Accounting in boards
– on the practices of ‘doing the job’ and ‘going home’

Bino Catasús and Gustav Johed

Paper in the workings
- comments most welcome

Abstract
TBD

Introduction

Agency theory predicts that corporate boards are concerned with mitigating what agency theory defines as deviant activities of management (Jensen and Meckling 1976, Watts and Zimmerman 1983). This proposition rests on a central and conditional sentence in Jensen and Mecklin's paper (1976, p. 308, our italics) on agency theory: suggesting "*if* both parties [in] the relationship are utility maximizers, there is good reason to believe that the agent will not always act in the best interests of the principal." Thus, Jensen and Meckling (ibid.) explicitly precondition agency theory on a non-controversial idea in financial economics and by building on this proviso they suggest 'a theory of the firm'. This theory, in turn, lays ground for a generic corporate governance (CG) model in which a defined set of key actors are expected to exploit their divergent interests. This paper reports from a study of such a key actor; this paper analyzes corporate boards in listed firms (from here on boards). In agency theory, boards are part to the shareholders' agency costs, i.e. the residual loss borne by principals to curb their agent's deviant activities. The ambition is that the board should work towards aligning the interests of the self-interested management to the self-interested shareholder's interests.

The motivation for studying this particular group, sometimes labeled the ultimate corporate decision-makers, is that under general governance regimes, the board (after being elected by the shareholders at the shareholders' meeting, has been given extensive decision-making authority. One of the key matters for this top-echelon body is to, agency theory and CG codes predict, oversee the processes of financial reporting (Foster 2002, Nicholson and Kiel 2004, Pugliese, Nicholson et al. 2015) because it is through accounting reports that the board can lower the (expected) information asymmetry between the management and the shareholders. The financial reports, in turn, are then presented at the shareholders' meeting and can be used as an argument for voting on a change of the composition of the board. This suggests that accounting has at least two different purposes in relation to boards. One, accounting reports constitute a vehicle for the shareholders to evaluate the performance of the board, but (2) the reports are also a vehicle for the board to make decisions about the management of the firm.

A part of the board work is to handle these dual functions of financial reports and board work is typically understood as the work that is carried when directors of the board (directors from now on) meet during board meetings. Earlier studies have shown that when the directors meet they are indeed concerned with the two icons of board work (developing and implanting schemes for incentives and control) in the management of the firm. However board meetings include other issues such as strategy (Carpenter and Westphal 2001, Parker 2008), market information and experience (Huse 2005, Huse 2007), legal oversight (Machold and Farquhar 2013) and financing (Hillman and Dalziel 2003) are also part of the agenda for the board. That is, although there is a vast amount, as well as a long history, of studies on board meetings (see e.g., Mace 1971, Mace 1979, Westphal and Zajac 1995, Millstein and MacAvoy 1998) suggesting that board meetings are not merely a meeting about the variation of use of the two icons of governance, it is fair to conclude that agency theory analysis dominate the board literature.

The primacy of applying agency theory is true also for the stream of accounting research that is devoted to boards and board work. Typically, accounting literature tests the efficiency of agency theory by correlating variables such as independence of directors to performance (Beasley 1996); number of board meetings and control intensity (Vafeas 1999); size of the board to firm performance (Arayssi, Dah et al. 2016, Hussain, Rigoni et al. 2018, Husted and de Sousa-Filho 2018); board composition to quality of disclosure (Gul and Leung 2004, Ahmed, Hossain et al. 2006). This literature, thus, tests whether directors and their doings can explain increased agency costs. The hypotheses tested in this stream of literature are built on the proposition that actors' interests can be unearthed by e.g. board member's provenience suggesting that board members actions can be predicted by an *ex-ante* characteristic. Whereas agency theory inspired literature still dominates, there is a literature that questions the value of studying board work merely through correlating measureable characteristics of boards with performance.

In a review of 94 published articles on board meetings, Jain and Jamali (2016, p. 261) suggest that "it is time to move beyond a focus on structural aspects of boards, toward understanding board processes and dynamics." In a similar way, Machold and Farquhar (2013, p. 147) criticize, agency theory inspired studies by stating that this research "… focus on the "usual suspects" [has] failed to provide meaningful insights into what is actually happening in the boardroom and, more importantly, the ways in which boards can contribute to organizational value creation." These papers indicate that there is a something else going on and that "board performance is not the result of board structures alone, but also of director behaviours and group processes in and around the boardroom" (Bezemer, Nicholson et al. 2014, p. 239). The critiques, thus, emphasizes that in order to understand boards in light of CG codes, we should look at board meetings as social interaction, but rather look behind closed door and unfold the practices that make up board work.

In accounting, studies of the how accounting reports are a part of meetings in the CG arena show that accounting is approached in many ways: accounting can be discussed and negotiated in terms of fair representations (McCracken, Salterio et al. 2008), used as a means for a group making sense of the relationships between accounting and operations (Jordan and Messner 2012, Abrahamsson, Englund et al. 2016, Carlsson-Wall, Kraus et al. 2016), be mobilized as a core ingredient in a well scripted ritual at the shareholders' meeting (Johed and Catasús 2018), or as a vehicle for front stage interaction for analysts (Solomon, Solomon et al. 2013, Graaf 2018). Although accounting papers on board work are limited, there are some exceptions in which board work is affected by or affects accounting reports.

Holland's (2001) study of fund managers show that their influence on board selection became more interventionist with adverse changes in corporate performance factors such as cash flow, stock-price and other financial performance measures (ibid., p. 521). Thus, Holland emphasizes that the directors are affected by the ways in which performance is reported. In a theoretical exercise, Biondi and Rebérioux (2012) argue that because of the limitations of accounting standards to accurately intangibles, intangible-intensive firms should include executive directors, thus accepting the provenance argument in agency theory but relating that argument to accounting practicalities. In a more explicit critique of agency theory, Roberts, McNulty et al. (2005) emphasize that board meetings are meetings in which a group of directors develop accountabilities in a face-to-face setting. Here, accounting becomes a central actor to which the directors relate during the meeting.

To summarize, the literature questioning the potentiality of agency theory as the main analytical approach to board work, has approached board work as a practice that supplies more than monitoring work (applying a resource-based view) and this literature has also approached board work from a micro-sociological perspective. Empirically, earlier research in this stream of corporate governance literature, has primarily investigated auditors (Cooper and Robson 2006, Carrington and Catasús 2007), shareholders (Johed and Catasús 2015), fund managers (Holland 2001)and financial analysts (Roberts, McNulty et al. 2005, Roberts, Sanderson et al. 2006, Roberts 2012). In fact, there is a scarce amount of accounting literature on board work "that goes socially informed yet actor-centric, and thus offers a distinct alternative to under-socialized governance theories such as agency theory" (Westphal and Zajac 2013, p. 607).

As a result, we aim to investigate how accounting is complacent in binding and dissolving board meetings. We emphasize that board work is more than a collision of ostensive characteristics (Latour 1984) constructed by agency theory, but we also abstain from ignoring the importance of agency theory. That is, it is fair to presuppose that corporate directors work under the influence of corporate law and CG codes and since CG codes are developed inline with agency theory, we approach agency theory as yet another potential influence on board work. Importantly, then, the directors in the board are not only principals, they are *also* strategists, financiers, consultants, speaking partners, ombudsmen for owner groups, specialists etc.

Bearing in mind all the functions and nuances that board work is said to entail, as well as the argument of understanding that the board is a group in itself with relations within and outside the board meeting, the conundrum is not primarily what who is speaking about what at the board meetings, but rather *how it is possible to terminate a board meeting?* Our paper builds on interviews of forty-four nonexecutive directors in boards of Swedish listed firms. The interviews evolved around the ways in which accounting is a part of the board meeting. As a result, we also turn to literature on meetings and we approach organizational meetings as an event (i.e. where functionality is merely an ingredient). That is, we draw on current literature on meetings (e.g. Duffy and O'Rourke 2015, Schwartzman 2015, Peters 2017) who approach the meeting as an achievement in itself.

The paper is organized in the traditional way: In order to analyze the links between accounting and board work, we enter into a dialogue with a stream of literature. In order to emphasize the meting in which financial account comes into play we first draw on literature that has emphasized the studies of meetings. Primarily we approach the stream of research that looks upon meetings as situated practices of organized social encounters. We also review earlier literature on board work and the ways accounting interplays with other nodes in corporate governance. We then present and discuss the ways in which we gathered and analyzed data. In the second to last section, i.e. when presenting the directors' descriptions about the board meetings, we divide the findings in a sequential order relating to the composition, preparations and executions of the meeting. Nevertheless, our analysis of this data builds on the proposition that meetings can be best understood by thinking of a meeting as an achievement and as a result emphasize that accounting is mobilized not only for decisions but also as a means to terminate the meeting. As tradition has it, in the last section we suggest possible contribution to earlier literature. Here our ambition is to contribute to the sociological stream of accounting as well as to board literature.

Accounting for Meetings

Although meetings, "the gathering together in order to talk and come to decisions about the common future" (van Vree 2011, p. 242), have been analyzed a central aspect of the civilizing processes (van Vree 2011), the literature on meetings has foremost investigated and discussed meetings in organizations. Organized meetings are recurring features of organizational life in which people come together to talk about (and decide) on a variety of issues such as e.g. strategies, goals and other organizational concerns such as leadership (Knights and Willmott 1992). On the one hand, organizational meetings are events that are "'de-coupled' from the ongoing organizational processes (Jarzabkowski and Seidl 2008, p. 1395) by e.g. carrying out meetings in locales outside everyday practices and, on the other hand, prescriptive ideas suggest that meetings are events designed to, from the 'outside', focus on the organization's practices and therefor ideally 're-couple the meeting' to organizational practices (see e.g. Dennis 2006)

There is a general sentiment in meetings research that the phenomenon is relatively under researched, not least in comparison to how much time is spent in meetings (Rogelberg, Leach et al. 2006, Odermatt, König et al. 2016). In critical literature on organizational meetings, meetings are also described as dysfunctional nuisances and a waste of time (Schwartzman 1989, Perlow 1999). Still, meetings prevail and Sandler and Thedvall (2017) suggest that meetings are designed to be the vehicle, what they call the aesthetic infrastructure, for circulating decisions and ideas and thus become a mechanism for a form of "civilizing" of organizations. Or, as Schwartzman (1989, p. 313) summarizes organizational meetings: "Meetings create pockets of order in an often disordered world."

