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Director identity in pre and post-crisis Iceland: effects of board life stage and gender
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Director identity in pre- and post-crisis Iceland: Effects of board life stage and gender

INTRODUCTION

Good corporate governance is crucial to the effective and ethical functioning of large corporations. Individual board directors play two key roles, as: (1) monitors of the firm's finances, conduct, strategic direction, and CEO on behalf of shareholders, and as (2) resource providers, via human capital and social capital, of advice, legitimacy, and access to additional individuals and resources (Demb and Neubauer, 1992; Hillman and Dalziel, 2003). Despite the vast literature on boards of directors' roles and responsibilities, we know very little about the inner workings of corporate boards (Finkelstein, Hambrick, and Cannella, 2009; Huse, Hoskisson, Zattoni and Vigano, 2011). One particularly critical knowledge gap concerns how directors specifically identify with their monitoring and resource provision roles and how these relate to directors' social identities on the board.

Directors on corporate boards fulfil two distinct functions. Building on agency theory, they serve a monitoring function that ensures the alignment of management and shareholder interests (Fama and Jensen, 1983). Building on resource dependency theory, directors fulfil a resource provision function (Pfeffer and Salancik, 1978). Monitoring activities include analysis of strategy implementation, succession planning, evaluations of top executives and general oversight of top management. Directors, by virtue of their expertise (human capital) and connections (social capital) provide advice, legitimacy, communication channels and access to elite networks (Hillman and Dalziel, 2003).

An emerging body of theory suggests that the strength of directors' social identification with the CEO and the board in general influences the extent to which they engage in monitoring and resource provision (Hillman, Nicholson, and Shropshire, 2008).

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Furthermore, directors' identities strongly shape their behaviour during organizational crises (Withers, Corley, and Hillman, 2012). Scholars have called for empirical tests of director identity (Cannella, Jones, and Withers, 2015), including in times of crisis. As most corporate governance research relies on externally available data such as annual reports, financial results, and director biographies, researchers such as Bilimoria and Huse (1997; Huse, 2005) called for work that directly accesses these elite subjects and provides in-depth analysis to better understand how directors enact their roles.

The global economic crisis is a particularly salient context for the study of director roles, especially with respect to changing board demographics. The 2001 Enron fiasco and subsequent banking scandals led to greater demands for better corporate governance, including the appointment of more women to corporate boards (Higgs, 2003). Despite many national corporate governance codes with 'comply or explain' policies to promote women to directorships, the boards of directors of most large corporations around the world remain male-dominated (Catalyst, 2015), and consequently, most governance research focuses on male-dominated boards (Pye, 2000; Arfken, Bellar and Helms, 2004; Adams, Haan, Terjesen, & Ees, 2015). A growing body of research investigates female perspectives on boards of directors (see Terjesen, Sealy, and Singh, 2009 for a literature review), and finds that a non-token share of female directors function differently from their all-male or token female counterparts (Konrad, Kramer, and Erkut, 2008; Huse, Nielsen, and Hagen, 2009; Nielsen and Huse, 2010a, b; Hafsi and Turgut, 2012).

This study responds to the above calls by investigating: How do directors identify with their individual roles and social identities as board members? How are directors' identities shaped by gender and membership on mature, male-dominated or newly constituted, gender-balanced boards? We address these questions with data from 23 face-to-

face interviews with Icelandic directors in settings pre and post the 2008 crisis. We begin by describing the Icelandic context and reviewing the relevant theoretical literature. Next, we outline our data and methodology, and present our findings, suggesting eight propositions. We discuss the study's contribution to theory and practice, and outline limitations and suggestions for further research.

