners at both firms participate in decision-making in family gatherings, and can thus be seen as simultaneous border-crossers and border-keepers

concerning different board functions, based on their expectations. Therefore, it is insufficient to focus on role overlap or on border-crossing capacity as enabling border crossing; the expectations of the persons who are able to cross the border are also essential. For border crossing to occur, all three antecedents must enable it.

In Firm D, all three antecedents enable border crossing. First, role overlap is present, as five of the directors are family members, and three of these work in the firm. In addition, one of the external directors is an old friend of the family. Border-crossing capacity is also present, since the directors who conduct board functions outside of board meetings are large shareholders. The three second-generation family members who are directors and work in the firm prefer to meet in private to discuss some matters; in other words, they expect to be able to conduct parts of the board functions outside of the board meeting domain, at a time when not all of the directors are present. Similarly, the external director who knows the family well participates in conflict resolution outside of board meetings.

To summarize, the analysis revealed three antecedents to border crossing that align with the antecedents I identified using border theory: *role overlap*, *border-crossing capacity*, and *directors' expectations*. Moreover, it was determined that all three antecedents must be present in order for border crossing to occur.

Consequences of the Use of Domains Outside the Board Meeting

Three consequences of conducting board functions outside of the board meeting were identified in the analysis: *tensions*, *handling family issues outside of board meetings*, and *convenient board work*. This section describes these consequences, which are also outlined in Table 5.

(Insert Table 5 about here)

Tensions

One consequence of board functions being performed in domains other than the board meeting is tensions. Minor tensions are present in Firm A when the two main owners conduct decision-making in spontaneous conversations. This was shown by a comment from another director in Firm A, who noted that they could also have participated in making the decision. One reason for tensions is thus interpreted as the exclusion of participants who consider themselves to be legitimate participants in the board function they are excluded from. In Firm D, several respondents referred to an episode in which a diversification decision that diverged from the firm's strategy was made outside of the board meeting domain. The decision was made by the siblings during the summer, in what was described as a quick and easy manner. This decision was not appreciated by the

chairperson, who stated that he informed the siblings that such issues should be dealt with by the board of directors. The CFO also stated that he questioned the decision, since the brothers made it alone. In contrast, conflict resolution that occurs outside of board meetings in Firm D does not result in tension. Hence, tensions seemingly occur when the remaining directors' expectations concerning the appropriate domains for board functions are not met. Thus, not all border crossing causes tensions, even if some directors are excluded. In fact, border crossing can lead to a better climate in the board room through handling family issues outside of board meetings and to convenient board work—the two other consequences in this section.

Handling family issues outside of board meetings

Situations occur in which some directors are excluded from board functions that are performed in other domains, without tension being created. One example is when decision-making is performed in family gatherings in Firm B. The owner of Firm B expressed an awareness of the importance of involving the children in the firm with potential succession in mind, and considered such decision-making to be one way of doing that. Given this purpose, other directors could consider such a border crossing to be a family and ownership question; therefore, they do not perceive themselves as being excluded. In fact, as the TMT members of that firm (who are also directors) expressed their desire for the firm to continue to be a family firm, this border crossing is interpreted as not only accepted, but perhaps also desirable from the point of view of the TMT members.

When the border of the board is crossed in Firm C, this is done by the three second-generation owners. One speculation is that decision-making in family gatherings is seen as an owner or family question from the point of view of the director who is not a family member even if that individual does not express it as such. Similarly, in Firm D, some matters are kept within the owner/family sphere when board functions are performed in other domains. For example, the financial advisor at Firm D participates in conflict resolution in spontaneous conversations when the CEO and his father are unable to agree over problems, and probably do not want to disagree openly in board meetings. Moreover, one of the siblings at that firm emphasized that the family wants to present a united front to the employees, in this example by supporting board decisions even if all the brothers do not agree on the specific decision being made. The chairperson noted that the siblings can discuss matters they do not agree on in advance of board meetings in order to avoid having heated discussions in that domain. Placing such conflict resolution outside of board meetings by handling family conflicts elsewhere can be beneficial for the discussion climate in the boardroom.

Convenient board work

Another consequence of board functions being located in domains other than the board meeting can be convenient board work. That is, board functions conducted in another domain can enable smooth or quick decision-making. For example, there are no indications of problems with the use of the borderland between TMT and board meetings in Firm A. Conducting board functions in TMT meetings, or in the borderland between TMT and board meetings, does not exclude any directors or oppose any directors' expectations. The reason behind decision-making taking place in family gatherings in Firm D could also be interpreted as convenience. One of the siblings at Firm D stated that the major strategic decision that was made by the siblings outside of the board meeting domain was made quickly and easily. Moreover, the decision resulted in the seizing of a business opportunity that had appeared. The siblings at Firm D all talked about seizing business opportunities; for this purpose, border crossing could be suitable. However, border crossing in these circumstances creates tensions in relation to the external directors and obstructs the goal of formalizing the governance structure.

In summary, three consequences of board functions being performed in domains other than the board meeting were identified. First, crossing the border of the board can lead to tensions when such crossing does not align with the expectations of the excluded directors, such as when a director is excluded from a board function that they consider they should have been part of. Second, performing board functions in other domains can be a way to handle family and owner issues away from the gaze of all the directors. Third, border crossing can result in quick and smooth board work, as not all directors have to be present.

Border Management

Our analysis indicates that the borders between domains are modified on several occasions. For example, in Firm C recent changes were made in order to formalize board work, including an effort to conduct board functions within the board meeting domain. In Firm D, similar efforts were made to place board functions within the board meeting domain. As a contrast, directors try to treat certain board questions in Firm D within the family, outside the board meeting domain where non-family directors are present. All these events can be considered as border management—which, in this context, involves efforts to conduct a certain function within a certain domain, or to alter the border of the board. Border management does thus imply both to move board functions to and from the board meeting domain. In the context of the board of directors, border management is defined as efforts that strive to create expectations and to align with the directors' expectations. Border management occurs in different

ways and has several purposes in the firms in the case studies. Table 6 provides information on identified border management in the firms under study.

(Insert Table 6 about here)

In Firm A, border management occurred when decision-making was performed by the two main owners. The border management took the form of a comment that the other directors could also have participated in making the decision. This comment is interpreted as being intended to affect where such discussions are made the next time; in other words, the purpose of the comment is to alter the border of the board and place these decisions within the TMT or board meeting domains.

In Firm B, border management occurs in order to keep the majority of board functions within the board meeting domain. More specifically, the emphasis that the owner puts on external input and feedback from the directors indicates that the border of the board meeting domain is managed to some extent, since it is perceived as important that this input and feedback be given within that domain. The actors—including the CEO, owner, and other TMT member—do not discuss board matters before board meetings. In not doing so they signal their expectations of the border and create expectations for the other directors. Hence, they are border-keepers who manage and uphold the border of the board. The wishes of the owner are interpreted as border management, such that the majority of board functions are performed in board meetings. At the same time, however, decision-making is performed in family gatherings, which crosses the border of the board meeting. The owner and his son describe this type of border crossing as conversations in which the owner informs the children in the family about the firm and they discuss it together. The owner expresses an awareness of the importance of involving the children in the firm with potential succession in mind; this border crossing is one way of doing that. The consequence of this type of border crossing could be described as the involvement of the children in a family environment.