In practice, meetings are "sequences of events marked by a beginning and a pre-defined *ending*" (Jarzabkowski and Seidl 2008, p. 1394, italics added) in which a selected group of people meet at a selected place during a limited time. The particularities of some type of meetings are that they are built around formal restrictions that define who, where, when, why the meetings are carried out (Jarzabkowski and Seidl 2008). This suggests that, meetings can be analyzed by studying by starting with who is not invited and thus see board composition as a "constitutive exclusion, by which any particular notion of inclusion is established" (Butler 2015, p. 4), Those invited need to be prepared and this suggests that preparations are also a part of the meeting (Roberts, McNulty et al. 2005, Allen, Lehmann-Willenbrock et al. 2015). Whereas the meeting itself has been approached as a vehicle for achieving a particular end, as for example strategizing in Jarzabkowski and Seidl (2008) or as constitutive element of organizing (Sandler and Thedvall 2017), the meeting may be approached as an achievement in itself (Duffy and O'Rourke 2015, Schwartzman 2015, Peters 2017)

If meetings are seen as achievements then the institutional pressures that are put on the directors become just another input to understand the meeting. This also offers a possibility to highlight that both the meeting itself and its preparations are built around mediators that can guide the meeting towards its end (Schwartzman 2015, p. 743). For directors, the mediators include the financial accounts and other accounting inscriptions that are distributed to the directors before as well as discussed at the meeting. More, if meetings are the achievement, agency theory becomes just another input to the discussion and thereby we can downplay agency theory (Westphal and Zajac 2013, p. 607) to avoid exclusively focusing on individuals (Schwartzman 2015, p. 740) and approaching the end of a meeting as a group effort. In this view a board meeting becomes what Peters (2017) call an emergent event, i.e. a complex assemblage of e.g. CG codes, individual directors, group dynamics, networks and financial reports.

Accounting for Boards

The board literature is vast and the literature is often divided in "who boards are" and "what boards do." As an example, Forbes and Milliken (1999) suggest that directors are expected to have competence to fulfill the practices of board work (what they call task performance) and to function as a group and preserving the collective structures of the board itself (what they call cohesiveness). Another way of classifying earlier literature is to ground the division in the theoretical influences that base conclusions for how boards interact with accounting. Admittingly, the literature reviewed below is merely tangent to the accounting discourse because, as far as we know, the literature in which accounting technologies are core to the activity for the board is, maybe surprising, minute.

Agency theory, boards and accounting

In reviewing the literature on board work, it is, arguably, a fruitful start is to attend to agency theory because agency theory is not only the dominating point of description in accounting and governance research (Eisenhardt 1989), it is also the theory underlying ideals that prescribe particular roles in governance codes (Wieland 2009, Johed and Catasús 2018). As a result agency theory is performed through CG codes (MacKenzie, Muniesa et al. 2007) and becomes part of the empirical story (rather than as an analytical frame of reference). That is, we acknowledge that board practices as well accounting practices within a governance realm, cannot bypass CG ideas of 'good board work'.

Somewhat puzzlingly, agency theory and by extension CG codes, suggest that it is through *self*-interest that we can understand relationships between groups. On the one hand, shareholders, auditors and boards are expected to act with separate but conjoined interest. On the other hand, board members are expected to be individual ombudsmen for a particular interest and the board is perceived as a nexus of competing interests. This paradox is maybe even more problematic if we consider that, as already Cohen, March et al. (1972) described nearly a century ago, even if interests can be pre-existing they are not consistent over time. Thus, if we perceive the board as one singular interest we need to look at the ways interests develop during the meetings.

In agency theory the directors are in charge of formulating the contractual arrangement between the shareholders and management. As principals, the board's responsibilities include, again following the imperatives of agency theory, organizing the incentives needed to align the interest of the top management to those of the shareholders and to develop controls for mitigating deviant behavior. As a result, and in many jurisdictions, the board is responsible for the production of 'high quality information' presented to the shareholders and the regulated procedure implies that it is the board that first signs the financial report and only then it is time for the extended arm of the shareholders i.e. the auditors, to further 'bless the report with their sacred signature' (Pentland 1993). The directors, thus, are part of the preparers of the report.

Boards are also, however, also users of accounts and - following the CG codes – accounts are inputs for assessing the operational management of the firm. The financial report is, here, the agency cost by which the information asymmetry between the representatives of the owners and the self-interested management is lessened. Such a disclosure should, this literature suggests, be more efficient with fair value accounting since it lowers the information asymmetry (Laux and Leuz 2009). From an agency theory perspective, the fair value financial report is nothing less than the key technology for the board to evaluate the management. This makes the financial report an obligatory point of passage (Callon 1984) for all work in and around the board room. More, in practice, the directors are themselves called to account for the universe of shareholders by that same report. This affects the relationship between directors and the financial reports because the reports can be mobilized for double-edged accountabilities. Thus, directors of corporate boards are both 'preparers' and 'users' of accounts and prepare and use reports as both representatives for the shareholders as well as being accountable to them (Hill and Jones 1992).

Resource-based view, boards and accounting

Emphasizing a resource-based argument, Zajac and Westphal (1996) suggest that boards of directors are likely to reflect dependencies outside the board room and that board work reflects the social ties that binds the board together. Such a view suggests that boards can be seen as (i) individual directors and their particular competencies and (ii) the resources that can be mobilized by the board. Following this logic, board composition practices are a complex set of activities (such as taking stock of resources available and deciding on desired resources). The success of the board, this literature argues, relies on the recruitment and retaining of directors that can carry out board work.

A relatively homogenous picture of board work suggests that board work has become more professional and that the 'honorary' positions are becoming sparser. More, the ways in which the directors prepare for meetings have changed. Commenting on the practice of preparing for the board meeting, Mace (1979, p. 303) is surprised that the directors' preparation did not change between the 1960s to the 1970s: "Even today many companies still do not send a meeting agenda, supporting materials, detailed financial reports, explanation of pending capital appropriation requests, or any other data to directors prior to meetings". Today, it is fair to assume, regulators expect that directors are somewhat financial literate because without being able to read financial reports they will probably not be able to perform their tasks.

Early on regulators in the US, such as the Blue-Ribbon Committee (1999), recommended that every publicly traded company have an audit committee comprising at least three financially literate members. The committee does not define financial literacy other than to say that it "signifies the ability to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement" (ibid., chapter 3). In Europe, the 8th Directive (European Commission 2006) states that at least one member of the audit committee should be financial literate and thus have competence in accounting or auditing. Still, the board and its committees should not be too competent. As one chairperson exclaims in the study by Gendron and Bédard (2006, p. 234):

> *I would be very concerned about having six chartered accountants on my audit committee*

Earlier literature, thus, suggests that the directors, as a group, need to bring both technical expertise to producing accounts, what Collins (2004) calls contributory expertise, and the expertise to act as a sounding board (*sic!)* for management's concerns (Machold and Farquhar 2013), what (Collins 2004) calls interactional expertise. Although this stream of literature has seen boards as a bundle of resources (Salancik and Pfeffer 1974), there is little emphasize on the ways in which levels of accounting expertise plays a central role for all directors.

Micro-sociology, boards and accounting

There is a stream of board literature that emphasize that directors work as a collective and, thus, want to add to the understanding of boards as a number of individual agents or a bundle of resources. For Westphal and Zajac (2013), promoting what they call 'a behavioral theory of corporate governance', boards should be analyzed as being socially situated, which indicates that financial reports are discussed differently in every board. Their theoretical attempt should be seen as a critique to the atomistic underpinnings in agency theory and the belittling of group dynamics in the resource-based view of board work.

This stream of research explores such things as relationships between CEOs and directors (Westphal 1999), norms of reciprocity (Westphal and Zajac 2013) and considers that boards are vulnerable to “interaction difficulties that prevent groups from achieving their full potential” (Forbes and Milliken 1999, p. 492). Here, board meetings are not merely an assembly of agents or a congregation of resources; board meetings are social interactions in which norms and formal demands go hand-in-hand with group dynamics. Roberts (2001, p. 1563) notes that “the collective nature of the groups’ formal responsibilities, the face-to-face structure of meetings and the relative balance of power between members can create a dynamic of openness and engagement.” Similarly, Hillman, Nicholson et al. (2008) make the point that the individual director has multiple identities and that affects what they share at the board meeting (ibid., p. 447). This means that the opinions and comments that follow the directors’ preparations are renegotiated and may be accepted as invalid given the discussion that follows. It also means that there is likely to be emotions involved not least because, as March and Olsen (1976) point out, meetings and decisions "are a stage for many dramas.”

Some decisions are more dramatic than others because they affect the directors and their possibilities to affect the firm. Whereas some of the potential bullet points on the agenda might be delegated to the CEO and to top management of the firm, other are not. What the board cannot delegate is the recruitment and firing the CEO. Although agency theory would propose that the conflict of interests between shareholders and management would always be a factor, it can be argued that management’s interests may diverge less or more depending on who is recruited as the CEO. Roberts, McNulty et al. (2005) show how directors are aware of the importance of the CEO when concluding that it is the relationship between the CEO and the director that determines board effectiveness. In this stream of literature, the relationship between the individual directors and between the directors and the CEO is seen as social processes in which interests are developed together (Withers, Hillman et al. 2012).

This literature emphasizes institutional processes (Westphal and Zajac 1995, Westphal and Zajac 2013, Westphal and Shani 2016) and the development of social relationships in which building “ties of loyalty and reciprocal dependence … go beyond the board’s function as a relay within a wider disciplinary chain” (Roberts 2001, p.1555). Consequently, this process-view emphasizes the connection between preparations, problematization and decisions and some researchers, such Sundaramurthy, Pukthuanthong et al. (2014) and McNulty and Pettigrew (1999)), argue that because of “the quality of the directors’ contribution hinges on their thorough preparation” (Sundaramurthy, Pukthuanthong et al. 2014, p. 850). Preparations are carried out not only ‘in the name of principals’, i.e. to build arguments in the continuous monitoring of management, but also because the financial reports will be used by the capital market actors who view the directors as agents. It resembles what one if the interviewees say in Roberts, Sanderson et al. (2006) study of meetings between Investor Relations managers and institutional investors:

> *In terms of level of preparation, there's an intense amount of preparation, because what we're quite experienced at now is that the market listens to everything you say (ibid., p. 283)*

The directors have many actors to consider when they meet in the actual board meeting. Board meetings are generally time-restrained but that does not mean that issues are simplified. Power (2009) exemplifies that risk discussions do not merely go through a standardized process to produce a risk number, what Power calls "a thing" (ibid., p. 854). Instead to understand the interplay between directors and accounting we need to see board work as "a dynamic construction involving values and the situational experience" (ibid.).

The micro-sociological stream of literature emphasize that directors are a group made up by particular individuals that have agreed to perform. Roberts et al (2005) describe some of the balancing acts that are expected of the directors; they should as individuals and as a group be 'engaged but non-executive', 'challenging but supportive' as well as 'independent but involved.' The literature contributes to the agency theory and resource-based theory by showing and analyzing how groups are not only an assembly of self-interested agents or containers of resources. Groups build on social encounters in which interests and resources are constructed over time. As a result, however, this literature has primarily looked at the ways in which the directors relate to each other and have belittled how technologies (such as accounting reports) are necessary to end the meeting.