THE ICELANDIC CONTEXT: CRISIS AND CORPORATE GOVERNANCE

Iceland's small economy of 320,000 inhabitants and approximately 30 listed companies came to global attention in September 2008 with the collapse of three country's major banks (Glitnir, Landsbanki, and Kaupthing). Prior to the crisis, Icelandic banks engaged in extremely risky speculation that involved considerable conflicts of interest due to lending to owners and related parties (Sigurjonsson and Mixa, 2011; Vaiman, Sigurjonsson, and Davídsson, 2011). Although activities greatly expanded bank balances, and contributed significantly to Iceland's macroeconomic book which peaked in 2007, the speculation introduced serious systematic risk. The Financial Supervisory Authorities and the Central Bank failed to detect this risk and the banks were not required to deleverage. Furthermore, the banks failed to secure their liquidity in foreign currency and engaged heavily in purchasing their own shares to keep the stock prices up. The rapid loss of liquidity and market funding resulted in the collapse of all three major banks in Iceland during the second week of October 2008 (Baldursson and Portes, 2013).

After the crisis, the Icelandic economy experienced dramatic falls in national currency, GDP, and consumer confidence. The Icelandic stock exchange's market capitalization decreased by 90% due to companies going bankrupt or being de-listed. Consequently most large Icelandic companies faced extreme difficulties and often entire

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boards were reconstructed, especially in the financial sector. Iceland is considered to have experienced the world's greatest modern crisis (Sigurjonsson and Mixa, 2011), however the Icelandic case has not been examined in prior studies of crisis and corporate governance (e.g., van Essen, Engelen, and Carney, 2013).

Prior to the crisis, women occupied less than 10% of the board seats of the largest 100 companies and none of Iceland's largest 50 companies had more than one female director on the board. Discussions on the scarcity of women on corporate boards had started in 2004, however business sector leaders did not consider the issue pressing (Jonsdottir, 2008). Norway was the first country to introduce gender quotas for corporate boards, in 2003 for private companies and 2006 in public companies, followed by Spain in 2007 (Terjesen, Aguilera and Lorenz, 2014). Subsequently, the introduction of gender quotas in Iceland was debated, however the idea of a quota was not well received until after the crisis. On March 4, 2010, a bill was passed that came into effect in September 1, 2013, requiring both publicly owned companies and public limited companies with more than 50 employees to compose their boards of at least 40% of either gender (Fichtl, 2013). The new legislation generated very little public debate and by the end of 2013, most large companies had fulfilled the quota requirement. Following the crisis, a number of boards were reformed, resulting in the largest shares of female directors ever witnessed in Iceland. For example, in the spring of 2009, women comprised 40%, 60%, and 100% of the newly formed boards of the three largest banks. It is interesting to note that these female appointments pre-dated Iceland's mandatory quota for at least a 40% share of women. Iceland's female board members have been described as the "heroines of Reykjavik" by the media (e.g., Carlin, 2012) for their role in rebuilding Icelandic firms and the economy. Certainly, Iceland's GDPPC and consumer

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confidence gradually increased over time. Figure 1 depicts Iceland's percentage of female board members, GDPPC, and consumer confidence for the 2003-2012 period.

[Insert Figure 1]

Icelandic boards range in size from three to nine directors, with five as the most common size, and are hence much smaller than their American and British counterparts which average about 9-10 members. Icelandic boards consistent only of independent (non-executive) directors. Furthermore, in contrast to other national corporate governance models the CEO is generally not a formal member of the board but attends and participates in board meetings. Icelandic corporate law prohibits the dual CEO/Board Chair role which is commonly found in corporate governance systems around the world. Icelandic boards commonly met 10 to 14 times a year before the crisis. In the months following the crisis, boards met as often as two or three times per week. By contrast, most American, British, European, and Asian boards of publicly-traded firms meet between four and twelve times a year.