In Firm C, one of the second-generation owners took the initiative to place board functions within board meetings in order to formalize the board of directors. The person in question also chairs the board meetings and the TMT meetings, despite not being the official chairperson. Furthermore, this person in Firm C planned to evaluate board work after a year and then search for an external director with competencies that the firm needs. In taking the initiative to strengthen board work, this owner can be seen as a border keeper who separates the board meeting domain from other domains. It is also relevant that the family in Firm C plans to sell the firm eventually, even if that goal is not entirely clear among all the owners. Given that goal, formalizing the board of directors and

other structures in the firm in order to be less dependent on the owners may be intended to create a more attractive firm for selling. Nevertheless, despite the formalization of the board, some discussions still take place between the three second-generation owners of Firm C.

In Firm D, the directors have opposing expectations regarding where to conduct board functions, which sometimes create conflict. The chairperson stated that when entering the board as a director (not a chairperson at that point), the structures of the board were “loose,” meaning that the minutes were sent out late, material was not sent out before meetings, and decisions were made “on the fly” by the three siblings outside of the board meetings—such as the aforementioned diversification decision that deviated from the firm’s strategy. The chairperson described having contributed toward a formalized governance structure, including the board, even though a considerable amount of work remains in this direction. This shift is connected to the need to gain control over and consolidate Firm D after a substantial expansion occurred in the last 10 years. The siblings realize that this shift is necessary; however, they are not fond of it because it puts demands on them. The respondents also expressed a need for the external chairperson to keep order in board meetings and make sure to hold to the agenda. Furthermore, the owners prefer an active board in which external directors can provide advice, networks, and legitimacy. Taken together, these statements presuppose board functions taking place in board meetings; such expectations can be seen as border management since they set frames in which board functions can be conducted. The chairperson who is trying to isolate certain functions to the board meeting domain is also performing a form of border management.

Border management can reduce tensions and create a domain usage that the directors are satisfied with. Tensions come from differing expectations from the directors, and border management can then be used to align these expectations in order to create balance between them. Borders can be managed in order to formalize the board, to ensure that board functions are conducted within the board meeting domain, as in Firms C and D. In Firm C, it is one of the first steps in formalizing the board; a possible next step is to include external directors. An external chairperson can for example be engaged in border management in trying to formalize the board and transfer his/hers expectations so that they are accepted by the other directors, i.e. shaping their expectations. Border management can also be used to keep certain issues within the family, as in Firms A and D. It can further be used to achieve convenient board work, such as when some discussions are placed outside of the board meeting domain, with the use of the TMT meeting in Firm A as one example. In that case, it is not specified beforehand whether the meeting will be more of a board meeting or TMT meeting.

Discussion and Conclusions

This paper contributes to the fields of family business and corporate governance in its conceptualization of board functions that are conducted in different domains with the use of border theory. First, the paper sheds light on where board functions can be conducted in family firms, and shows that such functions are not only performed in the *board meeting domain*, but also in the domains of *TMT meetings*, *spontaneous conversations*, and *family gatherings*. This finding corresponds to the first aim and aligns with previous research that indicates that board functions do not necessarily take place in board meetings (Fiegenger, 2005; Gnan et al., 2015; Nordqvist, 2012). In addition, it connects well to the view of board work as a process (van Ees et al., 2009). More specifically, board work does not necessarily take place in one domain with the same persons, but can be conducted in different domains with different persons. For example, a discussion about a specific question can start within the family, outside the board room, so that the family can unite. Then this question can be brought to the board meeting domain, where additional persons are participating.

Based on this, there is a need to revise the current view of boards in general, and of family firm boards. If researchers focus only on board meetings (cf. Vandebeek et al., 2016), some activity will be overlooked and a board may be perceived as passive (cf. Corbetta & Tomaselli, 1996) or as a “rubber-stamp” board (Gabrielsson & Huse, 2005). In contrast, our results show that board functions are performed in other domains as well as in board meetings. According to previous literature, an active board performs its board functions within board meetings, and the extent to which board functions are performed as a whole is not considered. This article suggests that a board’s activity is the sum of the board functions conducted in *all* domains, and that the formal board meeting is but one of these domains.

The second aim was to examine what enables board functions to cross the border of the board. The first circumstance is *role overlap*, which aligns with previous literature on family firms (Fiegenger, 2005; Gnan et al., 2015; Nordqvist, 2012) in which informal interactions are made possible if, for example, social, professional, or kin relationships exist between directors (Fiegenger, 2005). It also aligns with border theory, in which a high role overlap leads to a weak border that can be crossed (Ashforth et al., 2000; Clark, 2000). A board of directors is not a specific domain, but rather a group of individuals who are engaged in a board process (cf. Forbes & Milliken, 1999) who can meet outside of board meetings. Conceptualizing board meetings as only one of the domains in which board functions can be performed is better suited to family firms than assuming that board functions only take place in the board meeting

domain, since one characteristic of family firms is role overlap (Lane et al., 2006).

The second circumstance is that there must be directors with *border-crossing capacity*, who have the possibility and mandate to conduct board functions in other domains. Border-crossing capacity is not necessarily reserved for owners, but can also exist among other important directors, as seen in one of the case firms. Hence, not only owners and family members can take part in board functions performed in domains outside of the board meeting. The substantial part of being a director with border-crossing capacity can be described as having enough influence to alter the domains, which can be compared with the central participants of border theory (Clark, 2000).

The third circumstance is *directors' expectations*, where a director's expectation to perform board functions within a certain domain can influence where these functions are conducted, or can at least assist in managing the border to achieve these expectations. This finding aligns with border theory and with the findings that there are individual preferences regarding what constitutes balance between domains (Ashforth et al., 2000). Even if a certain role overlap is present, it is still necessary to consider the directors' border-crossing capacity and preferences regarding where board functions are conducted. These preferences may differ for different board functions; decision-making was found to be the most prevalent board function being performed outside of the board meeting domain.

In response to the third aim, three consequences of border crossing were identified: *tensions*, *handling family issues outside of board meetings*, and *convenient board work*. Tensions occurring from border crossing can be interpreted in terms of principals circumventing the board of directors. Such circumventions are possible when the individuals in question are both principals and agents, as this allows them to make decisions and execute them without going through the board. Indeed, according to agency theory, the board is the party that exists between owners and managers (Fama & Jensen, 1983). However, in the context of family firms, this paper indicates that this is not always the case. Border crossing can be unproblematic when the circumvention is accepted by other directors, such as when all the directors have similar expectations for the domains, or when all the directors are border-crossers. The second consequence, *handling family issues outside of board meetings*, implies that some issues are kept within the family, whether they be family matters or sensitive matters that would create conflict in the board meeting domain. This finding aligns with Bettinelli (2011), who suggests that when there are outside directors, the family will want to manage conflicts in order to avoid embarrassment, which, she argues, will lead to board cohesion. Another

consequence of border crossing is *convenient board work*, in which board functions are performed in settings that best suit the directors. This can provide flexibility and create conditions for fast decision-making; at times, it may not even be clear whether board functions are being performed until afterwards.

