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Les conseils d'administration: Une revue de littérature

Boards of Directors: A literature review

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Résumé

La gouvernance d'entreprise accorde une place centrale au conseil d'administration de par sa double fonction de contrôle des dirigeants et d'orientation des décisions stratégiques. Au vu de cette importance, le conseil d'administration fait l'objet d'une recherche foisonnante. Ce travail apporte un éclairage théorique sur les rôles de contrôle et de stratégie du conseil d'administration en relation avec sa composition. Initialement, la plupart des travaux renvoyaient à une gouvernance d'entreprise centrée sur la protection des intérêts des actionnaires. Une question largement examinée dans les recherches académiques est celle de l'indépendance des administrateurs. Cependant, cette conception de la gouvernance a donné matière à controverses. En effet, elle s'intéresse à la simple indépendance des administrateurs sans s'interroger sur leurs caractéristiques cognitives nécessaires à leur fonction d'orientation des décisions stratégiques. Partant de ce constat, une abondante littérature étudie la composition du conseil d'administration à l'aune de la diversité. Celle-ci renvoie à des spécificités de nature cognitive. Cette approche fait appel aux compétences et connaissances distinctives des membres du conseil.

Mots clés : gouvernance d'entreprise; conseil d'administration ; contributions relationnelles; contributions cognitives; performance de l'entreprise.

Abstract

Corporate governance gives a central place to the board of directors through its dual function of controlling managers and guiding strategic decisions. Given this importance, the board of directors is the subject of extensive research. This work is to shed theoretical light on the control and strategic roles of the board of directors in relation to its composition. Initially, most of the work referred to corporate governance focused on the protection of shareholders' interests. An issue widely examined in academic research is the independence of board members. However, this conception of governance has given rise to controversy. Indeed, it is interested in the mere independence of directors without questioning their cognitive characteristics necessary for their function of guiding strategic decisions. Based on this observation, an abundant literature studies the composition of the board of directors in terms of diversity. This refers to cognitive specificities. This approach draws on the distinctive skills and knowledge of board members.

Keywords: corporate governance; board of directors; relational contributions; cognitive contributions; firm performance.

Introduction

Corporate governance gives a central place to the board of directors through its dual function of controlling managers and guiding strategic decisions. Boards of directors are thus central bodies of corporate governance. Given this importance, the board of directors is the subject of extensive research. Initially, most of the work referred to corporate governance focused on the protection of shareholders' interests. An issue widely examined in academic research is the independence of board members. However, this conception of governance has given rise to controversy. Indeed, it is interested in the mere independence of directors without questioning their cognitive characteristics necessary for their function of guiding strategic decisions. Based on this observation, an abundant literature studies the composition of the board of directors in terms of diversity. This refers to cognitive specificities. This approach draws on the distinctive skills and knowledge of board members. The purpose of this work is therefore to shed theoretical light on the roles of the board of directors in relation to its composition. However, these conceptions of governance have given rise to controversy. Thus, our problem is formulated as follows: What are the main limitations of board-related approaches? This article is organized into two sections. The first one presents the contractual approach. It proposes that corporate governance is disciplinary. The strategic approach is the subject of the second section of this article. We examine the literature dedicated to this perspective. It suggests that corporate governance is more relational and cognitive than disciplinary.

1. Literature review

If it is customary to attribute to Berle and Means (1932) the emergence of the concept of corporate governance, it should be noted that certain works agree in seeing this emergence through the reflections of Adam Smith (1776) (Charas, 2015). These authors have drawn attention to the consequences of the dissociation of ownership and decision-making functions that characterize the so-called managerial companies with widely dispersed capital. This dissociation leads to a significant risk of spoliation of certain shareholders by the managers, mainly due to their managerial discretion and their lack of control by the shareholders. Thus, in order to solve the problem raised by the separation of functions, the owners put in place governance mechanisms (Jensen and Meckling 1976) to encourage the leaders to work in their interests. Among these mechanisms of control is the board of directors as the most appropriate mechanism for disciplining managers. Even if the reference works in the field of study of boards of directors are relatively old (Selznick, 1949 quoted by Pfeffer, 1972), we have been witnessing, since the beginning of the 1980s in reaction to financial scandals such as the