THEORETICAL BACKGROUND

Social identity theory

Social identity theory focuses on the social categories of identities, for example as based on organizational or social memberships. Individuals use social identity to perceive themselves in relation to categories or groups of other people in particular contexts (Tajfel and Turner, 1986), drawing on prototypes of the group member role and behavior. Individuals identify with membership of the group to varying degrees, depending on their emotional attachments to the group and the context. At any one time, individuals may have many group memberships with varying strengths of identification. For example, a female director may be

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more aware of her membership of the female category in a context where she is the only woman (e.g., on a corporate board) than of her actual membership as a director on that board. Furthermore, others' perceptions of an individual's social identity will depend on their own categorization processes and strengths of identification with the group membership and the salience of the context.

Identity in the corporate board setting

An important and under-examined context for examining individuals' role identity and social identity is the corporate board where directors are expected to identify both in terms of roles and social groups (Hillman, Nicholson, and Shropshire, 2008). Hillman et al.'s (2008) early theoretical work suggests that independent directors may provide varying levels of monitoring and resource provision based on five role identities: as organizational member, director, CEO, shareholder, and customer or supplier. Thus, Hillman et al. (2008) suggest that individuals who strongly identify with the board member role are more likely to be concerned with personal reputation and hence will actively monitor and provide resources to their boards. In contrast, a director who is also CEO of another firm may be less reluctant to criticize in the boardroom, due to empathy for the CEO's position and a high level of discomfort with close scrutiny when he/she is the CEO. In this paper we look at how directors identify with being on members of the board and specifically with being a CEO.

A second branch of theorizing examines organizational decline and crisis, suggesting that individuals' roles also map to context, such that in an organizational crisis, individuals who identify with director roles are more likely to be concerned with their exit and reputation, while individuals who identify as CEOs or shareholders will be more likely to seek to ensure the firm's survival (Withers and Hillman, 2008). A recent extension by

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Withers, Corley, and Hillman (2012) considers that strong identity with a particular role, for example as CEO, will delay the onset of proactive monitoring. Taken together, this work suggests the importance of empirically examining director identity in a context. Whilst the context in Withers and Hillman's (2008) study was an organizational turnaround, the context in this paper is the financial crisis in Iceland and the restructuring of a number of boards to become gender balanced.

Corporate Board Director Responsibilities: Board Life Cycle Stages and Gendered Perspectives

Corporate directors have multiple sets of responsibilities, including monitoring managers on behalf of the owners and shareholders, giving advice, conferring legitimacy, and facilitating connections to resources based on social capital (Zahra and Pearce, 1989; van Ees, Gabrielsson, and Huse, 2009). Extant research generally views boards as homogeneous groups that perform generic functions, and does not differentiate amongst organizational contexts or between individual and group behavior (Pye, 2004).

One particularly salient organizational context is the life cycle stage of the board. Mature board cultures may be characterized by path-dependent experiences, and long-standing relationships among members and a sense of tradition. By contrast, newly constituted boards are not bound by administrative history and inertia, and members may perceive more opportunities for fresh and non-traditional perspectives on their board work and their identities and roles associated with the board.

A second component of organizational context is gender, and concerns the share of female directorships, including whether these women directors are tokens (i.e., less than 15%, Kanter, 1977) on their boards. Prior research suggests that critical mass, rather than absolute

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numbers of women, influences board dynamics and leads to women's voices being heard and outcomes such as increased innovation (Torchia, Calabro, and Huse, 2011). Higher proportions of women directors enhance board development activities, as women contribute greater levels of preparation (Nielsen and Huse, 2010a). When female directors' share is higher, female directors are more likely to believe that they monitor and control, express their views, and have a high level of influence in the boardroom (Elstad and Ladegard, 2010). Other gendered aspects of director responsibilities relate to women's challenges, even after becoming directors, to demonstrate their legitimacy (Hillman, Cannella, and Paetzold, 2000; Westphal and Milton, 2000). Furthermore, women directors' specific boardroom roles may include advocating for women's issues, such as balancing work/family needs and other 'soft issues' (Burke 1997).

Taking the above into consideration, we probe our data for board life cycle and gendered perspectives on director roles in a pre and post crisis setting.