When applying border theory to board research, I introduced the concept of border management. The border of the board can be managed in order to achieve a situation in which the directors are satisfied with the domains for board functions, and a balance has been reached between the directors' expectations. For example, border management can be used to formalize board work and ensure that board functions are conducted in board meetings, if there are expectations to do so. Or, if convenient and accepted, placing conflict resolution outside of board meetings in order to avoid conflicts in the boardroom. In other words, border management can be used to clarify where board functions should be performed in order not to create conflicts. Conflicts can occur when it is not clear in which domain and among which participants the functions are to be performed.

To summarize, this paper conceptualizes where board functions can take place in family firms, suggests explanations for why they can be situated outside of board meetings, and proposes consequences of border crossing. Border theory is introduced to board research and provides concepts for theory development. The theory developed in this work stems from both induction (from the empirical data) and abduction (in which the data was interpreted with the help of concepts from border theory).

Theoretical Implications

Previous research has found boards with external directors to be more active (Huse, Minichilli, Nordqvist, & Zattoni, 2008; Johannisson & Huse, 2000). This can be explained in two ways, based on the findings of the current work. First, when principals have the expectation to receive advice, networks, and the like from external directors, board functions must be placed within the board meeting domain so that the meetings have content. Second, external directors may request that important decisions be made in board meetings, since they have certain responsibilities as directors, and not participating in decision-making makes it impossible to fulfil these duties. One possibility is that it is not the external directors who contribute to an active board, but the owners. As part of a strategy to formalize and activate the board, the owners can select external directors; as a result, board functions are moved to the board meeting domain. Once they are present, external directors can contribute to managing the border so that board functions are performed in the board meeting domain. Hence, the underlying reason for boards with external directors being found to be more active might be the owners' intention to formalize the board. The process of

formalizing a board of directors can then start with an intention to formalize, then include external directors, which then will lead to formalization in terms of conducting board functions within the board meeting domain. In fact, the board might not be particularly active in terms of conducting board functions; rather, the board functions might simply be conducted within the board meeting domain to a larger extent than in boards that are considered to be less active.

The current view on where board functions in family firms occur and where they should be performed should be reconsidered. If they do not perform their functions within the board meeting domain, boards are not generally perceived by researchers to be active (Brunninge & Nordqvist, 2004). In such cases, researchers' recommendations that boards be active do not consider the fact that under certain conditions, board functions can be performed in other domains without creating tensions; rather, doing so helps to balance the directors' expectations. Such conditions are in place when there is total role overlap between the directors' roles, such that all the directors meet in other domains as well as in the board meeting; or, when the directors' expectations include, for example, the solving of conflicts in domains other than the board meeting. Board functions can then be performed in a convenient way, which may even lead to simplified board work, such as when quick decisions are needed, or in order to handle conflicts outside of the board meeting domain. A notion of a passive board can in fact be the result of not regarding active border management.

Board functions can be considered to be governance functions that are distributed or delegated by the owners to convenient domains. Collin, Ponomareva, Ottosson, and Sundberg (2017) examine the delegation of principal functions, such as decision-making, to the board of directors in public Swedish corporations. They find that in corporations where owners have high firm-specific investments, which implies an ability to perform principal functions themselves, such as in family firms, they delegate these functions to the board to a lesser extent than in other firms. In private fully owned family firms, such as the firms in this paper, delegation to board meetings may be even less, since owners have more influence and can be directly involved in the firm, which diminishes the need and desire to delegate governance functions (Collin et al., 2017). It is possible to distribute governance functions to other domains where principals are present, since the board is not the only point of contact between principals and agents. While professional directors consider the separation between the owners and the board as a matter of mandate, the family does not separate their mandate into owner and board, but consider it as residing within the family. This is one expression of the unclear borders between the family and the firm, appearing in family firms. Thus, maybe one important ownership activity is border management, i.e. to create a balance between

different actors' expectations of board work, and delegate different mandates to different actors in different domains.

Considering board functions in different domains as a question of delegation (cf. Collin et al., 2017) aligns with the proposition that border-crossing capacity follows ownership of the firm. When owners cross the border of the board meeting domain, they retain their ownership rights from the board. When functions are delegated to the board by the principals, but are then conducted outside of the board meeting domain and exclude some of the directors, this can cause tensions since it goes against the original delegation. That is, if this circumvention is not accepted by the excluded directors.

Methodological Implications

The practice of using surveys to investigate boards in family firms needs to be reconsidered. It is doubtful that the board functions being performed outside of the board meeting domain can be adequately captured in a survey. As a result, surveys of family firms whose board functions are performed in other domains may seem to reveal passive boards, even if the board functions are in fact being conducted. Indeed, if a researcher considers only what occurs in board meetings and the frequency of board meetings, then some firms will appear to have a board that is only present to fulfil legal requirements. This implication underlines the need for qualitative studies on boards in family firms in order to understand and capture their role. Another option is to develop survey questions that include board functions in domains other than board meetings, and question dealing with border management, in order to capture all the processes of the board.

Practical Implications

Knowledge regarding how board functions can be performed outside of the board meeting domain, and the circumstances that enable this, is important for family firms. When reading recommendations about including external directors, it should be considered that some board functions will be expected to occur in the board meeting domain when external directors are present. If family firm owners are not willing to restrict board functions from being performed elsewhere, tensions may occur with external directors. Such a situation is worth considering when composing a board of directors. External directors who are elected to the boards of family firms should also be informed of the expectations of the owners and other directors, and about border management of the board. In that way they could understand and accept the way the board functions in the specific firm. Asking about current practices within the firm and discussing the expectations from both the external directors and the family may lessen potential conflicts regarding border crossing. In addition, the principals may

wish to conduct certain board functions among family members rather than in board meetings if external directors are present, such as when conflicts between principals occur, in order to keep these within the family. Such border crossing can be beneficial for the board meeting climate, as it allows the directors to focus on other issues.

Normative research recommends that family firm boards should be active; however, family firm owners need not feel guilty for having a passive board. In fact, our article shows that a family firm board can be very active, even if this activity does not occur within the domain of the formal board meeting, which may make it appear to be passive. Therefore, a true passive board is not a board that is passive in the board meeting domain; rather, it is a board that is passive in all domains.