Watergate affair and the bankruptcies of the Penn Central Transportation Company and the Franklin National Bank, to a profusion of studies on corporate governance in general and on its central body in particular (Zattoni and Pugliese, 2019). The wave of executive dismissals (I.B.M, American Express, General Motors, etc.) in the early 1990s, combined with the most resounding financial scandals of the 2000s (Enron, WorldCom, Vivendi Universal, Parmalat, Madoff, etc.) and the financial crisis of 2008, have also stimulated interest in this field of literature, particularly on boards of directors. These events, which have marked history and hit the headlines, inevitably lead to questions about the effectiveness of the control systems practiced until then (Wirtz, 2019). Companies were then harshly criticized for the ineffectiveness of their governance. This is due both to a lack of control of the managers operated by the directors and to the incompetence of the latter. Repeated scandals of a fraudulent nature, shaking the business community, have made the need for a reconsideration of corporate governance and put the board back at the heart of reflection on good governance. From then on, a series of codes of best governance practices and legislative reforms followed one another, all over the world, in order to prevent new dysfunctions, in particular by strengthening the control exercised by the boards of directors over managers (Francoeur et al., 2019). The United States is the first country to have developed governance recommendations integrated into the Corporate Director's Guide Book in 1978 followed by Great Britain with the famous Cadbury report in 1992. In France, it started in 1995 with the publication of the first report of good conduct Viénot. At the international level, the OECD, aware of the importance of improving governance, also issued a document entitled OECD Principles of Corporate Governance in 1999, revised in 2004 and 2015. Morocco adopted its code relatively late, only from 2008. This represents almost two decades after the first appearance of good governance practices in Europe. In addition to the reports, several texts of laws have been promulgated, referring to control, with the aim of restoring a climate of trust, severely undermined, towards the leaders (van Ees et al., 2008). This is the case, for example, of the famous American law Sarbanes-Oxley (SOX) of July 2002 or the law on New Economic Regulations (NRE) adopted in 2001 and followed by the Law on Financial Security (LSF) in 2003 in France. These codes of good conduct, these laws put the main emphasis on the way in which investors protect themselves against all attempts of expropriation of their wealth by managers, some unscrupulous. Thus, they make it possible to compensate for a possible spoliation of investors (Wirtz, 2019). The theoretical substrate of this view is agency theory. The theoretical substrate of this vision is the agency's theory.

1.1. The contractual approach

1.1.1. Agency theory

The dominant approach to research within the corporate governance paradigm is very strongly marked by agency theory (Shleifer and Vishny, 1997). Indeed, this theory has become from the 1980s one of the most mobilized theories by the research community in management sciences. Its hegemonic character remains today (Huse, 2018). The bases of the agency theory developed by Jensen and Meckling (1976) were born from the analyses of Berle and Means. In their book, they point out an important feature in companies with dispersed capital among a multitude of small holders: the separation of the functions of ownership assumed by the holders of the capital and the functions of decision assumed by the manager. This separation implies that the owners of the company leave to others - to the managers - the care of managing their capital since they have no interest in ensuring themselves the day-to-day management of the firm in which they hold very few shares. Once there is a transfer of decision-making power from shareholders to managers, an agency relationship is established. Jensen and Meckling (1976) define an agency relationship as a contract in which one or more persons (principal) use the services of another person (agent) to perform on their behalf tasks, which inevitably implies a delegation of a decisional nature to the agent. This is why these authors designate the company as a node of contracts between the managers and the shareholders of the company and therefore every contract contains within itself such a relation. In this, the agency theory applies to any contractual relationship in which the firm intervenes, of which it constitutes the contracting center. However, this relationship only appears under two conjectures (Wiseman et al., 2012). The first requires the divergence of interests between the contracting parties. Each party seeks to take advantage of the agency relationship in order to maximize their personal utility to the detriment of the other (Berle and Means, 1932). The second conjecture is based on the observation that information is asymmetrically distributed between the contracting parties. The agent, as part of the exercise of his managerial duties, has privileged information on the situation and the prospects of the firm that he does not bring to the attention of the principal (Lucas-Pérez et al., 2015).