DATA AND METHODOLOGY

We chose a qualitative approach in order to gain an in-depth understanding about directors' interpretations of their responsibilities as well as their role identification. We sought to gain insight into the individuals' experience as board members and how they thought about their roles and how they acted to fulfil them. Interviews were semi-structured and followed a protocol which was identical for all interviews both in the pre- and post-crisis setting. When analyzing the data we looked for patterns of similarities and differences across individuals and subgroups. While the generalizability of our findings is very limited, the semi-structured approach enabled us to uncover thoughts and ideas that might not have emerged in a more structure setting.

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Sample

We conducted in-depth interviews with 12 women and 11 men who collectively held directorships in 50 of Iceland's largest companies (by revenue in 2005). For the first study, we selected mature boards with at least one female member, as it turned out none of the boards of the 50 largest companies had more than one female at the time, hence our boards had only one female. Boards in the second study also had at least one female director and could be identified as either mature or newly constructed. The first wave of interviews, collected from November 2006 to April 2007, included five males and six females from six focal boards. These firms were predominantly in the financial and investment sector, but also included transport, high-technology manufacturing, and retail. All pre-crisis male director interviewees had, mostly served on all-male boards, the focal board being an exception. The pre-crisis female director interviewees were always the only female directors on their boards.

The second wave of interviews was conducted after the 2008 crisis, from March to May 2009, and included 12 independent directors (6 women, 6 men) from five of Iceland's 50 largest firms. Two boards were selected due to the fact that they had gender balance and were newly constructed which was a consequence of the crisis and the need to build a completely new organization. The other three boards were chosen based on women directors' positions as a minority or token on these mature entities, and thus resembled the gender composition of the focal boards in the first wave of the study.

Table 1 provides an overview of the participants. As shown, female directors were generally younger and had less business and board experience than their male counterparts. However among the newly constituted boards, female directors had more business experience than their male counterparts, and similar levels of board experience. Across all boards, male and female directors possessed generally high levels of education.

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[Insert Table 1 here]

Interviewees were asked to keep their focal board in mind, but also to reflect on their

extensive general board experience which altogether covered the boards of more than 50 of

Iceland's largest 100 companies. Many interviewees were personally acquainted with the co-

author who conducted the interviews. We believe that high levels of trust between

interviewer and interviewee led to greater access and willingness to share information.

Interviews

Our in-depth, semi-structured interviews were conducted at the office of either the

interviewer or the interviewee, and followed the interview protocol in Appendix 1. This

protocol was designed to elicit directors' interpretation of their roles on the board, and

explicitly asked interviewees to describe the nature and importance of informal relationships

in their board roles, which provided the basis for our coding on social role identity. The

protocol served as a checklist of themes or points of discussion to ensure that relevant topics

were covered with additional questions as needed. Interviews were conducted in Icelandic,

the native language of the interviewer and interviewees, and recorded and transcribed in

Icelandic and then translated into English by the interviewer who was mindful of getting the

tone and context across, however translation might cause lack of accuracy of the data. Each

interview lasted approximately 60 minutes.

Design and Analytical Approach

The interview design reflects calls for clarity in the level of analysis in board studies (Pye,

2004) by focusing on the individual's identification with the director and social roles. The

research design followed a social constructionist approach, drawing on respondents'

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thoughts, experiences and interpretations as they constructed their own realities of their board roles during the interviews. The directors' responses are reinterpreted by the researchers to make sense of the underlying identification with director and board roles (Berger and Luckmann, 1966). We viewed our task as not to gather facts and measure how often events or patterns occur in order to be able to generalize to a larger population, but rather as to gain depth and understanding of a particular context (Easterby-Smith, Thorpe, and Lowe, 2002:30).

As qualitative data analysis is prone to biases due to the researchers' expectations and preconceived ideas (Easterby-Smith, et al., 2002), we took steps to limit these biases by keeping an open mind and systematically analyzing the data. We imported the text into NVivo in order to identify and structure emerging concepts and themes. This process followed Easterby-Smith et al. (2002: 123-124), and involved interactive rounds of analysis.