Limitations and Future Research Directions

This paper aimed to develop theory in order to create an understanding of the board function domains. Since this work builds on qualitative research, it is not possible to generalize regarding the population of family firms. The methodology serves the purpose of developing theory by introducing border theory to family firm board research, and to board research in general. In the future, it would be interesting to map out how common it is for the border of the board meeting domain to be crossed, and under which conditions the different functions cross the border. In this article, the reasons why individual functions cross the border were not researched, as doing so would require more empirical data. In addition, the tensions that result from border-crossing, their severity, and how they are handled were only briefly touched upon, leaving another possibility for future research. Exploring the dynamics of border management is a possible research topic for which case studies or observations could be possible methods. The present paper's theory development and introduction of border theory can serve as a starting point.

Border theory can also be applied to TMT-board relations, whose conflicts have barely been researched (Vandenbroucke, Knockaert, & Ucbasaran, 2019). The TMT and the board of directors are two different domains for which it can be assumed that border crossing can occur; for example, this article identified board functions being performed in TMT meetings. Conflicts that stem from individuals who are part of both the board and TMT may be understood and managed with border theory as a point of departure.

One limitation of the present study is that the interview data was collected at one point in time, even though the interviews discussed the development of the board work to some extent. Therefore, a proposal for future research on border crossing and border management of the board of directors is to follow cases

over an extended period of time. In that way, changes and courses of events could be followed and analyzed in order to capture the order of events.

References

- Ashforth, B. E., Kreiner, G. E., & Fugate, M. (2000). All in a day's work: Boundaries and micro role transitions. *Academy of Management Review*, 25(3), 472-491.
- Bammens, Y., Voordeckers, W., & van Gils, A. (2011). Boards of Directors in Family Businesses: A Literature Review and Research Agenda. *International Journal of Management Reviews*, 13(2), 134-152.
- Basco, R., & Perez Rodriguez, M. J. (2009). Studying the Family Enterprise Holistically: Evidence for Integrated Family and Business Systems. *Family Business Review*, 22(1), 82-95.
- Bettinelli, C. (2011). Boards of Directors in Family Firms: An Exploratory Study of Structure and Group Process. *Family Business Review*, 24(2), 151-169.
- Blumentritt, T. (2006). The Relationship Between Boards and Planning in Family Businesses. *Family Business Review*, 19(1), 65-72.
- Bodolica, V., & Spraggon, M. (2010). Contractual and relational family firm governance: substitution or complementarity? *Corporate Ownership & Control*, 8(1), 497-507.
- Bodolica, V., Spraggon, M., & Zaidi, S. (2015). Boundary management strategies for governing family firms: A UAE-based case study. *Journal of Business Research*, 68(3), 684-693.
- Brunninge, O., & Nordqvist, M. (2004). Ownership structure, board composition and entrepreneurship: Evidence from family firms and venture-capital-backed firms. *International Journal of Entrepreneurial Behaviour & Research*, 10(1/2), 85-105.
- Charas, S., & Perelli, S. (2013). Threats to board stability: Understanding SME director behavior. *International Journal of Disclosure and Governance*, 10(2), 175-191.
- Charmaz, K. (2006). *Constructing grounded theory - A practical guide through qualitative analysis*. London: Sage.
- Clark, S. C. (2000). Work/family border theory: A new theory of work/family balance. *Human Relations*, 53(6), 747-770.
- Collin, S.-O. (2008). The boards functional emphasis - A contingency approach. *Corporate Ownership & Control*, 6(2), 73-88.
- Collin, S.-O., & Ahlberg, J. (2012). Blood in the boardroom: Family relationships influencing the functions of the board. *Journal of Family Business Strategy*, 3(4), 207-219.
- Collin, S.-O., Ponomareva, Y., Ottosson, S., & Sundberg, N. (2016). Governance strategy and costs: board compensation in Sweden. *Journal of Management & Governance*, 21(3), 685-713.
- Corbetta, G., & Tomaselli, S. (1996). Boards of Directors in Italian Family Businesses. *Family Business Review*, 9(4), 403-421.
- Desrochers, S., & Sargent, L. D. (2004). Boundary/Border Theory and Work-Family Integration I. *Organization Management Journal*, 1(1), 40-48.
- Eisenhardt, K. M. (1989). *Building theories from case study research*. *Academy of Management Review*, 14(4), 532-550.
- Fama, E., & Jensen, M. (1983). Separation of Ownership and Control. *Journal of Law and Economics*, 26(2), 301-325.
- Fiegenger, M. K. (2005). Determinants of Board Participation in the Strategic Decisions of Small Corporations. *Entrepreneurship Theory and Practice*, 29(5), 627-650.
- Forbes, D. P., & Milliken, F. J. (1999). Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups. *Academy of Management Review*, 24(3), 489-505.

- Gabrielsson, J., & Huse, M. (2005). "Outside" Directors in SME Boards: A Call for Theoretical Reflections. *Corporate Board: Role, duties & composition*, 1(1), 28-37.
- Gnan, L., Montemerlo, D., & Huse, M. (2015). Governance Systems in Family SMEs: The Substitution Effects between Family Councils and Corporate Governance Mechanisms. *Journal of Small Business Management*, 53(2), 355-381.
- Gomez-Mejia, L. R., Cruz, C., Berrone, P., & De Castro, J. (2011). The Bind that Ties: Socioemotional Wealth Preservation in Family Firms. *The Academy of Management Annals*, 5(1), 653-707.
- Hillman, A. J., & Dalziel, T. (2003). Boards of Directors and Firm Performance: Integrating Agency and Resource Dependence Perspectives. *Academy of Management Review*, 28(3), 383-396.
- Huse, M., Minichilli, A., Nordqvist, M., & Zattoni, A. (2008). Board Tasks in Small Firms: The Importance of Motivation and Evaluations. *Sinergie*, 75(08), 17-36..
- Huybrechts, J., Voordeckers, W., D'Espallier, B., Lybaert, N., & Van Gils, A. (2016). The Board's Demography-Firm Performance Relationship Revisited: A Bayesian Approach. *Journal of Small Business Management*, 54(3), 992-1007.
- Johannisson, B., & Huse, M. (2000). Recruiting outside board members in the small family business : an ideological challenge. *Entrepreneurship & Regional Development*, 12(4), 353-378.
- Judge, W. Q., & Zeithaml, C. P. (1992). Institutional and strategic choice perspectives on board involvement in the strategic decision process. *Academy of Management Journal*, 35(4), 766-794.
- Lane, S., Astrachan, J. H., Keyt, A., & McMillan, K. (2006). Guidelines for Family Business Boards of Directors. *Family Business Review*, 19(2), 147-167.
- Le Breton-Miller, I., & Miller, D. (2008). To grow or to harvest? Governance, strategy and performance in family and lone founder firms. *Journal of Strategy and Management*, 1(1), 41-56.
- Miles, M. B., Huberman, A. M., & Saldaña, J. (2014). *Qualitative data analysis*. Thousand Oaks: SAGE.
- Miller, D., & Friesen, P. H. (1984). A longitudinal study of the corporate life cycle. *Management Science*, 30(10), 1161-1183.
- Nippert-Eng, C. (1996). *Home and Work: Negotiating Boundaries through Everyday Life*. Chicago: The University of Chicago Press.
- Nordqvist, M. (2012). Understanding strategy processes in family firms: Exploring the roles of actors and arenas. *International Small Business Journal*, 30(1), 24-40.
- Pearce, J. a., & Zahra, S. a. (1992). Board Composition From a Strategic Contingency Perspective. *Journal of Management Studies*, 29(4), 411-438.
- Pye, A. (2004). The importance of context and time for understanding board behavior. *International Studies of Management and Organization*, 34(2), 63-89.
- Siebels, J.-F., & zu Knyphausen-Aufseß, D. (2012). A Review of Theory in Family Business Research: The Implications for Corporate Governance. *International Journal of Management Reviews*, 14(3), 280-304.
- Sievinen, H. M., Ikäheimonen, T., & Pihkala, T. (2020). The Advisory Role of Non-family Board Members: A Case-Based Study of a Family Firm. *Journal of Management and Governance*, 24(4), 871-903.
- Stavrou, E. T., Kleanthous, T., & Anastasiou, T. (2005). Leadership Personality and Firm Culture during Hereditary Transitions in Family Firms: Model Development and Empirical Investigation. *Journal of Small Business Management*, 43(2), 187-206.