In the presence of these two conditions, the agency theory emphasizes that the contracts that bind the parties are incomplete and therefore lead to conflicting relationships (Hambrick et al., 2008). From this conflictual situation will appear what Jensen and Meckling (1976) call immanent agency costs to opportunism, asymmetry of information and incompleteness of contracts (Reguera-Alvarado et al., 2017). Agency costs are not without consequences on the

value of the company. According to Charreaux (2013), agency costs constitute the loss of value compared to an ideal situation where there would be no asymmetry of information and conflicts of interest. To this end, governance mechanisms must be put in place in such a way as to reduce the extent of agency costs as much as possible, given the characteristics of a principal-agent relationship (Reguera-Alvarado et al., 2017). The board of directors, a specific intentional internal governance mechanism, is a body of crucial importance in reducing conflicts of interest and the costs associated with resolving them or simply the existence of conflicts inherent in contractual relationships (Fama and Jensen, 1983). A mechanism for reducing agency conflicts, the board thus appears as an instrument of discipline for managers responsible for ensuring that they act in the interest of their agents (Reguera-Alvarado et al., 2017). Two distinct corporate governance models capable of framing and controlling the action of managers are traditionally presented. This is, on the one hand, the so-called shareholder model and, on the other hand, the so-called stakeholder model. The shareholder model, which has its roots in agency theory, focuses only on shareholders considered as quasi-exclusive stakeholders in the firm and on their relations with managers (Galbreath, 2018). Evidenced by the restrictive definition of governance of Shleifer and Vishny (1997) very focused on the concern to ensure that shareholders will have a return on investment and "that managers do not steal the capital" (Wirtz and Laurent, 2014, p. 22), by disciplining them as best as possible. The central contribution of this model is the exclusive search for the maximization of shareholder value that managers should pursue, without any other consideration (Daily et al., 2003). We can therefore deduce that governance appears to be at the exclusive service of shareholders (Galbreath, 2018).

1.1.2. Stakeholders theory

Initially focused on the simple principal-agent or shareholder-manager dyad (Jensen and Meckling, 1976), attention has widened to take into account all stakeholders involved in the firm's value chain (Saeed and Sameer, 2017). Managers then become the agents of all the stakeholders of the company. The latter are defined according to Freeman and Reed (1983) as any group or individual who can affect or be affected by the company's decisions. Stakeholders bring together all the actors such as employees, customers, suppliers, public authorities and others, going beyond shareholders (Galbreath, 2018). This second governance model replaces shareholder value, where shareholders are the only residual creditors, with partnership value (Blair and Stout, 2001). In this stakeholder approach, the status of residual creditor is then extended to the various stakeholders who contribute to the value creation process (Reguera-Alvarado et al., 2017). It goes without saying that the entire residue goes to all of the firm's

stakeholders in compensation for their contribution. This then raises the question of the distribution of the overall value created, hence the need for an arbitration of this distribution among all the stakeholders. As a result, the stakeholder model aims to protect the interests of partners whose fulfilment of expectations is necessary for the sustainability of the company, unlike the conventional governance model which defends the interests of shareholders alone (Galbreath, 2018). Charreaux (1997) centers his conception of governance on the protection of stakeholders as a whole. Being implicitly part of a global vision, this definition strongly limits the exercise of the manager's discretionary power by means of an arsenal of measures. Despite the multiplicity of these disciplinary measures, the board of directors constitutes the central element of the management control system. It appears as the privileged mechanism for disciplining managers, hence its disciplinary role (Ramly et al., 2017). Fama and Jensen (1983) distinguish between two constituent functions of this role. This refers first to the responsibility of the directors to ratify the strategic decisions submitted by the managers and then to monitor their implementation. Thus, they ensure that management decisions are consistent with shareholders' interests (Ramly et al., 2017). Ratification and monitoring fall under the decision-making control of Fama and Jensen (1983). By essence disciplinary, the directors' responsibility also includes the appointment of managers, the evaluation of their performance, the determination of their remuneration and their dismissal if necessary (Schwartz-Ziv, 2017). In agency theory, decision-making control of managers is vested in the board of directors. This control role assigned to the board remains in the stakeholder's theory but evolves towards the protection of the interests of all stakeholders against the deviant behavior of managers. The latter act opportunistically and under limited rationality. This representation has led to a very strong attention to the independence of the board, the summit of the company's internal control system, as a bulwark to managerial hegemony (Jensen and Meckling, 1976).