Going about studying and analyzing boards

Settings

The Swedish capital market is one of competing logics (Högfeldt 2005) where there are two ideals of how and why market actors should attend to and attach meaning to their institutional environments. Historically, the Swedish capital market was organized to make it possible for some owners to have voting power (and thereby having the possibility to have impact on the constitution of the board) without having the majority of shares. More, the Swedish GAAP was primarily organized to protect the creditors (rather than approaching accounting as a decision tool for equity investments). This design of the capital market has, however, been challenged.

Boards and board meetings have, during the last decades in parallel with the development of Corporate Governance Codes, developed from being formal assemblies of people with honorary towards becoming a central piece in the corporate governance mosaic. In practice this has meant an explicit responsibility to monitor and incentivize top management. In effect, corporate boards are bequeathed with these powers because of the way that agency theory maps the relationships between the actors in the corporate governance relationships (Johed and Catasús, 2018).

Arguably, local practices meet institutional pressures to homogenize markets through what institutional theory would consider the usual suspects (e.g trans-national legal bodies, global market makers and market place owners, international co-operations, investors and actors in firms). The Swedish GAAP and other regulations relating to governance have changed not least since Sweden joined the European Union (in 1995) and the financialization of financial accounting as institutionalized by IASB (Johed and Catasús 2015). New institutional settings and ideals, such as new corporate governance codes, explicit shareholder primacy and new accounting ideals such as true and fair view, offer a different approach to the capital market.

Presently, Johed and Catasús (2015) argue, both the traditional Swedish owner logic and the Anglo-Saxon investor (Mennicken and Power 2015) logic prevail, suggesting that boards meet both the investor (who is ready to leave the firm if risk and reward is considered better elsewhere) and the owner (that approaches the firm as part of his/her responsibility on the long run). One example is that, on the one hand, the shareholder meeting makes the formal decision who should be the auditor and a sub-committee of the board, the Audit Committee, evaluates the auditors.

As a result, in Sweden, boards can approach 'their' firms as being either guardians of the shareholders' investments or as guardians of the firm. Thus, the board is either seen as a principal (vis-à-vis the management) or as an agent (vis-à-vis the shareholders). This issue is discussed already by (Hill and Jones 1992) who after studying regulations and norms, concluded that it is unclear whether boards are internal or external committees in their relationship to the firm. In effect this blur, demands that Swedish boards navigate between the demands following different interests, but it also suggests that this setting opens up for some discretionary approaches for the board.

Getting data

The paper builds on interviews of 44 directors of listed Swedish firms. Our semi-structured interviews were focused around how directors interact in general and the role of accounting in specific. The first challenge was to get access to directors and we sent out an inquiry by email to a handful of well-reputed and outspoken (as in often in media) directors. Since our questions related to the ways in which directors engage in accounting, we started off by prioritizing those directors who had voiced their concerns for accounting or auditing regulations. Some of them said yes and we started out by doing three interviews and then using their networks to get access to more.

We also sent a three more batches of e-mails to directors to mitigate (but surely not eliminate) the risk of bias in the sample. The second-fourth "batch" of e-mails also gave us the opportunity to talk to more directors (and their recommendations). All but two interviews were face-to-face and two of the interviews were carried out by phone. We recorded almost all interviews and transcribed them word by word. A couple of interviewees did not want to be recorded (we did not notice any significant difference in the answers) and two recordings failed for technical reasons. The interview lasted no loner than an hour. There is some critique to interviews of directors because as Peck (1995) notes, the responses may be influenced by socially desirability. Such a critique, however, builds on the idea that the researcher has an agenda. For us, however, curiosity was the main driver.

Our interviews were semi structured in the sense that we had a couple of areas we wanted to discuss. In our first interviews we spent a lot of time talking about the CG codes and how they affected the directors. This was, however, not an issue that the directors were especially concerned with so as the interviews piled up we downplayed this line of questions. The part that came to dominate the discussion was the was in the way which the directors prepared and later discussed the material they got sent to them.

Our strategy in the interviews was to ask questions in relation to their answers (Kreiner and Mouritsen 2005) and to be, if not provocative, at least aspire to give the respondents time to reflect on their practices. This means that we worked with follow-up questions and rather than seeing the directors as a container of answers, we approached them as reflecting professionals. More, as we added to our interviews we noticed that some questions developed from earlier literature, tended to be uninteresting for us (and for the directors) and that new insights were developed from the interviews, we continuously redesigned the gross-list of questions we brought with us to the interviews.

Analyzing data

We have not used any specific software, but instead read the transcripts and the notes several times in relation to the theoretical idea that has been at the core of the interest at that particular point of time. That is, the first analysis we carried out was built around an empirical story of Swedish board members relation to global accounting standards. Such a reading emphasized the idea that although financial accounting changes may be hard to understand, the actors cope with this problem. Still, re-analyzing this data we found, and this is also the proposition of this paper, that accounting was an obligatory point of passage at the meeting and that it was inconceivable to think about board meetings without accounting information. The proposition that accounting information configures the board, then, offered a way to present the findings in a different way. It also pushed us to mobilize meeting literature to organize the analysis and the presentation of the study.

We have chosen to present a number of quotes to illustrate the ways in which the directors discussed board work and accounting. The quotes are not chosen because they are 'most common', but rather because they offer insights and comments vis-à-vis theoretical propositions of board work. Rather than offering empirical generalizability of how accounting is approached by the directors, the quotes are used as a means to problematize earlier literature.

Board working

We have divided our presentation of the empirical corpus in three sub-sections relating to Jarzabkowski and Seidl's conceptualization of meetings:

(i) Composing the board,
(ii) preparing for the meeting, and
(iii) carrying out the meeting.

Such a linear and sequential process may, however, suggest that the result of each episode is a surprise. This is not the case. Instead, we suggest that board meetings are organized by the anticipation that the meeting will be terminated. Inspired by Power (1996) who shows how auditing should be analyzed as a practice *before* reporting (because auditability demands a particular account), we approach the termination of the meeting as the driver for all other events. Following this logic, the board meeting is organized so that the directors can envision clear objectives such as 'going home', 'getting things done' or 'postponing decisions'. Below, however, we present and analyze the data in the order Jarzabkowski and Seidl (2008) outlines. Still, as our analysis will show, board work are practices in which 'going home' drives the ways boards compose the board, prepare for the meeting and make decisions. And, we will also show, accounting is at the center of the attention of any board meeting.

Constitutive exclusion – selecting the board

In their reflections about the selection of the board, the responses corroborate earlier suggestion, i.e. that the composition of the board is crucial and that it is affected by alliances as well as ideas of competence and social skills. Directors that cannot show loyalties to specific networks or contribute with competence and social skills will not have access to the board meetings. There are also some legal requirements and according to the Swedish Company Law, in order to become a member of the board you must pass some minimum requirements (such as being over 18 years old or not being personally bankrupt) and to be aware of your responsibilities as a director, e.g. being aware of that directors can be held personally liable for decisions that have been made when serving on the board. Our respondents, however, never discussed these legal requirements, but instead reflected on the importance of the board as a "working collective" including "people with expertise" and "people that have experience that may benefit the board." How these traits unfold in actual board work is, however, hard to predict and therefor recruitment relies on developing proxies.

One Chairman of the board (COB) noted: "The experience I am looking for is that the person has had a central role in a multinational firm." Others said they focused on particular competences (e.g. branding, financing, industry knowledge). When asked about media's critique of the board recruiting the usual suspects ("white, old men"), many directors protested. One commented that "only 4% of the top managers in large Swedish concerns are women" and "since experience is key to our recruitment" one should not be surprised. When pushed on this issue, the director reflected that the demographics of new directors (e.g. sex, age and nationality) could be the extra argument when other traits were equal. As another director said: "The critique has not gone unnoticed," and although the board composition is described as being driven by a balance of competences, neither the board nor the nomination committee is unaffected by the debate outside the boardroom since boards are open systems (Huse 1998).

Although the Swedish Company Act offers the possibility for the board to, themselves, appoint up to three directors, the practice is that it is a nomination committee (appointed by the annual general meeting) suggests changes among board members. Still, the nomination committee, the COB in the study acknowledge, is responsive to the COB's wishes of recruitment and dismissal of members. The idea that some issues could be delegated to committees affects the way the COB thinks of the board composition. Although the board is described as a collective both in regulation and in the interviews, the COB is first among equals. In fact, also formally, the COB is the most important director because the COB has a casting vote if the board is undecided. The COB is in charge of creating a good atmosphere in the board, setting the agenda and, as a director labeled it, "the COB runs the show".

For the COB, it is not only the competencies of the directors that are important. In fact, the chairmen emphasize that it is ways the director contributes to the discussion and that they are willing and able to invest time. Says one COB:

> *The single most important issue in my choice of a director, it is the availability of time*

In our study, directors meet minimum five times per year: Once every quarter, typically in conjunction with the quarterly report, and they also meet for a two-day strategy meeting. There can, however, be reasons for more meetings such as budget meetings, meetings relating to large acquisitions or disinvestments and the hiring and firing of the CEO. According to the directors the workload is potentially high, the directors in our study described that the number of extra board meetings, normally, were 5-6 per year "depending in which phase the firm is in" (BV). The board members reported that they understand that it may not be possible to attend all the extra board meetings "because people have other engagements" but "being present on the phone is not the same thing as meeting face to face". The directors, thus, emphasized that the meetings ideally are social events (corroborating micro-sociology literature) when all directors are physically present and in which they expect people to be ready to contribute (corroborating resource-based literature).

The general sentiment was that board work has changed from being an honorary position to becoming work in which the directors need to invest time. The honor of sitting in a board should, however, not be downplayed because it *is* an honor, some directors witnessed, to be invited to sit on a board in a major Swedish listen firm. But, probably contrary to public opinion, the directors do not think of their work as well paid. One director formulated it in the following way:

> *Today, the relationship between the things you have to do, the responsibility you have and the remuneration you get is not a good relationship [for the individual director].*

In Sweden, remuneration has to be paid out to an individual because, officially, a director is there on his/her own merits and not because of alliances. There is sometimes a fixed yearly remuneration and that can turn out to be bad business for the individual director. One director remembers being the chairman of a firm that had major problems:

> *I worked nearly full time for three years, and I know because I meticulously book my time [alluding to the fact that he is a lawyer], I worked 1900 hours, 1750 hours, 1200 hours respectively… And I did not count all the hours I spent working during nights. (BV)*

One of the issues at stake in agency theory is control intensity and the argument is that it is reasonable to proxy control by the number of board meetings (Xie, Davidson et al. 2003). In our study we found that meetings can be organized for issues beyond controlling the executive branch and that some meetings need more preparations. Instead our study indicates that few meetings correlate to either that the board believes that the control mechanisms are already in place, the firm is working well or there are no disruptions in the set strategy. This, in turnm suggests that using the proxy *number of* meetings to identify some sort of agency cost might be problematic without knowing why and how the meetings were organized.