We initiated the analysis with several deep readings of the transcripts, and began by informally identifying issues in the existing literature, and then extended these ideas. For example, as well as the director role interpretation coding theme, we identified another strong theme relating to the director role identification process, and the social role identity of being a board member. We returned to the literature on director identity to build up coding labels below those headings. We undertook several rounds of coding in NVivo, reorganizing themes and coding. We revisited the interview data as a validity check, in consultation with key literature. The emerging conceptual structure on director identification was reviewed and adjusted based on iterative discussions amongst the authors.

FINDINGS

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We report the findings according to the themes we identified during the analysis of the interviews. Taking advantage of the qualitative nature of the study, we construct our propositions based on the themes and constructs emerging from the data.

Identification with the Director Role as Monitors

Pre-Crisis

In the pre-crisis setting, none of the male directors brought up the monitoring role as one of their primary functions on the board. Only one male director commented on his agency role as being a monitor of management actions, but said he was not going to check the financial statements:

> *"I cannot get bothered with the numerical details; it's a kind of common sense that you have to have and a broad overview." M4 (Mature Board, non-CEO)*

In contrast to the male directors, all of the female directors described their key role as monitoring. The female directors reported that they asked critical questions, challenged managers, made them *"justify things to themselves," "dragged the board members back,"* and requested explanations. The female directors also commented that this monitoring role took courage, was not well received by other members, and was not done by other (all male) board members. According to the female directors, *"political skill"* was needed to monitor and *"you do have to pick and choose a bit"* about what and when to question other board members. This indicates that while the female directors expressed a strong interest in their monitoring roles, they had to take care of not being too vocal in order not to risk being criticized by their male counterparts.

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Proposition 1: In pre-crisis mature male dominated boards, female directors are more likely than male directors to identify with their monitoring roles.

Post-Crisis

In general the male directors on mature boards, similar to their counterparts on the pre-crisis mature boards, did not relate to the monitoring role. The only male director from a mature board to describe questioning as important commented on the issue very late in the interview and in the context that the boards should do more questioning, and that questioning was not the norm:

> *"I am quite sure that critical questioning by board members has been severely lacking. You don't need to fight like cats and dogs, I just mean that solid, well-worded and critical questions that experienced people have the cleverness to ask - and review things in that manner."TM2 (Mature Board, CEO)*

In contrast, the male directors sitting on the new gender balanced boards strongly identified with their monitoring role.

As they reported in the pre-crisis interviews, female directors on mature boards commented, without prompting, on the critical monitoring aspect of their role as a director. According to one female, *"one of the board's main roles is to review the financials."* All of the female directors on mature boards indicated that questioning, from female directors in particular, was still generally not welcomed by their male counterparts. One female director who was also a CEO stated *"we have to learn that asking questions is not being annoying"*. Another experienced female director reported that she felt *"it was like at school where someone is afraid to ask, and if she did, then 'Oh dear, why is she asking so much?'"* This director added that *"people sometimes took the questioning as personal,"* rather than as a disciplined component of board processes. Another female director commented on the males' negative reactions to her monitoring role:

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"Sometimes it is like you are being excessively officious, but I choose to look at it in a way that you are trying to improve the operations and point to things that can be improved…and you are not always looking for someone to blame, you are trying to help people to manage their affairs properly." TF2 (Mature Board, non-CEO)

One female director of a mature board suggested that the willingness or motivation to question critically might be gender-related:

"Well, because men tend to be more eager to make statements, they act as if they have the complete view. While the women sort of work their way towards the information – the men make the statements, they claim they know things for a fact right from the start and then perhaps back off if there is a need to support their statements, while women sort of come from the other side and work their way towards the statement by questioning." F2 (Mature Board, non-CEO)