- **The presence of independent directors**

In the contractual approach, the board of directors must also include internal directors, a sufficient proportion of independent external directors specializing in control to ensure the independence of the body and its immediate corollary, objectivity of opinion and analysis (Fama, 1980). Concerned about their reputation and their value on the market of independent directors, the latter act in the interest of the company to obtain new mandates (Ramly et al., 2017). Deterred therefore from any possible collusion with the managers which would inevitably result in a neutralization of the exercise of control, they will not hesitate to sanction or even dismiss them in the case of poor performance. This need to strengthen the board of

directors through the recruitment of independent directors is promoted by laws, listing admission standards (and codes of good governance practices. The Moroccan code of good corporate governance practices (2008) provides elements of definition of an independent director. It thus corresponds to an external member of the board who "has no connection of interest with the company (apart from his position as director or member of the supervisory board)". The French code advocates a 50% share of independent directors on the boards of companies with dispersed capital and devoid of controlling shareholders and a share of at least 1/3 in controlled companies. On the other hand, in Morocco, the code does not address the issue of composition with regard to the desirable proportion of independent members. However, the recent law n°20-19 amending and supplementing the law n°17-95 relating to public limited companies stipulates in its article 41 bis that "one or more independent directors must be appointed as members of the board of directors of publicly traded companies. Their number cannot exceed one third of the total number of directors." The required proportion is therefore 1/3 without however exceeding this ratio. The independence of board members is recommended by many researchers, inspired by the agency's theory, including in particular Fama (1980), Fama and Jensen (1983). For Fama and Jensen (1983), the independence of the board is a determining characteristic for a better company performance. This performance is attributed to the reduction in managerial latitude and opportunism of managers associated with strengthening discipline through the independence of the board (Charreaux, 2013). To this extent, numerous empirical studies have tested the influence of board independence on firm performance in order to assess the validity of the agency's theory. They give rise to contradictory results. They produce contradictory results (Johnson et al., 1996 ; Godard and Schatt, 2005 ; Daily et al., 2003 ; El Gaied and Rachdi, 2009 ; Nguyen and Nielsen, 2010 ; O'Connell et al., 2010 ; Kramarz and Thesmar, 2013 ; Armstrong et al., 2014 ; Coles et al., 2014).

On the one hand, several studies show a positive influence (Fama (1980), Fama and Jensen (1983), Pearce and Zahra (1992), Luan and Tang (2007), Florackis and Ozkan (2009), Kim and Lim (2010), Pombo and Gutie'rrez (2011)). For example, Liang and Li (1999), in a study of a sample of 228 Chinese companies, concluded that the presence of independent directors promotes the reduction of agency costs through the convergence of shareholder and executive interests and therefore contributes to performance. Also, El Gaied and Rachdi (2009), in a study conducted between 2001 and 2003 with a panel of 100 US companies, show a positive and significant relationship between board independence and performance. Lefort and Urzua (2008), by conducting an application on a sample of 160 Chilean companies, further corroborate

this idea and believe that the increase in the number of independent directors positively promotes the company's financial performance. Dahya et al. (2007) confirm this result in a study of 1124 companies listed in the United Kingdom during the period 1989-1996. Similarly, more recent empirical studies (Palmberg, 2015 ; Malik et al., 2016 ; Duppati et al., 2019 and Chijoke-Mgbame et al., 2020) support this correlation. Such results validate the postulates of agency theory. On the other hand, and contrary to the thesis of the dominant model, other research shows that the presence of independent directors negatively affects performance. Indeed, Randoy and Jenssen (2004), Bebchuk and Cohen (2005), Guest (2008), Shan and McIver (2011), Erkens et al. (2012), Cavaco et al. (2014), or Vintila et al. (2015) note a negative correlation between their presence on the board and financial performance. Based on a study carried out on 27 banks in Turkey between 2001 and 2004, Kaymak and Bektas (2008) argue that it is rather internal directors who lead to better financial performance. However, other studies find that board independence has no influence on performance. For example, Bhagat and Black (2002) do not establish a link between this characteristic of board composition and performance. Still in this same perspective, by carrying out a meta-analysis, Dalton et al. (2002) conclude that there is no systematic link between performance and board independence. Hermalin and Weisbach (2003), Deutsch (2005) and Arosa et al. (2010) reach the same conclusions. The results obtained by these researches go against the agency theory.

