

The relationship between board structure & composition and corporate entrepreneurship. A UK study

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Principal Topic

This study focuses on the relationship between corporate governance (board of structure & composition) and corporate entrepreneurship activities in firms. Existing research examines aspects of governance and entrepreneurship without any consideration of the links that may exist between these two drivers. This study seeks to address this gap.

Practicing corporate entrepreneurship has become an important element to compete successfully in today's competitive environment. However, an overemphasis of entrepreneurship could also lead towards negative implications such as high-risk, as the outcome is unknown and involves an element of uncertainty which could have negative implications on the company. On the other hand, organisations are also required to practice robust corporate governance in order to enhance greater transparency and accountability. Although the benefits of corporate governance are well acknowledge, there is the potential for a tension to arise between these two corporate imperatives; an organisation is required to practise governance and control whilst simultaneously engaging in entrepreneurial activities. It is argued that by placing emphasis on control and accountability, an organisation's entrepreneurial activities may be curbed. It is in this context that the relationship of board of structure and composition on entrepreneurship is examined.

Methodology/Key Propositions

A mixed method approach (pragmatic) was employed for testing 5 propositions and triangulating and elaborating upon research findings. Two qualitative studies were undertaken to ascertain the nature of corporate entrepreneurship and corporate governance, as they are generally perceived. This, along with other evidences, enabled the development of a corporate entrepreneurship index and corporate governance index. A quantitative analysis using survey and secondary data was then undertaken, based on the FTSE100 companies to ascertain the nature of relationship between the two indices. Qualitative case studies were then used through an interview process to gain deeper understanding of the issues involved.

Results and Implications

Certain aspects of board structure and composition such as board size, frequency of board and sub-committee meetings were found to impact negatively on entrepreneurial activities.

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