Although the traits 'experience' and 'character' of the director dominate the narrative of why some potential directors are excluded, there is yet another issue that is considered. The Swedish capital market is characterize by large owner groups (Collin 1998), some of them families, and the probability is high that one has worked in one of the spheres before one become short-listed for board work. A director says that he was short-listed not only because of his history as a CEO for a listed firm:

> *I have worked for family X:son and I know what that is like (CK)*

Directors are often classified as "belonging" to one sphere or another, indicating that different owner groups have different ambitions with 'their' firms. By taking alliances into account when choosing directors, the board mitigates the risk to have the major owners protest at the annual general meeting. With the same argument one COB, of a large firm in which the majority of shares are state-owned, explains:

> *I think it is fair to say that I was offered the job because I did* ***not*** *have any alliance to any of the large owner families in Sweden (COM).*

Thus, the influential owners of this firm take this potential conflict into account when nominating directors to the board. On the one hand, the directors may be chosen because they previously (do not) have alliances with major shareholders. On the other hand, the directors describe the influence as indirect because after joining the board, the board and the firm itself becomes the object of attention. This indicates that the financial accounts are read and handled from a particular perspective of what the firms should achieve. Notwithstanding that former alliances are proxies for a particular view of ownership, this alliance may change as time goes by (compare March and Olsen 1976). In order to probe into these dual loyalties, we asked whether the directors would portray themselves as being a part of the firm or as representatives of the shareholders:

I: So… is it "we in the firm" or "they in the firm"?
A: Of course it is 'we in the firm'! We are running a business here. Together.

One of the directors, a high-profiled venture-capitalist, became upset with the question of 'we and them' and interpreted it as a question of loyalty to different shareholders:

VC: It is always for the shareholder! I get so tired of these arguments because, in fact, I work for ALL shareholders and the arguments of 'long-term' and 'shareholder responsibility' is just a circumscription for prioritizing large shareholder
I: Are you saying that there is no difference between you [as a venture capitalist] and 'them' [institutions and large owners] when it comes to time-horizons and investments?
VC: I do not think so. Everyone knows that I will leave TRANSPORT sometime, but I think that I could get more value out of TRANSPORT by becoming an active owner. The board always have to think 5-10 years ahead because if we do not, then no one wants to buy the shares [we are set to administer].

Interestingly, for VC, the board should have one ambition (and one only) and that is to increase the value for all shareholders. Arguably, this is what agency theory would expect from the directors. VC's reaction (upset and interpreting the question differently from the other directors) is understandable since the debate between short-term investors and long-term owners is a continuous debate in Swedish business media. For VC, the firm is in principle like any investment unit that can deliver positive cash flow over time and that should be the sole focus of the collective board.

The ideal that the board has a collective responsibility is, maybe, best illustrated by the role of the union representatives. In Sweden, the Limited Companies Act (SFS 1987:1245) holds that the trade unions may appoint representative from the union to sit in the board. The employee representatives are, under the Board Representation Act (SFS 1974:358), considered as full members of the board, meaning that they have the right to attend and be heard at the meeting and have the same voting rights. This practice of codetermination is not considered a problem because, the directors say, the labor unions are keen to make the best decision for the firm.

Instead, the problem in large firms, the directors describe, is that the unions may appoint three directors and three deputies that all have the right to attend the meetings. This has consequences and a director notes:

I think ... it's too much. [Not least the practical issues] such as trips and such things. Like this room [making reference to the board room in which the interview is carried *out]… if we are eight ordinary members and then adding the labour unions … we are six more…it is hardly possible… (TH)*

In practice, however, this was no longer a problem because the labor representatives did not send their full quota to the meetings. As a rule of thumb, th directors believe that a board should not consist of more than “the magical number seven, +/- two” (Miller, 1955). One director recalls:

When I started in the board, many years ago, the board was so large it resembled a meeting of an association. We were actually sitting in separate rooms and we had to install loudspeakers and microphones. It was chaotic (TH).

One problem with a large board is that it meant that some members could abscond responsibility: “I sat in a board in which one person did not say a word during the whole year.” (TH) This was a worry because the ideal board is described as a collective in which all should contribute. Thus, it was both group size and the practicalities around organizing the board meetings that concerned the directors. This suggests that for directors, the board meeting does not only concern meeting of agents, resources and the making of a group. Instead, the directors think of the practicalities and ignoring these non-social aspects of the meeting risks not understanding the ways in which meetings are achieved.

To be selected to be a part of a board in a listed firm in Sweden is perceived as something that completes one’s career and the directors are honored to be a part of the crown jewel of corporate governance bodies. Since board composition is seen as a mix of task performance and cohesiveness it is possible to analyze how exclusion is mobilized through these two aspects. Albeit the popular discourse of board composition suggests that it is ‘competence that matters’, the constitutive exclusion involved in composing a board is not about finding those individuals that can supply with (and now imagining a scale) ‘the most competence’. In fact, specialists (and particularly in accounting) are not welcome because that would change the ways in which the board works. Being too knowledgeable in accounting may in fact serve as an excluding factor because making reporting even *more* central risks eliminating other issues that the board find important. This resembles the director in Roberts, McNulty et al. (2005, p. 13), commenting on executives being too involved:

It is one thing to challenge; it’s another thing to be a bloody nuisance.

On the other end of the continuum, being financially illiterate is also a reason for exclusion from the board since board work is perceived as a collective effort. Consequently, when directors talk about competence they mean that they are looking for colleagues with similar experience and that understand that some things are less important than other things. Although many characteristics may be used for excluding potential directors, accounting stands out as *the* generic competence; if you cannot speak or if you are to knowledgeable in, “the language of business” (Lavoie 1987), then you will be excluded.

Imagining the meeting – preparations

The directors are expected to be at a specific place at a specific time and these practicalities of the meeting are the infrastructure of the meeting. Several variables are at play and the board members are aware of the choices made. Although some meetings are warranted on account of acuteness, the recurring quarterly meetings are planned both in terms of when and where and the agenda indicates the who and the what. Typically, board work includes preparations, not least because the agenda includes bullet points on decisions relating to both financial reports and strategy. Thus, the directors can imagine the future board meeting and thus are expected to prepare for it. When asked about how the directors prepare for the meeting there was a coherent narrative that is summarized by the following quote told in different variants by the directors:

> *Those days are gone when you could read the material on the train to the meeting*

Although varying, the reports distributed to each member before the meeting include around 150 pages (including presentation slides, financial reports, texts analysis and charts). There were many opinions about the material. Some of the directors want to have graphs because “the most important decisions are based on trends”, while others want “text including an explicit suggestion of what the CEO want the board to decide.” Others witness that they “hate power-points” and some emphasize that the CEO needs to organize the material so the directors “get the input they need”. The preferences for the formatting of accounting texts, it seems, vary.

The directors who have positions in several boards describe a situation in which the reports are organized differently in every board but this is not considered a problem because ”the most important thing is that it is reported in the same way.“ In fact, the difference in reporting gives the directors a possibility to recognize the firm and enter into that boards particularities. When asked whether the individual director could change the content of the report the directors emphasize that “when a director asks for information s/he will get it” and that it is the board as a group that are responsible to demanding the right information. Getting the information is not, however, the same thing as reading all the pages. Says one director:

Well, I sit in a couple of boards and I amuse myself by collecting all the reports and ... well after a year I have two meters or something like that of material. So… no…I do not read every single page. (AB)

The reports, the directors agree, are very detailed and reading all details is neither possible nor possibly not even desirable because not all numbers can be talked about. One director reflects on having too much time over and reading the report too closely:

Right now [all I do is to sit on boards I am in six boards [not all listed companies] and I have time to spend. I probably overdo the work... at least I come much more prepared than the others [directors] … I become almost like a whiner.

Ideally the director is available and can invest time in being active at the meeting. However, financial reports can be debated endlessly and, thus, being too prepared might lead to micro-discussions that might disturb the overall ambition for the board and is a obstruction for ending the meeting. Instead, accounting reports should be read as a draft manuscript, i.e. making it possible to pose questions to the CEO. The directors have the ambition to, just like an academic preparing for a seminar, formulate clever questions in two dimensions: One, the directors need to follow up last meeting and to evaluate what has (not) been done and, two, to prepare questions about suggested future directions. In fact, for the directors, the material sent to them for preparation is a question machine and not primarily an answering machine (Burchell, Clubb et al. 1980).

Albeit preparations are perceived as a means to get to know what happens outside the meeting (Jarzabkowski and Seidl 2008), the directors acknowledge that there is always an information asymmetry that cannot be fully mitigated by the reports. ANDY (a former CEO, now director) states that the COB will probably know more than the rest of the directors "because they prepare the meeting together." Still, the COB does not know everything:

… no matter what, you know less than the management

This disadvantage puts particular demands on the directors to be literate in accounting because it is a prerequisite to be able to ask questions. Bearing in mind the information asymmetry, this is not an easy task and the board is not "a place to learn." (CJB), indicating that the directors are expected to be fully-fledged reviewers. This comment, made by an experienced COB, related to that some asked "stupid questions" to the CEO during the meeting. The trick, the directors seemed to argue, is to prepare clever questions. ANDY continues:

> *And it is clear that when I was CEO, I knew how to exploit the information to my favour. This has taught me to try to prepare hard questions.*

The directors, when preparing for the meeting, are primarily there to push the CEO. The CEO, in turn, prepares by mobilizing the CFO and discussing the items on the agenda with the COB and, as one COB summarizes the preparations: “The COB should never be surprised at a meeting.” The COBs in our study report that they have continuous contact with the CEO between the board meetings and these contacts range from weekly to monthly. In one case the COB was sitting in the headquarters of the firm and he reflected on his physical presence:

> *The risk is that we meet too often. That is a problem for both him and me. (HB)*

The preparations are dominated by attending to accounting information that relates to many aspects of the firm such as performance, reporting, financing, strategy and valuation. Although there is no governance code demanding that one is fluent in accounting talk, the ambition is that the directors are able to understand and question the reports:

> *I have always been self-sufficient in accounting and I think that if you do not understand accounting then you cannot understand how and why the firm performs… So I think it is necessary to understand accounting [to be a director]… and I am not sure that all do… (FL)*

The interviews revealed that the directors perceived themselves, but not all others (*sic!*), to be sufficiently literate in accounting. Literacy, thus, is an essential trait but at the same time as something that is a personal perception of being able to know what you do not know. Corroborating, and partly extending the findings by Bay, Catasús et al. (2014), we find that financial literacy in board work needs to be understood beyond the individual capacity. The directors are often partly financial literate relating to their expertise and although they understand the basics in interpreting the full report, the expertise is in the group.

Some of the directors prepare issues in committees such as in the remuneration committee or the audit committee (AC). The directors see the AC is as a context in which you get detailed information about the firm. Some of the directors aim to be in the audit committee whenever they are appointed to sit in a new board because, as they say, the AC offers a forum to become more intimate with the firm. To understand the firm, the directors seemed to argue, you benefit from entering into a group where control disputes and accounting contestations are at the center of the discussion. It is in the not-already-made report that the firm and its challenges become visible.