- Sundaramurthy, C., & Kreiner, G. E. (2008). Governing by Managing Identity Boundaries: The Case of Family Businesses. *Entrepreneurship Theory and Practice*, 32(3), 415-436.
- Tagiuri, R., & Davis, J. (1996). Bivalent Attributes of the Family Firm. *Family Business Review*, 9(2), 199-208.
- Thornberg, R., & Charmaz, K. (2013). Grounded theory and theoretical coding. In U. Flick (Ed.), *The SAGE handbook of qualitative data analysis* (pp. 153-169). London: SAGE.
- van Ees, H., Gabriellson, J., & Huse, M. (2009). Toward a Behavioral Theory of Boards and Corporate Governance. *Corporate Governance: An International Review*, 17(3), 307-319.
- Vandebeek, A., Voordeckers, W., Lambrechts, F., & Huybrechts, J. (2016). Board role performance and faultlines in family firms: *The moderating role of formal board evaluation*. *Journal of Family Business Strategy*, 7(4), 249-259.
- Vandenbroucke, E., Knockaert, M., & Ucbasaran, D. (2019). The Relationship Between Top Management Team-Outside Board Conflict and Outside Board Service Involvement in High-Tech Start-Ups. *Journal of Small Business Management*, 57(3), 891-809.
- Westhead, P., & Cowling, M. (1998). Family Firm Research: The Need for a Methodological Rethink. *Entrepreneurship Theory and Practice*, 23(1), 31-57.
- Yin, R. K. (2009). *Case Study Research - Design and Methods*. Thousand Oaks, California: SAGE.
- Zahra, S. A., & Pearce, J. A. (1989). Boards of Directors and Corporate Financial Performance: A Review and Integrative Model. *Journal of Management*, 15(2), 291-334.

Table 1: Characteristics of the Case Firms

	Firm A	Firm B
Ownership	100 % family	100 % family
Owning generations	2 and 3	3
Generation in charge	2 (and partly 3)	3
Generations involved	2 and 3	3 and 4
Family members involved	6	3
Family involvement	Firm run and mainly owned by two siblings in the second generation, together with one of the sibling's wife and three children. The three children in the third generation own 5 % each and are appointed to the TMT and board.	Firm owned by an individual in the third generation. The owner is not involved in the daily management, but engaged at strategic level and as board chairperson. He is also engaged in side projects partly related to the core business. The son is working in the firm and he and his sister are deputy board members.
Board composition	5 family members	3 family members (2 deputies) 2 employees, 2 external
Employees last 5 years*	From 30 to 35	From 85 to 95
Turnover last 5 years*, **	From 3.5 to 4.5	From 25 to 30
Balance sheet total last 5 years*, **	From 2 to 3	From 15 to 20
Firm size (S, M, L)	S	M
Industry	Manufacturing	Retail
Firm age*	80 (40 as family firm)	110

* Given as approximate numbers due to anonymization reasons

** Million euro

	Firm A	Firm B
Strategy	<p>Slow growth in order to keep pace with cost increases.</p> <p>Offer high quality products, local production.</p> <p>Continued family control and ownership</p>	<p>No expansion plans, owner rather would like to have a strong firm in the current size (regarding staff).</p> <p>Offer service, quality, knowledge and security, have both brand products and different price classes, and locally located shops.</p> <p>Long-term view, core business not for sale.</p>

	Firm C	Firm D
Ownership	100 % family	100 % family
Owning generations	1 and 2	1 and 2
Generation in charge	2	2
Generations involved	1, 2, and 3	1, 2, and 3
Family members involved	6	10
Family involvement	Firm run by second generation, by two siblings and the husband of one of them. Founding generation owns parts of the shares, while the second generation owns a majority. One individual in the third generation is working in the firm.	Firm run by three brothers in the second generation, where one of them is the CEO. The brothers own 20 % each, as do their parents. The CEO's wife works with a side project and their two children work in the firm. Another brother's wife and son work in the firm.
Board composition	4 family members, 1 employee	5 family members, 2 external
Employees last 5 years*	From 50 to 60	From 150 to 450
Turnover last 5 years*, **	From 9 to 12	From 15 to 45
Balance sheet total last 5 years*, **	Around 6	From 4 to 18
Firm size (S, M, L)	M	L
Industry	Manufacturing	Construction and retail
Firm age*	40	40

* Given as approximate numbers due to anonymization reasons

** Million euro

	Firm C	Firm D
Strategy	Not be the biggest actor, but rather keep the family atmosphere.	Future expansion, but also consolidate and gain control over the recent expansion.
	Offer quality products and individual solutions that are manufactured when customer orders are received.	Offer quality and well-known brands.
	Earlier consensus on not letting the firm transfer to third generation. That decision has begun to falter.	Survival to next generation, but also discussions about selling.