- **The separation of the functions of manager and chairman of the board of directors**

In addition to the independence of the board, another no less important structural characteristic reinforces its disciplinary role and also the firm's performance (Shleifer and Vishny, 1997). This is the separation of the decision-making and control functions assigned respectively to the manager and the chairman of the board. This separation derives from the separation of ownership and decision-making functions. Proponents of the agency theory insist on the importance of this dual organization of the strategic summit in order to avoid the concentration of power in the hands of one and the same person combining the functions of Chairman of the Board and Chief Executive Officer (Fama and Jensen, 1983). In this case, the CEO is vested with decision-making and control powers over these same decisions. In other words, the manager, who is responsible for the initiative and the implementation of strategic decisions, presides at the same time over the work of the board, namely the ratification and control of the decisions made by him. Behind this monopoly of power prevails the idea that the CEO can develop opportunistic behavior and therefore act against the interests of shareholders (Jensen and Meckling, 1976). The CEO, in control of the board, compromises the board's independence

in so far as the one who decides is the one who controls. A conflict of interest that would prevent him from being objective. The disciplinary role of the board is de facto hindered or even annihilated.

In short, the contractual approach strongly supports the separation of the incompatible functions of control and management, a significant determinant of board independence, in order to optimize its role in the stages of ratification and control of the Fama and Jensen (1983) model. This established counter-power thus acts as a brake on the CEO's potential opportunism. Is this practice of separation of functions a prejudice or is it empirically justified? An abundant literature has developed on this issue, leading to contradictory results on the link between the separation of functions and company performance. While some studies show a positive influence (Kaymak and Bektas, 2008 ; Issarawornrawanich, 2015 or Rutledge et al. 2016), others, on the other hand, indicate a neutral effect. Elsayed (2007), conducting a study on 92 Egyptian companies over a period of 5 years from 2000 to 2004, concludes that the dissociation has no impact on performance. Guillet et al. (2013), Vo and Nguyen (2014) find a negative relationship between the separation of functions and performance. In the French case, Godard and Schatt (2005) confirm this negative relationship on a sample of 2037 French companies during the period 1992-1999. This practice of separation is not empirically proven. As a result, these empirical studies show the lack of robustness of the results. This observation confirms the weakness of the explanatory power of the demographic characteristics of the board, particularly the independence and the separation of functions.

2.1. The strategic approach

Motivated by the limited explanatory power of the traditional approach, several researchers have been interested in the possible roles that boards can play by considering other alternative conceptual frameworks such as resource dependence theory and cognitive perspective (Rindova, 1999).

2.1.1. Resource dependence theory

According to the resource dependence theory (Pfeffer and Salancik, 1978), the company is highly dependent on its environment since it draws from it the resources it needs for its operation (Galbreath, 2018). In this context, its survival is conditioned by its ability to exercise control over these essential resources in order to control its environment. Perceived as an open system, the company then seeks to establish strong and permanent strategic links with the

external environment to control these vital resources (Pfeffer and Salancik, 1978). To this end, it must recruit on its board representatives from external organizations holding critical resources. In other words, the board is seen as the representation of the external environment within the company. Thus, it represents an interface organ between the firm and its environment (Reguera-Alvarado et al., 2017). In doing so, the resource dependence theory recognizes a major role of cooptation of the company with its environment. This theory also gives it a role in helping to acquire rare external resources necessary for the development of the company by forging links with the environment. These resources provided by directors appear to be an essential element in value creation. They can be loans, capital, commercial resources such as new customers, intangible resources or even political resources such as regulations favorable to the firm, etc. (Dicko, 2017). These roles of cooptation with the environment and assisting in the acquisition of resources feed into the service role of the board. Bridge actors placing themselves at the interface between the firm and its environment, the directors are then conceived as real support for the company. This service role refers to the board's ability to reduce the uncertainty of the environment resulting from the company's external dependence (Pfeffer and Salancik, 1978). As a result, advice contributes to the firm performance (Zahra and Pearce, 1989).