Just as earlier studies have shown (Roberts, Sanderson et al. 2006, Solomon, Solomon et al. 2013, Johed and Catasús 2018) we find that preparations matter. We also see that the directors do not prepare too much because that can lead to questioning too many accounting items and becomes 'whining' and the meeting does not benefit from someone being a nuisance (Roberts, McNulty et al. 2005).Therefore, preparation are about developing techniques to read accounting in such a way that it contributes to ending the meeting whilst at the same time supporting the board to make decisions.

Meeting others - social encounters

The governance of listed firms relies on mimicking democracy and giving shareholders the right to vote and, in effect, choose their representatives so that these representatives can execute the will of the shareholders. The board meetings, however, are far away from a ballot room in which board members cast their votes according to which particular interest they represent. In fact, the directors in our study report, voting is extremely rare and one COB confessed, "I consider voting in the board as a failure." Instead the ambition of the board meetings resembles a Habarmasian ideal speech situation in which arguments are tested, the best argument wins and the best decisions are taken.

The idea that the best decision can be made by collaborating among the directors, illustrates that the boards are confident that they can solve the issues at hand. The directors know what issues they are supposed to attend to because they are aware of the expectations as formulated in agency theory. In fact, the directors were "fluent" in "agency-theory-lingo" and could talk about agency costs and monitoring activities as if they were introducing Jensen and Meckling's *Theory of the Firm* to students. Many of the respondents had long experience of board work or top management positions and they reflected on the fact that when the CG code became a formal demand, the directors did not remember it as a problem, but rather as "more or less a lived experience." Consequently, although the directors were, generally, against any interference by regulators, the CG code also stabilized a recognizable way to control the firm.

One argument against regulations was that the directors felt that that shareholders and shareholders only should evaluate their performance. Every firm is different and therefor general regulations risk hindering the directors. One director noted as a major benefit (not least in relation to IFRS) is that "it [the code] has the comply or explain option." Standards are problematic, the directors argued, because they are built on the assumption that operations, shareholders and boards are so similar that there should not be a problem of complying with standards. One director expressed his concern:

> *I really think that is the biggest risk [for failing with board work] is if the board only talks about compliance then we're just another auditor (CK)*

This comment indicates that one of the challenges during the meeting is the ways different time perspectives collide. On the one hand, the directors are expected to comply with e.g. accounting regulations, reporting demands as well as corporate governance codes while at the same time e.g. analyze long-term risks, formulate strategies and make decisions about acquisitions that might affect cash flows over decades. Some directors argued that regulations focus too much on today's problems and board work should be strategic and forward-looking. Or, summarized by CD a director in the financial sector:

> *We spend too much time on compliance and far too little time on strategy.*

Other directors argue, regulation are per definition short sighted and out of touch of what really happens and the critique of global accounting standards was that there was no option to "comply or explain" option making it possible to deviate from the standard. One director was particularly critical to IFRS (and published debate articles in the Swedish business press) commented on the short-sightedness of accounting standards (echoing Young 2006):

> *I would have had a bigger appreciation if the IASB would have had listen to the investor community ... maybe they had too much support from the short-term investors [and did not listen to] the long-term investors? (NS)*

As this quote illustrates, the directors perceived themselves as the ultimate user of financial reporting and, consequently, the main frustration with global accounting standards was that they were not designed for the primacy of the governance of the firm. Not prioritizing the directors' demands was a contra-intuitive position because they see the board as the highest decision level in the firm. This ought to create a conundrum for agency theorists because if the directors represent the shareholders and fair value reduces the information asymmetry between management and shareholders (Laux and Leuz 2009), then we would expect directors to embrace fair value accounting. However, they have problems with several aspects of accounting and of fair value accounting in specific.

Impairing Goodwill

Whereas global accounting standards might help them "some in terms of comparability," the directors were skeptical not because it increased or limited their space of decision but rather that IFRS is "inexplicable to non-specialists." One of the well-debated issues in consolidated reporting is goodwill. The idea to introduce impairment testing to goodwill builds on an idea that it is beneficial for users of accounting to get high quality information of the value of the residual from acquisitions. The directors approved of, what they called the "theoretical idea," of goodwill impairment i.e. to go from presenting a value that is defined by depreciation to a value that is tested. In practice there was however some problems.

Although there seems to be standard processes in play and that goodwill impairment is not normally an issue that prolongs the meetings, the directors were keen on reporting stories of when goodwill impairment becomes an issue for the board. The directors know that they are complicit in producing the goodwill value and because of that, they reflect, it is not easy to use the value of goodwill to evaluate the performance of the CEO. On the flip side of that coin, the directors can also benefit on being partly in control of the balance sheet in terms being evaluated by the shareholders at the AGM. One COB describes the possibilities in the following way:

> *[First you acquire a firm and then] later the firm [the acquisition] becomes an issue of forecasting. The rate of return is often straightforward … it may be debated but only within reasonable limits. This is also true for forecasting future cash flows. However, the forecast about future cash flows is [also] dependent on the group's structure and what we see is that we place Goodwill higher and higher up in the structure [of the group]. Thereby you get a broader and broader basis for you cash flows to support your goodwill. It's natural and as true as the law of Newton is' downwards' the law of Goodwill is' upwards' (BE)*

Following this statement we commented that, from an accounting perspective, it could make sense to "place Goodwill higher" because of the synergies an acquisition may lead to. BE agreed that 'moving' the Goodwill is in effect of strategic choices. The decision to impair is also, one director told us, reliant on the type of majority owner that the firm has. MS remembers impairing Goodwill that was booked many years ago:

> *I: Was this because you changed strategy?*
> *MS: No. It was just time to bite the bullet and to confess that we had paid too much. It was not a good feeling because I was the one that proposed this to the board. I can tell you that I did not have a good night sleep the night before the announcement. However, the majority owner was backing me up.*

Impairing Goodwill is a board decision, as indicated in both MS and BE's quote above, and it is also a collective decision in which auditors and shareholders may be included in the collective. Some of the directors were not worried about Goodwill impairment because such a decision does not affect cash flows. Other directors, however, do not think that goodwill is a non-issue. Says one COB:

> *They [referring to financial analysts] say that goodwill does not matter since it is 'merely' an accounting issue…it does not have to do with cash flow… but the board might very well take covenants into account when discussing impairment.*

Accounting, the director notes, is a technology that brings together a complex set of relations between many actors and to focus on merely the equity-owners downplays the responsibilities that the directors believe they have to live up to. Goodwill is particular in that sense because, the directors told us, acquisitions are nearly always a matter for the board. Whilst discussing Goodwill with one director we asked if goodwill impairment is used as an indicator for poor acquisitions and if it is, how come we cannot ever find impairment of Goodwill after the first year? MS, The COB of an investment firm (and the former CEO) reflected on this:

> *I: So how is it that firms as a general rule do not impair during the first year?*
> *MS; Sometimes you know early on that you made a poor decision and paid too much. Still, when you acquire a firm you have a longer time-horizon than year. But I guess you are right that there must be situations when you see that your decisions were wrong … [thinking a bit] …. We defended the goodwill in Caya for many years but then we decided to impair the goodwill by 500 MSEK.*

As in the case of Caya, the defense of the value can be understood from agency theory, i.e. how management's self-interest affects accounting reports. However, the decision to defend the Goodwill in Caya can also be seen as an act of optimism. The future can differ from the past and the decisions made by the directors can affect such a future. Also, the arguments for impairing goodwill were often related to changing the old strategy to a – better – strategy. The board is optimistic until it isn't and then the decision to impair Goodwill makes sense. The fact that goodwill never, at least to our knowledge, is impaired during the first years indicates that the directors are optimistic about their decisions made during the meetings; an acquisition is never wrong until a couple of years later.

Just as in the case of CAYA, accounting treatments might be different depending on the major shareholders' perspective. On the one hand, this corroborates the proposition that directors are stand-ins for the (major) shareholders' interest but, on the other hand, it also shows that the shareholders' interest may be influenced by the logic of stewardship. Furthermore, accounting logic may at times, as Parker (2008) suggests, be downplayed in relation to strategic concerns. Says a

CEO that discussed an acquisition with the board of a company making itself ready for becoming public:

> *… we paid too much for COMCOM, but we were just about to go public and it would have been strange to present ourselves (in the IPO) as a company that had not presence in all relevant countries. I remember that the discussions were lively in the board. They, eventually, impaired the goodwill we had booked (TK)*

What happens in the financial report is, however, not always so clear for the directors. One director remembers that after the introduction of IFRS the dividends went up without any major discussion on the board because the profit went up:

> *It was actually so that our dividends increased as a direct result of abolishing depreciation of goodwill. Our policy was 1/3 of current year's profit and our profit increased proportionally … with the previous sum of the depreciation. When the chairman noticed this, he phoned us up, laughingly saying 'How unusual that increases in dividends are decided by the CFO and the CEO! (UB)*

The effects on the financial reports of the decisions made during the meeting are, some witness, hard to understand for external users of financial reports. But, as ROS indicates, it is also a problem for the group as a whole:

> *ROS: [As you know] an acquisition can affect the income statement many years later, which makes it completely impenetrable from the outside.*
> *I: … but the board understands it [the report]?*
> *ROS: No…[smiling]… How do you evaluate the acquisition? How do you know the adjustments being made are correct?*

Goodwill was the accounting line that was discussed most intensively by the directors This is not surprising since the directors report that acquisitions are matters for the board, i.e. both potential or historical acquisitions. When it comes to impairing or defending Goodwill, the directors are in the eye of the storm because they have to chose whether the accounting item should be attended to like a principal (i.e. evaluating management) or as a self-interested agent (i.e. in relation to the shareholders). Adding to this is the directors' approach to the technicalities that the board has to argue in favor off, e.g. risk, cash generating unit and future net cash flows). The directors in our study seemed hesitant to use Goodwill for evaluating management, not least because of the possibilities of accounting discretions.