Female directors on new gender balanced boards defined their key roles as monitoring, in asking critical questions and improving board performance. These female directors' responses indicated their personal confidence in their roles as monitors, as illustrated by the following quotations:

"What is really important to me is to ask a lot – I consider it to be one of my main duties to ask until I understand it, so I can make my decision with a certain level of confidence, so I can be certain that the right things are being done, and it really applies to the entire board, everybody asks a lot." NF1 (New Board, CEO)

"I would say I ask more questions because I have made a point of doing so, yes. Perhaps it is just the experience and maturity that has taught you that you know when to ask, and you are just past a certain barrier and just ask. You are no longer prepared to just follow the group, so I think it is more that." NF2 (New Board, CEO)

Male directors on new gender balanced boards described role identifications that were similar to the female directors, namely as *"critical"* directors *"probing and striving for better board practices."* Male board directors also mentioned monitoring that the law was being obeyed, and that financial results were closely scrutinized. None of the new board male directors were CEOs, and perhaps because of this lack of identity with the CEO role, they

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were willing to question the CEO and financial matters, fulfilling their agency role. This finding is in sharp contrast to that of male directors on mature boards who focused far more on their resource provision roles than their duty to engage in monitoring roles.

Proposition 2: In post-crisis boards, male directors on new gender balanced boards and female directors on both new gender balanced and mature male dominated boards are more likely than male directors on mature male dominated boards to identify with their monitoring roles.

Identification with the Director Role as Resource Providers

Pre-Crisis

All of the male directors identified with their key roles of bringing strategic resources to the boardroom. The five male directors, including three CEOs, saw themselves as bringing their long-standing experience, judgment, and "big picture vision" as directors to the table. Examples of this emphasis on the resource provision role include:

> *"As time goes by and the maturity and experience increase, you see things more with the eyes of a 'wise old man.'" M3 (Mature Board, CEO)*

> *"I have extensive experience. ... I think an old nose like mine can very well sniff out the pros and cons of particular matters." M1 (Mature Board, CEO)*

By contrast, female directors, including one who was a CEO, described themselves as *"there to support and provide specialist assistance,"* mainly to the CEO. These female directors were modest and did not claim to be wise or vastly experienced, although their pre-board educations was comparable to their male counterparts. One female director shared that she brought a *"more simplified view"* of issues to the board. Taken together, female directors did not explicitly mention their roles as resource providers.

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Proposition 3: In pre-crisis mature boards, male directors are more likely than female directors to identify with their resource provision roles.

Post-Crisis

Following the crisis, all female and male directors on mature male dominated and newly formed gender balanced boards revealed the importance of their resource provision roles. Compared to the male directors, female directors were more explicit in identifying these strategic resources. For example, two female CEOs emphasized the need to manage their personal reputations as directors, based on their previous actions and involvement. The following interviewee excerpts are illustrative:

> *"You have to have some principles that you stick to and not be willing to compromise or sell your reputation." TF3 (Mature Board, CEO)*

> *"You are attaching your name in a very different manner than if you were an employee of the owner. You become more alert that you need to deliver and take care of your reputation, so often outsiders approach things more formally, have more formal minutes and so on, if you are going to attach your name to it." NF2 (New Board, CEO)*

On mature boards, directors' resources included human capital, such as business experience and education, and social capital, such as linkages to external networks. Two male and two female directors reported that their appointments were due to their business experience and relationships with previous owners. One female director noted that her *"finance and business turnaround experience, as well as my degree,"* were sought by those appointing her to the board. Another female director shared that she had been the board secretary, but had recently been appointed as a director because of that knowledge acquired in that earlier role.