- **Board size**

Unlike agency theory which suggests that small boards are positively associated with firm performance, resource dependence theory postulates that a large board size positively influences firm performance (Huse, 2018). The board is worth by the number of links it allows to weave between the organization and its environment. A high number of links, made possible through expanded boards, allows the company easy access to critical resources. The induced performance will only be greater (Johnson et al., 2013). This hypothesis is relayed in many empirical works. Some authors (Belkhir, 2009; Adams and Mehran, 2012 ; Ward and Forker, 2017) report a positive relationship between board size and firm performance. In contrast, many authors (Pathan et al., 2007 ; Chang and Dutta, 2012) find a negative correlation. For example, Liang et al. (2013) and Bennouri et al. (2018) argue that a reduced size of the board is associated with better performance. However, other studies conclude that there is no link between the two variables. Based on a sample of 241 French companies listed on the stock exchange from 1988 to 1992, Godard (2007) finds no difference in performance between large boards and small ones. The work of El Gaied and Rachdi (2009) as well as those more recent by Vo and Nguyen (2014), Duru et al. (2016) and Assenga et al. (2018) reach the same conclusions.

- **A diverse board of directors**

Pfeffer and Salancik (1978) state that diversity of members, an important component of the composition measured by the proportion of outside directors, promotes performance. Board members must reflect the variety of rare external resources necessary for the company's activity in order to reduce dependency (Ward and Forker, 2017). In order to have these resources at its disposal and thus improve its performance, it cooperates on its board members belonging to the external actors holding these resources (Pfeffer and Salancik, 1978). From the above, directors must be carefully chosen to meet the scope of the firm's needs (Pfeffer and Salancik, 1978). Pfeffer (1973), from a sample of 57 hospitals over the period 1965-70, reports that the composition of the board reflects sources of funding. He finds a positive relationship between the composition and performance of hospitals. However, Adams and Mehran (2012) conclude that there is no link between the percentage of outside directors and the performance of banks. The diversity of board members makes it possible to have a better representation of the external environment of the company and therefore to have a potential of diverse and rich cognitive bases to participate in the strategic process (Huse, 2018).

2.1.2. Cognitive perspective

In addition to the service role, the board is also called upon to play a strategic role in actively participating in the strategic decision-making and value creation process. This role is manifested in the cognitive contributions of board members through their varied and high-level knowledge and skills (Forbes and Milliken, 1999 ; Rindova, 1999). This vision is supported by the cognitive approach which highlights the central role of directors' knowledge. This approach distinguishes the concept of knowledge from that of information, concepts confused in the contractual approach. Information refers to "a closed set of possibilities that are potentially knowable, but not necessarily known by all actors" (Charreaux, 2002a, p. 26). Knowledge, on the other hand, refers to "an open, subjective set, resulting from the interpretation of information by individuals and contingent on their cognitive models" (Charreaux, 2002a, p. 26). In other words, knowledge differs from information, although it feeds on it, in that it comes from an interpretation resulting from a cognitive model.

From the cognitive perspective, the company is above all a repository of knowledge and no longer just a response to problems of an informational nature (Wirtz, 2019). This perspective underlines the importance of pooling the knowledge and skills of each of the company's directors. This knowledge aggregation contributes to broadening the knowledge of the management team, promoting value creation (Wirtz, 2019). It is based on learning, both