Accounting is difficult

Although the directors understand the gist of global accounting standards, the worry is that old "rules of thumb" will push the board to make bad decisions. FL, a COB and a director in many large listed firms, suggests that it is the use of accounting that is the major problem:

> *FL: If we have equity that is 100 and half of that is due to revaluations you might misconceive your position and your leverage. If you had the old measure, then equity would have been 50. ... I think IFRS stimulates increased risk-taking.*
>
> *I: But you know that the leverage is made up by valuations and not transactions… why is this a problem for the board? If you think it is an imaginary number you could treat it that way.*
>
> *FL: I do, but I do not think so many people do. It is very easy to just accept the financial report because it is actually at the table. And, in a couple of years we will have forgot and we will start believing the numbers and take decisions accordingly. Now, this is more a psychological issue that I'm talking about, not a de facto economic issue*

For FL the accounts give the board information about the level of risks that one is taking and if the directors believe that the numbers are real in the sense that they are a direct effect of the decisions made by the board or by the CEO that the board has appointed. In essence, the frustration is that the directors have to evaluate performance that may (or may not be) an effect of reporting standards or that may (or may not) be an effect of poor management. As predicted by agency theory and as reported in qualitative studies of board meetings, directors are keen on being able to evaluate the performance of the CEO and therefor they need to make sense of the reports. The focus on the balance sheet has made this task harder because for a director it is the profit and loss account as well as information about cash flow that make up the cues for asking questions at the AGM. BE, the chairman of an investment firm, is worried that the directors became too engrained in valuation issues:

> *I: So you don't think that the [external] readers understand accounting, but what about the directors - do you understand?*
>
> *BE: Nope.*
>
> *I: So you have to use help?*

> *BE: Yes. IFRS has led to that we have to spend more time discussing accounting at the meetings and that we need to educate our self and trust the external and internal auditor. True, we have both Germans and a woman from India on the board but it's not so that "international standards" helps us to focus the discussion.*

Although the directors witness that accounting literacy is a problem, the issue is not easily solved. As a director you are chosen to be a part of the highest echelon in firms and to admit that one does not understand the reports that glues together the agenda at the board meeting might be problematic. One director reflects on the possibility of learning:

> *[What if the directors would] expose themselves and say hey, I actually do not understand much of these numbers, I think we need half a day to go through this and then I would like to come and visit you and really try to understand what we are doing. I feel I need it. " I have never heard that anyone has said anything like that. Never ever. [AVA]*

Some directors were clear on that they were not interested in contributing to the accounting discussion going on in at the meeting. FB, a director with operative experience from retailing, reflects on this fact and says that s/he is recruited on account of the competence in business acumen:

> *I focus on sales numbers and margins. In the end, this is at the core of any business. You know, buy cheap and sell expensive… [laughing]… When it comes to valuation matters and such technical skills we have the auditors and the audit committee.*

The directors seemed to think to think that not everyone has to know everything about accounting, but every board member should have a couple of lines in the profit and loss account or the balance sheet that are their specialty. One director describes the interest in the inventory and describes that when that number changes too much it is an early warning of potential problems. The effect of this is that not all directors can or want to contribute to all issues being discussed. This corroborates Bezemer, Nicholson et al. (2014, p. 240) study who conclude that "board meetings are dynamic where the participation and contributions of individual directors vary by agenda item." Or, rephrasing Bezemer et al (ibid) in an accounting language; the individual directors contribution varies by accounting item.

Relying on accounting experts

When interviewing a COB we started our questions of how the directors interact with accounting by asking about their annual report that we had studied before the interview. In the consolidated annual report, the parent company had negative equity, the impairment rates (used for goodwill) were different and unexplained and there was a discrepancy between opening and ending balance. KC, a COB for a retail company, is clear that a board does not work without its experts:

> *I: I took a look at your annual report and it is quite complicated…*
> *KC: It is extremely complicated…*
> *I: I was thinking that I am a professor in accounting and I cannot explain what it says*
> *KC: [Laughing out loud] Yeah Negative Equity is not easy to explain*
> *I: It seems as you want to be transparent and explain, but I do not understand. For example, your discount rate for the acquisition in Denmark is 20%? That is very high compared to any other firm.*
> *KC: Yes. We really try to be transparent*
> *I: … but the directors in the board aren't accounting scholars and they must sign…?*
> *KC: Yeah… but you know... you put your trust on management. And on the auditors.*

This echoes the arguments presented in the resource-based literature, i.e. that directors cannot be studied in isolation because they have resources to mobilize. The major resource is the auditor. ANDY describes the relationship:

> *Sure, like everything else. But you have to understand that. … as you go along you build up trust and I learnt early on that when it comes to the auditor he needs to become your best friend. […]. I have never had any problems with the auditors and I always had good help from them with things that I have not really understood*

The reliance on the auditor is maybe expressed more clearly in the frustration that some directors feel about how changing accounting standards and the globalization of the professions (Khalifa, Sharma et al. 2007) that is making the expert (the auditor) to rely on other experts (e.g. the actuary). It is frustrating that the auditors 'call the desk in London' before they can answer the directors' inquiries. And, importantly, by naming the auditor the directors' 'best friend', director AND takes a clear standpoint: the directors are principals and, as such, should not fall under the scrutiny of the profession. Instead, the auditors are at their disposal.

Typically, the auditors have an important role in the AC and, consequently, some of the reporting 'technicalities' is discussed there. Bearing in mind that the board is a collective BV is sceptical to this division of labour because it risks a division of the board:

The problem with today's financial reporting is that because of its' complexity we find it increasingly hard to have intelligible discussion based on the financial report. To a certain extent that can be alleviated by the good pedagogical skills of the audit committee, however, the risk with appointing a few people to the AC is that you create an A and B team in the board, and that is a risky situation to have in a board room.

Subcommittees of the board increasingly deal with a general comment that highlights difficulties of controlling/strategy work but also that oversight. One way of coping is an increased reliance on experts such as the AC, the CFO, the auditor but also on the employees. Not a desirable development because of "imbalance" of the board. A great part of this complexity (accounting plus coping with by reliance on "experts" is how financial instruments are accounted for (COM):

These things are complex, I admit. Or at least they [other directors] perceive it to be complex and that you notice when you enter the board [i.e. from the AC] because they do not want to expose that they do not get it. What this adds up to, eventually, is kind of a respect for the ones you think know these matters. Either me or as in the case with HQ and Carnegie [two broker firms that experienced debacles with portfolios of derivative instruments] the only ones that knew about options and derivative instruments were the executives. In such cases you then may end up in a situation where they [executives] report what they want and the board simply buys into it.[..] Because of that I feel that I am the one that can do it for the board.

If accounting involves a number of possible correct answers, the directors want to have at least a couple in the group that can offer contributory expertise. All directors are expected to give interactional expertise because, again accepting agency theory's hypothesis on self-interested managing, directors should be able to check the CEO both in a general way but also when it comes to specific accounting treatments.

Accounting and the CEO

The directors agree in terms of what their most important task is: "To hire and fire the CEO." Although the CEO's position is not always at stake, there is a clear understanding that the directors need to monitor performance. The performance is evaluated in terms of history and forecast and also how the firm performs in relation to the industry. Here, financial reports are at the core of the evaluation. The directors accepted but troubled by the fact that there would always be an information asymmetry and "the CEO will always no more about what is going on" than anyone of the directors.

Although the information asymmetry was a concern, it was also how the CEO – as a person – handled problems. After all, the directors agreed, the firm is in the hands of the CEO and s/he knows best. Director ANDY summarized it the following way:

> *A good CEO can save an ill-functioning board, but a well-functioning board can never save an ill-functional CEO.*

It is, thus, not surprising that the board is especially interested in the ways the CEO handles accounting. The directors have different techniques to check this. One director said that he paid special attention to the relationship between the CFO and the CEO because the CFO "will always be dependent on the CEO and it is often the CFO that answers accounting questions." Another "short-cut" to test the CEO is an inventory analysis. Says one director: "My experience is that if the inventory is in order, the CEO has control." In fact, the board uses all the possibilities at hand to get information beyond accounting to measure up the CEO. "For me it is a bad indication if the CEO, during a visit to a site, knows less than I about the business." The directors have also other informants. "I make a habit of asking the trade union representatives about the general sentiment at the firm. It is a kind of reality check". The directors agreed that the one director that had the most responsibility of checking the CEO was the COB because "they have a special relationship". T

One COB reflected on this relationship:

> *BB: I think what I have learnt over the years is that the board has to avoid recruiting a too charismatic CEO because such a CEO will be able to convince the directors of almost anything. ... it also seems like CEOs, more or less like a natural law, want to acquire large firms…. And if one is not careful, that is where everything can go to hell.*
> *I: So you look for a quiet bureaucrat [to take charge]?*
> *BB: [laughing] I guess I do.*

Prior literature suggests that CEO narcissism is a common trait and that CEO narcissism limits directors' influence over corporate strategy (Zhu and Chen 2015). Albeit BB indicates that boards should avoid 'charismatic' CEOs, BB also suggests that it is not merely the personal characteristics that matter because CEOs tend to over time develop an inflated self-view in which all decisions are good decisions. Bearing in mind that the thrust of the board meetings is to finish the meeting with good decisions that all the directors can accept, the CEO seldom gets proposals rejected. The directors expected that the issue at hand be so well prepared that the worst that could happen was that the decision was postponed. If the CEO's proposal gets rejected, then thee is something worng:

I: Does a CEO ever get a "no" as an answer to a proposal?
BJG: Well, that should not happen. If the CEO brings forward a suggestion that is not anchored and convincible, then the CEO has failed.
I: Does that mean s/he gets fired?
BJG: I guess the CEO could survive one "no" but not two.

The directors were clear that the board's comments on proposals should mostly about fine-tuning. It is up to the CEO to, before the meeting, see to it that s/he has the approval of first the COB and then of key actors in the board. This suggests that there are meetings before meetings before meetings… (compare e.g. Roberts, McNulty et al. 2005, Roberts, Sanderson et al. 2006, Solomon, Solomon et al. 2013, Johed and Catasús 2018)

There were two relatively different views on the ways in which performance evaluation should be carried out. One view built on the idea that the board should look at the CEO and the projects s/he recommended as investments. In this view, the board is perceived as portfolio managers that work with risk and reward in an explicit way. JH, a COB for an investment firm, describes the strategy:

JH: "The firms in my group borrow money from the head office. That is, we calculate a capital cost on each investment and this cost becomes an actual transfer of cash to the mother company."

JH's approach is clearly in line with agency theory's logic of agency costs. For JH the board is purely the representatives of the shareholders and the shareholders are molded as investors. TH, who believes that it is important to create some leeway so as to be able to absorb failure, suggests a different perspective of control. He formulated it as a metaphor: "It is important that board supplies an extra 'Danish pastry' to the CEO's coffee break." The metaphor points towards an idea that to be a good steward to a firm, there board must supply extra resources to the CEO and that firms cannot be financially starved into success.

In fact, the relationship between the CEO and the directors needs to be positive and friendly, on the one hand, but cannot be too amiable on the other hand. When one of the COBs, in passing, mentioned that he had been out sailing with the CEO last weekend we asked if this social bond might disrupt the board's work of monitoring the CEO the COB answered;

"… it is not any problem to be sailing together with the CEO on Sunday and firing the same CEO on Monday. They know the game and they are compensated for it"

The meetings, the directors seem to argue, are achieved when the directors have determined whether the CEO can continue to run the business. For the directors, accounting is a vehicle for evaluating the CEO and it is not only performance numbers such as cash flow of profit (compare Holland). Instead, the directors tests whether the CEO. Rather, although performance is important and the board has limited time, accounting in all its forms is used as an appraisal of the managements' ability to continue managing he firm.

Discussion

In our analysis we will try to answer the empirically driven research question - "How is it possible to terminate a board meeting?" – and to suggest what contributions to earlier literature this answer may confer. By drawing on scholars studying meetings we propose that board meetings are more then vehicles for corporate governance. Instead meetings are emergent events (Peters 2017) and thus need to achieved by the directors. This position makes it possible to contribute to literature on board meetings by including, nay highlighting, that no board meeting can be achieved without directors *and* accounting reports.