Table 2: Operationalization of board functions

Monitoring - items	References
The board is involved in monitoring and evaluating TMT work and performance.	Collin & Ahlberg (2012); Mustakallio, Autio & Zahra (2002); Huse (2009); van den Heuvel, Van Gils & Voordeckers (2006); Mustakallio, Autio & Zahra (2002); Zattoni, Gnan & Huse (2012)
The board is involved in monitoring and evaluating TMT's strategic decision making.	Collin & Ahlberg (2012); Mustakallio, Autio & Zahra (2002); Huse (2009); van den Heuvel, Van Gils & Voordeckers (2006); Mustakallio, Autio & Zahra (2002); Zattoni, Gnan & Huse (2012)
The board is involved in controlling that activities are well organized.	Minichilli, Zattoni, Nielsen & Huse (2012)
The board is involved in overseeing that the operations are properly controlled.	Minichilli, Zattoni, Nielsen & Huse (2012)
The board is involved in determining management's responsibility.	van den Heuvel, Van Gils & Voordeckers (2006)
The board is involved in monitoring/follow up of investments.	Collin & Ahlberg (2012); Mustakallio, Autio & Zahra (2002); Huse (2009); Mustakallio, Autio & Zahra (2002); Zattoni, Gnan & Huse (2012)
Formal financial reports prepared by top management are reviewed in board meetings.	Mustakallio, Autio & Zahra (2002)
The board keeps itself informed about the financial position of the firm.	Zattoni, Gnan & Huse (2012); Minichilli, Zattoni, Nielsen & Huse (2012)
Business ratios, such as liquidity, profitability, are regularly reported at board meetings.	Collin & Ahlberg (2012); Mustakallio, Autio & Zahra (2002); Huse (2009)
Return criteria are regularly followed up in board meetings.	Mustakallio, Autio & Zahra (2002)
Cash flows are regularly followed up in board meetings.	Mustakallio, Autio & Zahra (2002)
The board is involved in establishing plans and budgets for the firm's activities/operations.	Zattoni, Gnan & Huse (2012); Minichilli, Zattoni, Nielsen & Huse (2012)
The board is involved in setting CEO remuneration/determine salary/compensation of management.	Zattoni, Gnan & Huse (2012); van den Heuvel, Van Gils & Voordeckers (2006)
The board is involved in selecting new managers.	van den Heuvel, Van Gils & Voordeckers (2006)

Resource provision - items	References
The board provides advice concerning general management.	Collin & Ahlberg (2012); Huse (2009); Minichilli, Zattoni, Nielsen & Huse (2012); Minichilli, Zattoni, Nielsen & Huse (2012); van den Heuvel, Van Gils & Voordeckers (2006)
The board gives top management plenty of counsel on firm's strategy.	Mustakallio, Autio & Zahra (2002); Minichilli, Zattoni, Nielsen & Huse (2012)
The board provides advice concerning legal matters and taxation.	Collin & Ahlberg (2012); Huse (2009); Minichilli, Zattoni, Nielsen & Huse (2012)
The board provides advice concerning financial matters.	Collin & Ahlberg (2012); Huse (2009); Zattoni, Gnan & Huse (2012); Minichilli, Zattoni, Nielsen & Huse (2012)
The board provides advice on technical issues.	Zattoni, Gnan & Huse (2012); Minichilli, Zattoni, Nielsen & Huse (2012)
The board provides advice on market issues.	Zattoni, Gnan & Huse (2012); Minichilli, Zattoni, Nielsen & Huse (2012)
The board is involved in building organisational reputation.	van den Heuvel, Van Gils & Voordeckers (2006)
The board is involved in networking and maintaining relations.	van den Heuvel, Van Gils & Voordeckers (2006)
The board is involved in taking care of access to extra resources.	van den Heuvel, Van Gils & Voordeckers (2006)

Decision making - items	References
The board is involved in designing the strategy of the firm.	Collin & Ahlberg (2012); Mustakallio, Autio & Zahra (2002); Huse (2009); van den Heuvel, Van Gils & Voordeckers (2006); Zattoni, Gnan & Huse (2012); Mustakallio, Autio & Zahra (2002)
The board is involved in deciding about the strategy of the firm.	Collin & Ahlberg (2012); Mustakallio, Autio & Zahra (2002); Huse (2009); Zattoni, Gnan & Huse (2012)
The board is involved in deciding about the budget of the firm.	Collin & Ahlberg (2012); Mustakallio, Autio & Zahra (2002); Huse (2009)
The board and top management often discuss the firm's future strategic choices.	Mustakallio, Autio & Zahra (2002)
Top management very often solicits board assistance in the formulation of corporate strategy.	Mustakallio, Autio & Zahra (2002)

Conflict resolution - items	References
The board solves conflicts among different owners/stakeholders.	Collin & Ahlberg (2012); Huse (2009)
The board solves conflicts concerning different opinions of what is best for the corporation.	Collin & Ahlberg (2012); Huse (2009)
The board solves conflicts concerning the means how to achieve what is best for the corporation.	Collin & Ahlberg (2012); Huse (2009)

Table 3: The Domains of Board Functions

Domain	Firm A	Firm B	Firm C	Firm D
Board Meeting	Monitoring	Monitoring	Monitoring	Monitoring
		Decision-making	Decision-making	Decision-making
			Conflict resolution	Conflict resolution
		Resource provision		Resource provision
TMT Meeting	Monitoring ¹			
	Decision-making ¹			
	Conflict resolution ¹			
	Resource provision ¹			
Spontaneous				
Conversations	Decision-making ²			
				Conflict resolution ⁵
Family Gatherings				Monitoring ⁶
		Decision-making ³	Decision-making ⁴	Decision-making ⁷
				Conflict resolution ⁸
				Resource provision ⁹

- 1 All four board functions are performed in TMT meetings, or the borderland between TMT and board meetings, between the board members.
- 2 Decision-making takes place between the two main owners, the siblings in the second generation, on what they consider to be minor matters that are not necessary to take to the TMT or board.
- 3 Decision-making is performed in family gatherings, in the form of conversations where the owner informs the children about the firm and they discuss it together.
- 4 Decision-making takes place in family gatherings between the three persons in the second generation. These matters are then brought to board meetings and formally decided on there.
- 5 Conflict resolution takes place in phone calls between the CEO and an external board member who is also the family's financial advisor, and between the former CEO, who is the founder of the firm, and this external board member.
- 6, 7, 8 The three siblings in the second generation have meetings to agree on different matters and also make a yearly trip together to discuss and evaluate the business. On these occasions, monitoring, decision-making and conflict resolution are performed.
- 9 The financial advisor provides advice outside of board meetings, and is an old friend to the family.

Table 4: Antecedents to the Use of Different Domains

	Firm A	Firm B
Role overlap	The board consists of five family members; the two main owners and the three children of one of them. The TMT is made up of the same family members, with the addition of the marketing manager. All five board members are involved in the daily operations.	The board consists of the owner and his two children as deputy directors, two employees who also make up the TMT, two outside board members and another employee as deputy director. The owner is not involved in the firm, but has an office there, while the son works in the firm.
Border crossing capacity	The two main owners, the siblings in the second generation, have border crossing capacity both in terms of seniority in the firm and family, and ownership.	The owner and his children have border crossing capacity in representing 100 % of the ownership and potential future ownership. Also, they are all the family members involved in the firm.
Directors' expectations	When board functions are conducted in TMT and board meetings, there are no preferences outspoken to have it another way. It is not even important to make a difference between TMT and board meetings.	The owner, CEO and other TMT member do not discuss board matters before board meetings, even though they meet in other occasions. This indicates expectations to perform board functions in the board meeting domain. The owner prefers an active board with external board members as discussion partners and reports from the CEO. There are expectations to introduce the next generation to the firm, which partly is made through inclusion in the board, and partly in conducting decision making in family gatherings.