individual and collective, and innovation. These are born from the coexistence of different cognitive patterns within the company. Knowledge, as a mental construct, is crucial in the detection and construction of new strategic opportunities that generate value (Wirtz, 2019). According to Charreaux (2003), knowledge is a way of inventing new productive opportunities. This vision is radically opposed to the traditional conception of governance. Indeed, the latter considers the opportunities of value creation as given in the image of a menu in which the manager would only have to choose (Wirtz, 2019). The information being potentially accessible to all individuals, it would simply be enough to inform oneself. The cognitive approach to governance, based on the notions of knowledge and skills, emphasizes the strategic dimension of value creation, particularly the dynamic role of board in the creation of new development opportunities (Wirtz, 2019). The board, a learning space, helps to facilitate the task of the manager in the imagination, perception and design of new opportunities. Godard (2007) depicts it as the breeding ground from which investment opportunities will flow, nourishing the innovation process. As a foundation for investment and innovation opportunities, co-built knowledge that is hard to imitate gives the company a competitive advantage and, consequently, contributes to the creation of sustainable value (Wirtz, 2019). This co-built knowledge, following interactions between the various board members, therefore appears as a fundamental vector of value creation. However, conflicts, distinct from those traditionally analyzed in agency theory, can occur when building investment opportunities. These are cognitive conflicts. They result from a mutual misunderstanding, concerning the best opportunities to seize and the way to exploit them, due to patterns of thoughts, different analyzes between the actors (Wirtz, 2019). Axiological conflicts, linked to values, can also take place alongside cognitive conflicts. Ethical, moral and political values can guide actors' investment choices independently of their cognitive models (Charreaux, 2002a). These conflicts are associated with costs. Wirtz (2019) proposes, by analogy to agency costs, three types of cognitive costs such as mentoring, conviction and residual costs. The board, a forum for discussions and exchanges, allows the explanation of points of view to reduce cognitive and value conflicts. While it seems legitimate to mitigate conflicts arising from divergent interests, it may be sub-optimal to seek to reduce cognitive conflicts as much as possible insofar as innovation relies on the coexistence of different cognitive patterns (Wirtz, 2019). In the cognitive strategic perspective, the composition of the board is revisited. Indeed, the composition must be based on the diversity of the cognitive characteristics of the directors and no longer according to the internal/external distinction. As such, characteristics such as general knowledge (in strategy, finance, law, etc.)

and specific to the company, skills, professional experience, expertise, take precedence over demographic and structural characteristics (Rindova, 1999). This heterogeneity promotes the company's performance.

- **The cognitive diversity of directors**

Empirical studies on board diversity and its effect on performance are, for the most part, mainly focused on demographic or observable diversity (gender, age, nationality, etc.) (Francoeur et al., 2019). As a result, few empirical studies deal with the link between cognitive diversity and company performance. Simons et al. (1999) examine this link in a study carried out on a sample of 57 industrial companies specializing in high technology. The authors find a positive relationship between cognitive diversity and performance. Also, Kilduff et al. (2000) approve this correlation on a panel of 35 companies. More recently, research by Boone and Hendricks (2009) and Buyl et al. (2011) illustrate this finding, both based on a sample of 33 Dutch and Belgian companies. Nevertheless, Li-Qun et al. (2005) show the negative effect of cognitive diversity on company performance. As for Rose (2007), they come to the conclusion that there is no link between the cognitive diversity of directors and performance. Overall, we find that the scientific work devoted to the articulation between the structural characteristics of boards and performance is far from unanimous. Indeed, these works focus on the study of the direct link. This is not empirically proven. The researches establishing the direct link between board characteristics and the performance does not allow identifying the explanatory reasons for this articulation. According to Pettigrew (1992), the nature of the link is indirect. The reasons can only be identified through the study of the internal dynamics of boards of directors.

Conclusion

The analysis of the literature relating to the field of research on boards of directors allows us to distinguish between the theories of the contractual approach and those of the strategic approach. Each of these approaches has its own conception of board composition. Indeed, as we have seen in this article, the qualities required of board members are conceived according to their disciplinary or relational and cognitive contributions. The review of the literature dedicated to the study of the effects of the demographic characteristics of boards, particularly independence and the separation of functions, on the firm performance confirms the weakness of the explanatory power. Motivated by this limited explanatory power of the traditional approach, several researchers are interested in relational and cognitive characteristics. However, empirical works reveal that these characteristics do not seem to explain company performance. Ultimately, these approaches do not identify the explanatory reasons for this articulation. The

reasons can only be identified through the study of the internal dynamics of boards of directors. Thus, it would be wise to study this dynamic in order to better understand this relationship.

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