When the directors speak about accounting they speak of its potential, its technicalities, its experts and the ways it may be used to carry out what the directors perceive as their most important duty, i.e. checking the CEO. As already shown by (Burchell, Clubb et al. 1980), accounting has potentiality in organizational and governance settings. However, this study shows that since accounting is used as both a question machine (in relation to scrutinizing management) and as an answering machine (in relation to the shareholders questions), the directors' accounting practices are affected by the ways in which they compartmentalize issues being an agent or a principal. Goodwill impairment stands out as an illustration of how the directors imagine the shareholders holding them accountable because they can defend Goodwill by e.g. moving it up in the organizational setting. Bearing in mind the directors' own influence of the value of Goodwill makes it hard to approach Goodwill as means to evaluate the CEO.

This indicates that the directors' look for high quality information to treat the management fairly and they are upset that fair-value accounting might not offer such information. It is crucial for the directors to have accounting reports that help them evaluate whether the CEO is suitable to execute the board's decisions. The directors realize that their success relies on the CEO because a good board can never, the directors in our study answer, compensate for a poor CEO. This explains why the directors are concerned with how the CEO answers the questions raised by them and, although they do not expect that the CEO is an accounting expert, the directors are confident that they can spot if the CEO hides behind the numbers.

The technicalities of accounting may be problematic for the board because the directors should not be accounting experts. Board work, thus, is partly about handling these technicalities by pushing accounting matters to the audit committee or to invite specialists to the meeting. However, this is frustrating because the board work is about becoming comfortable with the numbers and if the board, as a group, is divided into an A and a B-team, or if only a couple of the directors are 'doing the work', then the ideal of board work is questioned. The reason for this worry is because it is during the meetings that the directors, as a group (Roberts, McNulty et al. 2005), temporarily create an agency of the board that is not the sum of the directors' ostensively defined interests (March and Olsen 1976).

Even though we find that board work should be considered as a collective effort, the individual is expected to, individually, prepare before the meeting. The preparations take a lot of time and this time is spent making sense of the numbers but also finding inconsistencies and problems that one can read in the material that the board gets. Although strategic issues are important the directors report that strategy is not decided during the preparations. Instead the preparations are directed towards preparing clever questions to management. Importantly, however, the questions must not be too clever because then the board meeting might not come to an end.

The paramount step of achieving a board meeting is to exclude those directors who cannot support the ending of the meeting. Resource-based as well as agency theory inspired research on board composition agrees that ostensive characteristics of directors (e.g. man-woman, executive and non-executive, level of experience, level of education, networks etc.) matter for explaining performances of different sorts. Although characteristics are part of the CG discourse and they matter for the nomination committees, the COB and the directors, our study shows that the board meeting is about becoming comfortable with the CEO. This means that the reports as such are important, but primarily as a means to investigate the viability of management and, only second, as a correct representation of the value of the firm. Therefor the directors look for colleagues that are *knowledgeable enough*.

Returning to the literature review on board work (i.e. agency theory, the resource-based view and micro-sociology) our first comment is that agency theory should be considered as a relevant theory if one wants to understand board meetings. However, and as a critique of this point and this stream of research, is that when studying boards through agency theory lenses, research is primarily an effort to evaluate CG codes. As out empirics indicate, the directors are well aware of the propositions and the CG imperatives following from agency theory (and embodied in CG codes). Our proposition is that it therefore might not be fruitful to analyze corporate governance actors, whose practices are configured by agency theory inspired regulation, by mobilizing agency theory as an analytical tool. Instead, our study shows, since the corporate boards are well-aware of the demands, agency theory is, by now, just another regulation that the directors handle.

Our second critique echoes the already reported conclusions, i.e. that agency theory is insensitive to the vast variety of issues that directors need to handle during board (Machold and Farquhar 2013, Westphal and Zajac 2013, Bezemer, Nicholson et al. 2014). The critique's most common solution to this problem, often advocated by authors within the micro-sociology stream of research, is suggesting that researchers should "be there." That is to to analyze board work beyond the enforcement and fine-tuning of the contractual agreements between the principal and the agent. Albeit relevant, the argument to study the backstage risks suggesting that the backstage is what *really* happens. But, as Goffman (1955) suggested, framing social interaction as backstage and front stage interactions is but a method to highlight how frames create particular expectations (and vice versa). One may argue that there is always a backstage or, in this setting, there is always a meeting before a meeting before a meeting… This certainly does not belittle studies of meetings before meetings (see e.g. Roberts, Sanderson et al. 2006, Solomon, Solomon et al. 2013), but it suggests that studying what happens behind closed doors does not equal studying what *really* happens.

Our third critique is that interests might not be the most relevant classification strategy for actors in the CG arena because interests are in the making during the meetings (March and Olsen 1976, Schwartzman 2015, Peters 2017). Our study shows that the directors dislike making decisions outside the full board, indicating that they see themselves as a group that – together – develop agency. This critique suggests that interests shift in social situations and that assuming that interests are stable might be contra-productive of we want to understand board meetings. Instead, since directors are both accountable to the shareholders and demand responsibility from the management, we can expect them to move between these roles when reading accounts.

A fourth critique, aligning to the idea that interests are *already* present and stable, is that the board is an *assembly of individuals* that, as this study has shown, are selected because they are expected to know how to carry out board work. Whereas the directors individually prepare by reading accounting reports before the meeting, the meeting in itself is a joint effort in e.g. evaluating the CEO, blessing the financial report, imagining the reactions from the capital market and being aware of the formal duties of a board. The directors being both selected individuals as well as being part of a group, thus need to balance interests and not least take different opinions and perspectives into account to be able to end up with the board's united decision. One of the conundrums in agency theory is how to approach the board because it both a principal from the management's perspective and an agent from the shareholder meeting perspective. Our study shows that boards compartmentalize their roles and use this duality to finalize their meetings. Scholars in meeting research are either criticizing literature for being to "best practice" oriented or that meetings have gained too little attention. This analysis brings forward the ways in which accountabilities are not only an issue of face-to-face meetings, but also that accounting fuels the possibilities of talking about accountabilities in the board room (compare Roberts 2001, Roberts, McNulty et al. 2005, Roberts 2012).

The ways in which accounting is mobilized becomes clear if we consider that meetings are organized out of the premises that there are expectations, meetings will come to an end and that there are new meetings. Although this may seem as a trivial conclusion, this insight suggests that board meetings are energized by the demands of 'doing the job' and the ambition of 'going home.' Taking this view leaves us to conclude that it is accounting that explains the board meeting and not vice versa. We build this conclusion on the findings that the meetings are designed by constitutive exclusion (excluding people that cannot 'do their job' and that do not appreciate that success of the meeting is recognized as it ends. The preparations for the meeting rely on the same balance between acting according to the expectations on the board (emanating from e.g. agency theory concerns, resource-based concerns and micro-sociological concerns about the directors as a group) and the pausing of decisions. Finally, during the meeting, one must not be 'whining' but should draw on accounting to invite experts and to scrutinize management.

The board, as a group, knows their position in the prescriptive CG models and they believe that the firm's success relies on the CEO. Consequently, given the fact that they are among the non excluded, that they have prepared and that they interact with management during the meeting, the board is an optimistic alliance that believes that they make a difference. This optimism is embodied in the finalizing of the board meetings were decisions are made (or postponed) and the CEO can continue (or not) managing the firm. This points to a, maybe provoking, question of whether it is at all possible for the board to make a bad decision or is any decision a good decision because it moves the meeting to an end?

References

Abrahamsson, G., H. Englund and J. Gerdin (2016). "On the (re) construction of numbers and operational reality: a study of face-to-face interactions." Qualitative Research in Accounting & Management **13**(2): 159-188.

Ahmed, K., M. Hossain and M. B. Adams (2006). "The effects of board composition and board size on the informativeness of annual accounting earnings." Corporate governance: an international review **14**(5): 418-431.

Allen, J. A., N. Lehmann-Willenbrock and S. Rogelberg (2015). An introduction to the Cambridge handbook of meeting science. The Cambridge handbook of meeting science, Cambridge University Press New York, NY.

Arayssi, M., M. Dah and M. Jizi (2016). "Women on boards, sustainability reporting and firm performance." Sustainability Accounting, Management and Policy Journal **7**(3): 376-401.

Bay, C., B. Catasús and G. Johed (2014). "Situating financial literacy." Critical Perspectives on Accounting **25**(1): 36-45.

Beasley, M. S. (1996). "An Empirical Analysis of the Relation between the Board of Director Composition and Financial Statement Fraud." The Accounting Review **71**(4): 443-465.

Bezemer, P.-J., G. Nicholson and A. Pugliese (2014). "Inside the boardroom: exploring board member interactions." Qualitative Research in Accounting & Management **11**(3): 238-259.

Biondi, Y. and A. Rebérioux (2012). The governance of intangibles: Rethinking financial reporting and the board of directors. Accounting Forum, Elsevier.

Burchell, S., C. Clubb, A. Hopwood, J. Hughes and J. Nahapiet (1980). "The roles of accounting in organizations and society." Accounting, Organizations and Society **5**(1): 5-27.

Butler, J. (2015). Notes toward a performative theory of assembly, Harvard University Press.

Callon, M. (1984). "Some elements of a sociology of translation: domestication of the scallops and the fishermen of St Brieuc Bay." The sociological review **32**(1_suppl): 196-233.

Carlsson-Wall, M., K. Kraus, M. Lund and E. Sjögren (2016). "'Accounting Talk'Through Metaphorical Representations: Change Agents and Organisational Change in Home-Based Elderly Care." European Accounting Review **25**(2): 215-243.

Carpenter, M. A. and J. D. Westphal (2001). "The strategic context of external network ties: Examining the impact of director appointments on board involvement in strategic decision making." Academy of Management journal **44**(4): 639-660.

Carrington, T. and B. Catasús (2007). "Auditing stories about discomfort: Becoming comfortable with comfort theory." European Accounting Review **16**(1): 35-58.

Cohen, M. D., J. G. March and J. P. Olsen (1972). "A garbage can model of organizational choice." Administrative science quarterly **17**(1): 1-25.

Collin, S. O. (1998). "Why are these islands of conscious power found in the ocean of ownership? Institutional and governance hypotheses explaining the existence of business groups in Sweden." Journal of Management Studies **35**(6): 719-746.

Collins, H. (2004). "Interactional expertise as a third kind of knowledge." Phenomenology and the Cognitive Sciences **3**(2): 125-143.

Cooper, D. J. and K. Robson (2006). "Accounting, professions and regulation: Locating the sites of professionalization." Accounting, organizations and society **31**(4): 415-444.

Dennis, P. (2006). Getting the right things done: a leader's guide to planning and execution, Lean Enterprise Institute.

Duffy, M. and B. O'Rourke (2015). A systemic view of meetings: Windows on organization collective minding. The Cambridge handbook of meeting science.

Eisenhardt, K. M. (1989). "Agency theory: An assessment and review." Academy of management review **14**(1): 57-74.