	Firm C	Firm D
Role overlap	The board consists of four family members and one employee. Three of the family members work in the firm and the fourth one is the founder, who is now retired but present at the firm occasionally. The TMT consists of the three family members in the second generation.	The board consists of three brothers, their parents, and two external directors, one of whom is chairperson. The other external board member knows the family well and is their financial advisor. The three brothers are working in the firm and are members of the TMT. One of them is the CEO.
Border crossing capacity	The three owners in the second generation have border crossing capacity in terms of representing the managing generation, having 51 % of the ownership and being all family members involved in the daily business.	The CEO and former CEO have capacity in being owners and family members, and the financial advisor for having a personal relationship to the two. The three brothers have capacity in representing 60 % of the ownership and all family members in the managing generation.
Directors' expectations	One of the owners in the second generation has taken the initiative to formalize board work, including conducting board functions in the board meeting domain. This includes the potential inclusion of external board members. When decisions are made in family gatherings they are also brought to board meetings and formally decided on there.	The brothers in the second generation prefer to conduct some board functions in family gatherings. The chairperson tries to keep strategic decisions in board meetings but seems to accept heated discussions between the brothers outside this domain. At the same time, the CEO wants an active board where external board members provide advice and networks, structure and legitimacy.

Table 5: Consequences of the Use of Different Domains

	Firm A	Firm B	Firm C	Firm D
Tensions	Minor comments from other board members when main owners make decisions outside the usual domain.	-	-	Major remarks by board chairperson when the three siblings conduct decision-making outside board meetings.
Handling family issues outside board meetings	-	Familial setting for discussing the firm with potential future owners.	-	Keep some discussions and evaluations within the family as a way to keep some issues private and avoid conflicts in board meetings.
Convenient board work	Flexibility when performing board functions in TMT meetings.	Familial setting for discussing the firm with potential future owners.	Discussions between the three owners in the second generation.	Quick and easy decision-making in other domains.

Table 6: Border Management

	Firm A	Firm B	Firm C	Firm D
Border management	Comment from another board member when decision-making is conducted outside the usual domain.	Expectations to have an active board, where external directors contribute. Border management in not discussing board matters outside the board meeting domain.	Formalization of board work, leading to the placement of board functions in board meetings.	Expectations to have an active board requires placing some board functions in the board meeting domain.
	Owner- and family-related matters discussed when non-family members are not present in TMT meetings.	Placing strategic discussions in family gatherings to engage the next generation of family members.		Major remarks by board chairperson when strategic decisions are made outside the board meeting domain.
				Family conflicts and issues handled outside the board meeting domain.

Appendix 1: Example of coding of board function and domain

Domain	Board function	Quotes
TMT meeting	Monitoring (review of financial reports); monitoring or decision making (decides on investments)	Henry: "The board is about the same as the TMT. The board is gathered when we do the annual reports and the auditor's review. Otherwise we don't... we don't since we do a lot of it at the TMT. My sister includes... [information] about the sales and the year before and about the financial situation. So she has an item about that on the agenda. And there we also make the decisions if we're about to buy a new car or a new machine or what we are going to do."
Board meeting	Monitoring (review of annual report with the auditor)	Henry: "The board is gathered when we do the annual reports and the auditor's review. "
Spontaneous conversations	Decision making	<p>Anna: There might be certain things that... one the one hand... there can be misunderstandings and we think it's nothing. And that there's no reason to gather everyone and everyone is stressed and has a lot to do, yes but then we decide that."</p> <p>Interviewer: "And we, that's Anna and Henry."</p> <p>Anna: "Yes, yes exactly."</p> <p>Interviewer: "Mm."</p> <p>Anna: "Since we meet... more frequently in here. [in the office]"</p>

Appendix 2: Illustration of categories with accompanying codes and quotes

Category	Codes	Quotes
role overlap (examples from Firm A)	almost the same members in the board and TMT	<p>Anna: "Then we have those TMT meetings, but it's the same people"</p> <p>Interviewer: "So you do not really have any board meetings except for the shareholders' meeting?"</p> <p>Henry: "No, actually we do not. But we have TMT meetings. But it is, since we are the same people it becomes the same."</p>
	marketing manager not present on all TMT meetings	<p>Interviewer: "In the TMT?"</p> <p>Henry: "Yes, we take it in the TMT."</p> <p>Interviewer: "But there he is present [Jim]"</p> <p>Henry: "Yes, Jim." But he is present every third or fourth time."</p>
	frequency board/TMT meetings	<p>Interviewer: "So you do not really have any board meetings except for the shareholders' meeting?"</p> <p>Henry: "No, actually we do not."</p> <p>Interviewer: "But you still have meetings..."</p> <p>Molly: "Yes."</p> <p>Interviewer: "...quite regularly?"</p> <p>Molly: "Yes, it's every second week."</p>
	formalization of TMT meetings	<p>Henry: "No but we also have minutes for the TMT meetings."</p> <p>Molly: "Yes, we actually have an agenda."</p>

	Codes	Quotes
	confusion TMT vs. board meeting	Interviewer: "How often do you have board meetings?" Andrew: "Well, that differs, we try, we try to have TMT meetings quite often."
	comparison board vs. TMT meeting	Henry: "Nowadays we have TMT meetings. You could call it board meetings as well."
	not important to make distinction between board and TMT meeting	Molly: "Mm. And then, we could also call it slash board meeting. So, so everything is relative." [...] Molly: "Since we are quite... the same persons, or..." Interviewer: "Yes." Molly: "Yes. Then it's not..." Interviewer: "Almost, almost yes." Molly: "Yes." Interviewer: "Mm." Molly: "Then it's not very important."

Appendix 3: Examples of consequences with codes and quotes

Category	Codes Firm A	Quotes Firm A
tensions	The two main owners make decisions alone in rare occasions, which then has been commented on by the other owners.	<p>Interviewer: "Can you talk to each other and decide things by yourself?" [the two siblings in the second generation]</p> <p>Anna: "Well, probably sometimes".</p> <p>...</p> <p>Anna: "They think so, at least". [the third generation]</p> <p>Anna: There might be certain things that... one the one hand... there can be misunderstandings and we think it's nothing. And that there's no reason to gather everyone and everyone is stressed and has a lot to do, yes but then we decide that."</p> <p>Interviewer: "And we, that's Anna and Henry."</p> <p>Anna: "Yes, yes exactly."</p> <p>...</p> <p>Anna: "And we did not consider it as something to bring to the board or the TMT."</p>
handling family issues outside of board meetings	n/a	n/a

Category	Codes Firm A	Quotes Firm A
convenient board work	<p>The respondents do not mention any problems with having TMT meetings/board meetings that are hard do make a difference between, rather they adapt the content to the participants at the meeting.</p> <p>This creates a flexibility for the participants.</p>	<p>Henry: "The board is about the same as the TMT. The board is gathered when we do the annual reports and the auditor's review. Otherwise we don't... we don't since we do a lot of it at the TMT. My sister includes... [information] about the sales and the year before and about the financial situation. So she has an item about that on the agenda. And there we also make the decisions if we're about to buy a new car or a new machine or what we are going to do."</p> <p>Interviewer: "In the TMT meetings"</p> <p>Henry: "Yes, in the TMT meetings".</p> <p>Interviewer: "But there he participates?" [Jim].</p> <p>Henry: "Yes, Jim. But he is present every third or fourth time. And then we turn it around so that we talk more about market issues. Then we do not talk about dividends or things like that".</p> <p>Interviewer: "So you do not have board meetings except for at the annual meeting?"</p> <p>Henry: "No we do not, actually. But we have TMT meetings. But it is, since we are the same people it is the same. And we have an agenda to follow."</p> <p>Anna: "Then we have those... TMT meetings which in essence are board meetings since we are the same people, except for Jim who participates every now and then".</p>

Appendix 4: Examples of border management with quotes

Case firm	Identified border management	Quotes
Firm A	Comment from another board member when decision-making is conducted outside the usual domain.	<p>Interviewer: "Can you talk to each other and decide things by yourself?" [the two siblings in the second generation]</p> <p>Anna: "Well, probably sometimes".</p> <p>...</p> <p>Anna: "They think so, at least". [the third generation]</p> <p>Anna: There might be certain things that... one the one hand... there can be misunderstandings and we think it's nothing. And that there's no reason to gather everyone and everyone is stressed and has a lot to do, yes but then we decide that."</p> <p>Interviewer: "And we, that Anna and Henry?"</p> <p>Anna: "Yes, yes exactly."</p> <p>...</p> <p>Anna: "And we did not consider it as something to bring to the board or the TMT."</p>
	Owner- and family-related matters discussed when non-family members are not present in TMT meetings.	<p>Henry: "The board is about the same as the TMT. The board is gathered when we do the annual reports and the auditor's review. Otherwise we don't... we don't since we do a lot of it at the TMT. My sister includes... [information] about the sales and the year before and about the financial situation. So she has an item about that on the agenda. And there we also make the decisions if we're about to buy a new car or a new machine or what we are going to do."</p> <p>Interviewer: "In the TMT meetings"</p> <p>Henry: "Yes, in the TMT meetings".</p> <p>Interviewer: "But there he participates?" [Jim].</p> <p>Henry: "Yes, Jim. He participates every third or fourth time. And then we turn it around so that we talk more about market issues. Then we do not talk about dividends or things like that".</p>

Case firm	Identified border management	Quotes
Firm B	Expectations to have an active board, where external directors contribute. Border management in not discussing board matters outside the board meeting domain.	<p>Oliver: "Well, it is still, when you work as I do, having an external CEO, the CEO should report to me. In addition, you want a sounding board, that the CEO reports to the board. And for me it's always nice to have someone to discuss with, you're quite alone as an entrepreneur."</p> <p>Interviewer: "Yes."</p> <p>Oliver: "And then it is very fun and very important to have a network that you can discuss with. Therefore I have chosen to have at least two external directors."</p> <p>Interviewer: "But have you decided before the board meetings, you and Oliver?" So that the questions are done, before the meeting?</p> <p>Logan: "Well the questions are prepared in there being an agenda. I write my report for the meeting and send to the directors."</p> <p>Interviewer: "Yes."</p> <p>Logan: "And then I get to defend it in a way [in the meeting], they are a bit of opponents in a way. It's a bit like in school, you might get to redo things."</p> <p>Interviewer: "But one way to avoid having to redo things is to, that you have prepared the question with the help of the chairperson who also is the totally dominant owner".</p> <p>Logan: "Yes, but there is no reason to prepare a question like that, because then we do not need a board". I mean, the point, as we see it, is to have it [the board] external, we don't have that much external involvement [in the firm], and what we get externally is important to consider."</p>
	Placing strategic discussions in family gatherings to engage the next generation of family members.	<p>Oliver: "I have gathered the family a few times during the year when they are home, because now they are out in the world, and then I inform them and we talk. About how they feel, how they see it and I inform about the firm. So that they have some insight."</p> <p>...</p> <p>Oliver: "Yes of course we discuss [he and the children] if we are going to do something big, then we bring it up."</p>

Case firm	Identified border management	Quotes
Firm C	Formalization of board work, leading to the placement of board functions in board meetings.	<p>Luke: "It has gone through pretty big changes, the board work, this last year. Since Eve finished her courses there has been a stiffening of the board work.</p> <p>Interviewer: How has board work changed?</p> <p>Luke: "Well, partly better continuity and better... better material before the meeting and better material after the meetings.</p> <p>Eve: "This is something that we have missed. ... It is perceivable because... they [the other directors] have been enthusiastic concerning this, we have missed this forum.</p> <p>Interviewer: "Yes I've heard others say that a board is... it offers opportunities to formalize, and that can be good for a firm under certain circumstances. And it sounds like you are going to do that now."</p> <p>Eve: "Yes. Specifically this with a decision list and that you have... you get a follow-up of what you have decided and you take a look at them [the decisions] and implement them and... And then you can follow this.</p> <p>...</p> <p>Interviewer: "But nowadays you have... you have board meetings?"</p> <p>James: "Yes. Now they are planned so that.. Now it is more of a working board, you could say. And there was an uplifting here a while ago when we, we took one of those board educations so that we got a grip of what the responsibility is and things like that.</p> <p>...</p> <p>And then Eve is very good at... making sure that there is material and preparation and things like that, before the board meetings.</p>

Case firm	Identified border management	Quotes
Firm D	Expectations to have an active board requires placing some board functions in the board meeting domain.	No direct citation, but an interpretation based on several respondents' views of the board and its formalization.
	Major remarks by board chairperson when strategic decisions are made outside the board meeting domain.	Matthew: "And a few years ago we brought in this new segment. Maybe it happened without the participation of the board, actually. It was an idea that one got during a holiday. So it was not really anchored enough. And it was not that popular, actually."
	Family conflicts and issues handled outside the board meeting domain.	Interviewer: "The formal, yes. But aren't there things that one would like to keep within the family or even within the group of siblings?" Matthew: "Yes, but then we call for those meetings." ... Robin: Well if they [the siblings] have some critical questions they have usually talked about it beforehand, in order not to have that discussion in the board meeting." ... Parker: We can have very vivid discussions. Interviewer: "Between the siblings?" Parker: "Between the siblings. Internally, when we meet alone. But when we are outside that room and maybe meet in the evening, we do not discuss that anymore." ... Parker: "We have very different opinions on matters. But when we make a decision we have to agree. That is important."