Forbes, D. P. and F. J. Milliken (1999). "Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups." Academy of management review **24**(3): 489-505.

Foster, M. J. (2002). "On evaluation of FDIs: principles, actualities and possibilities." International Journal of Management and Decision Making **3**(1): 67-82.

Gendron, Y. and J. Bédard (2006). "On the constitution of audit committee effectiveness." Accounting, Organizations and Society **31**(3): 211-239.

Goffman, E. (1955). "On face-work: An analysis of ritual elements in social interaction." Psychiatry **18**(3): 213-231.

Graaf, J. (2018). "Equity market interactions: Exploring analysts' role performances at earnings presentations." Accounting, Auditing & Accountability Journal **31**(4): 1230-1256.

Gul, F. A. and S. Leung (2004). "Board leadership, outside directors' expertise and voluntary corporate disclosures." Journal of Accounting and public Policy **23**(5): 351-379.

Hill, C. W. and T. M. Jones (1992). "Stakeholder-agency theory." Journal of management studies **29**(2): 131-154.

Hillman, A. J. and T. Dalziel (2003). "Boards of directors and firm performance: Integrating agency and resource dependence perspectives." Academy of Management review **28**(3): 383-396.

Hillman, A. J., G. Nicholson and C. Shropshire (2008). "Directors' multiple identities, identification, and board monitoring and resource provision." Organization Science **19**(3): 441-456.

Holland, J. (2001). "Financial institutions, intangibles and corporate governance." Accounting, Auditing & Accountability Journal **14**(4): 497-529.

Huse, M. (1998). "Researching the dynamics of board—stakeholder relations." Long Range Planning **31**(2): 218-226.

Huse, M. (2005). "Accountability and creating accountability: A framework for exploring behavioural perspectives of corporate governance." British Journal of Management **16**(s1): S65-S79.

Huse, M. (2007). Boards, governance and value creation: The human side of corporate governance, Cambridge University Press.

Hussain, N., U. Rigoni and R. P. Orij (2018). "Corporate governance and sustainability performance: Analysis of triple bottom line performance." Journal of Business Ethics **149**(2): 411-432.

Husted, B. W. and J. M. de Sousa-Filho (2018). "Board structure and environmental, social, and governance disclosure in Latin America." Journal of Business Research.

Högfeldt, P. (2005). The history and politics of corporate ownership in Sweden. A history of corporate governance around the world: Family business groups to professional managers, University of Chicago Press: 517-580.

Jain, T. and D. Jamali (2016). "Looking inside the black box: The effect of corporate governance on corporate social responsibility." Corporate Governance: An International Review **24**(3): 253-273.

Jarzabkowski, P. and D. Seidl (2008). "The role of meetings in the social practice of strategy." Organization Studies **29**(11): 1391-1426.

Jensen, M. C. and W. H. Meckling (1976). "Theory of the firm: Managerial behavior, agency costs and ownership structure." Journal of financial economics **3**(4): 305-360.

Johed, G. and B. Catasús (2015). "Institutional contradictions at and around the annual general meeting: How institutional logics influence shareholder activism." Accounting, Auditing & Accountability Journal **28**(1): 102-127.

Johed, G. and B. Catasús (2018). "Auditor Face‐Work at the Annual General Meeting." Contemporary Accounting Research **35**(1): 365-393.

Jordan, S. and M. Messner (2012). "Enabling control and the problem of incomplete performance indicators." Accounting, Organizations and Society **37**(8): 544-564.

Khalifa, R., N. Sharma, C. Humphrey and K. Robson (2007). "Discourse and audit change: transformations in methodology in the professional audit field." Accounting, Auditing & Accountability Journal **20**(6): 825-854.

Knights, D. and H. Willmott (1992). "Conceptualizing leadership processes: A study of senior managers in a financial services company." Journal of Management Studies **29**(6): 761-782.

Kreiner, K. and J. Mouritsen (2005). The analytical interview. The art of science. S. Tengblad, B. Czarniawska and R. Solli. Copenhagen**:** 153-176.

Latour, B. (1984). "The powers of association." The Sociological Review **32**(1_suppl): 264-280.

Laux, C. and C. Leuz (2009). "The crisis of fair-value accounting: Making sense of the recent debate." Accounting, organizations and society **34**(6-7): 826-834.

Lavoie, D. (1987). "The accounting of interpretations and the interpretation of accounts: The communicative function of "the language of business"." Accounting, Organizations and Society **12**(6): 579-604.

Mace, M. L. (1971). "Directors: Myth and reality."

Mace, M. L. (1979). "Directors: Myth and reality-ten years later." Rutgers L. Rev. **32**: 293.

Machold, S. and S. Farquhar (2013). "Board task evolution: A longitudinal field study in the UK." Corporate Governance: An International Review **21**(2): 147-164.

MacKenzie, D., F. Muniesa and L. Siu (2007). Do economist make markets? On the performativity of economics, Princeton University Press, Princeton.

March, J. G. and J. P. Olsen (1976). "Organizational choice under ambiguity." Ambiguity and choice in organizations **2**: 10-23.

McCracken, S., S. E. Salterio and M. Gibbins (2008). "Auditor–client management relationships and roles in negotiating financial reporting." Accounting, organizations and society **33**(4-5): 362-383.

McNulty, T. and A. Pettigrew (1999). "Strategists on the board." Organization studies **20**(1): 47-74.

Mennicken, A. and M. Power (2015). "Accounting and the plasticity of valuation." Moments of valuation: Exploring sites of dissonance: 205-228.

Millstein, I. M. and P. W. MacAvoy (1998). "The active board of directors and performance of the large publicly traded corporation." Columbia Law Review: 1283-1322.

Nicholson, G. J. and G. C. Kiel (2004). "A framework for diagnosing board effectiveness." Corporate Governance: An International Review **12**(4): 442-460.

Odermatt, I., C. J. König, M. Kleinmann, R. Nussbaumer, A. Rosenbaum, J. L. Olien and S. G. Rogelberg (2016). "On Leading Meetings Linking Meeting Outcomes to Leadership Styles." Journal of Leadership & Organizational Studies: 1548051816655992.

Parker, L. D. (2008). "Boardroom operational and financial control: an insider view." British Journal of Management **19**(1): 65-88.

Pentland, B. T. (1993). "Getting comfortable with the numbers: Auditing and the micro-production of macro-order." Accounting, Organizations and Society **18**(7-8): 605-620.

Perlow, L. A. (1999). "The time famine: Toward a sociology of work time." Administrative science quarterly **44**(1): 57-81.

Peters, K. R. (2017). The Meeting Revisited: Emergent Events,(Dis) order, and Cultivating Organization, University of Colorado at Boulder.

Power, M. (2009). "The risk management of nothing." Accounting, organizations and society **34**(6): 849-855.

Pugliese, A., G. Nicholson and P. J. Bezemer (2015). "An observational analysis of the impact of board dynamics and directors' participation on perceived board effectiveness." British Journal of Management **26**(1): 1-25.

Roberts, J. (2001). "Trust and control in Anglo-American systems of corporate governance: The individualizing and socializing effects of processes of accountability." Human Relations **54**(12): 1547-1572.

Roberts, J. (2012). "Between the letter and the spirit: Defensive and extensive modes of compliance with the UK Code of Corporate Governance." The SAGE Handbook of Corporate Governance. London: SAGE: 196-217.

Roberts, J., T. McNulty and P. Stiles (2005). "Beyond agency conceptions of the work of the non-executive director: Creating accountability in the boardroom." British journal of management **16**: S5-S26.

Roberts, J., P. Sanderson, R. Barker and J. Hendry (2006). "In the mirror of the market: The disciplinary effects of company/fund manager meetings." Accounting, Organizations and Society **31**(3): 277-294.

Rogelberg, S. G., D. J. Leach, P. B. Warr and J. L. Burnfield (2006). "" Not another meeting!" Are meeting time demands related to employee well-being?" Journal of Applied Psychology **91**(1): 83.

Salancik, G. R. and J. Pfeffer (1974). "The bases and use of power in organizational decision making: The case of a university." Administrative Science Quarterly: 453-473.

Sandler, J. and R. Thedvall (2017). Meeting ethnography: Meetings as key technologies of contemporary governance, development, and resistance, Taylor & Francis.

Schwartzman, H. B. (1989). The meeting. The Meeting, Springer.

Schwartzman, H. B. (2015). There's something about meetings: Order and disorder in the study of meetings. The Cambridge handbook of meeting science, Cambridge University Press.

Solomon, J. F., A. Solomon, N. L. Joseph and S. D. Norton (2013). "Impression management, myth creation and fabrication in private social and environmental reporting: Insights from Erving Goffman." Accounting, organizations and society **38**(3): 195-213.

Sundaramurthy, C., K. Pukthuanthong and Y. Kor (2014). "Positive and negative synergies between the CEO's and the corporate board's human and social capital: A study of biotechnology firms." Strategic Management Journal **35**(6): 845-868.

Vafeas, N. (1999). "Board meeting frequency and firm performance." Journal of financial economics **53**(1): 113-142.

van Vree, W. (2011). "Meetings: the frontline of civilization." The Sociological Review **59**(1_suppl): 241-262.

Watts, R. L. and J. L. Zimmerman (1983). "Agency problems, auditing, and the theory of the firm: Some evidence." The Journal of Law and Economics **26**(3): 613-633.

Westphal, J. D. (1999). "Collaboration in the boardroom: Behavioral and performance consequences of CEO-board social ties." Academy of management Journal **42**(1): 7-24.

Westphal, J. D. and G. Shani (2016). "Psyched-up to suck-up: Self-regulated cognition, interpersonal influence, and recommendations for board appointments in the corporate elite." Academy of Management Journal **59**(2): 479-509.

Westphal, J. D. and E. J. Zajac (1995). "Who shall govern? CEO/board power, demographic similarity, and new director selection." Administrative science quarterly: 60-83.

Westphal, J. D. and E. J. Zajac (2013). "A behavioral theory of corporate governance: Explicating the mechanisms of socially situated and socially constituted agency." The Academy of Management Annals **7**(1): 607-661.

Wieland, J. (2009). Corporate governance, values, management, and standards: a European perspective. European Corporate Governance, Routledge**:** 81-92.

Withers, M. C., A. J. Hillman and A. A. Cannella Jr (2012). "A multidisciplinary review of the director selection literature." Journal of Management **38**(1): 243-277.

Xie, B., W. N. Davidson and P. J. DaDalt (2003). "Earnings management and corporate governance: the role of the board and the audit committee." Journal of Corporate Finance **9**(3): 295-316.

Young, J. J. (2006). "Making up users." Accounting, Organizations and Society **31**(6): 579-600.

Zajac, E. J. and J. D. Westphal (1996). Director reputation, CEO / board power, and the dynamics of board interlocks. Academy of Management Proceedings, Academy of Management Briarcliff Manor, NY 10510.

Zhu, D. H. and G. Chen (2015). "CEO narcissism and the impact of prior board experience on corporate strategy." Administrative Science Quarterly **60**(1): 31-65.