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On new gender balanced boards, where all directors had only one year of experience, male and female directors also shared similar, resource provision-related views as to why they had been appointed. Directors identified key factors as based on their *"unblemished reputations,"* which provided legitimacy to the board which was *"desperately needed."* One male director felt that he was selected based on *"being known to an Icelandic Minister, distant from the crash, and some earlier board experience."* Another male director with an academic background was told that *"he had a good reputation with operational and financial experience."* Another male director described his resource as being known as independent, professional, and not politically affiliated through his participation in public debates and writings:

> *"I am there on the board of the bank and there is no one who can tell me how to act…no one, no one!!! I don't take any instructions or messages about how I should deal with matters; I am completely free and independent. And the party that appointed me has not made any gestures in that direction, anyway I wouldn't attend to it - and if they tried to I would just immediately walk away."* NM1 (New Board, non-CEO)

A female CEO sitting on a new board emphasized her honesty and moral standards, and that she was *"someone not associated with those who had brought the country to its knees."* She shared:

> *"I at least think that he wanted someone who was honest and had never been involved in something dubious or dishonest so you could doubt the moral standards of the person…And that I am not connected to any of the big business circles that were in the playing field, so I should be in a neutral position."* NF1 (New Board, CEO)"

Several new board directors reported taking on their director roles as *"rather a duty that you perform as a citizen."* One male academic saw his directorship as a service, because the pay was limited and the board role required one day a week. A female director added that whilst she had *"no great interest in becoming a director of a bank, it was the socially responsible thing to do"* and that *"everyone needed to lend a hand."*

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Proposition 4: In post-crisis boards, male directors and female directors strongly identify with their resource provision roles, regardless of whether the board is a mature male dominated one or a newly established gender balanced board.

Identification with the CEO Role

Pre-Crisis

In our pre-crisis sample, three of the five male directors were CEOs themselves, and mentioned their role as director in relation to their role as CEO. One non-CEO male illustrated an exception and described monitoring of the CEO as an important task for the board as a whole and as his individual role:

> *"Well, we the board, we hire the CEO, we approve the corporate strategy the CEO suggests, we have an opinion on how the company can work, we provide the discipline … I make it my concern to look at how the CEO presents matters, and I'm thinking is he doing the right thing…I'm trying to get a feeling for if the guy is bluffing, not intentionally, it's just, is he living up to standards, is he making sense, is it working?" M4 (Mature Board, non-CEO)*

Two male directors commented that CEOs need to trust board members and consult with them, but *"confidentially,"* as at that level *"there are lots of things you don't want to elaborate on just anywhere."* Of the six female directors, only one was also a CEO. Whilst one female director spoke of the *"great sounding board,"* two other women extensively discussed their roles as *"support"* to the CEO as the reason for their appointments, thus not really identifying with the 'directing' aspects of their director roles.

Our data on male directors' perceived roles reveal that few prioritized the role of monitoring the CEO. This reluctance to question management, including the CEO, is in contrast to their non-CEO female peers who, as described earlier, identified strongly with the monitoring role. Individuals who identify with the CEO role (i.e., those directors who are also

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CEOs of other firms) are likely to ask fewer questions of executive management, believing it to be the CEO's area of responsibility, and trust that *"what needs to be done will be done."* Taken together, we propose:

Proposition 5: In pre-crisis mature male dominated boards, male directors who are also CEOs are more likely than non-CEO directors to identify with the CEO role and to demonstrate a reluctance to challenge the CEO.

Post-Crisis

Following the crisis, both male and female directors on new gender balanced boards - whether or not they were also CEOs outside the focal boards - shared the view that a key part of the role was to monitor the CEO and the finances. However, on mature male dominated boards, the male directors, all of whom were CEOs, were still less involved in their monitoring role, with only one male director mentioning the CEO monitoring role briefly when prompted. By contrast, the one female director who was also a CEO and sat on a mature board was very emphatic about the directors' need to be able to *"question without negativity, especially about the key financial results... if the right structures and processes were in place, then any problems should be highlighted in time for remedial action."*

Taken together, we observed gender differences between directors on mature male dominated boards, and gender similarities between directors on new gender balanced boards. Through their lower concern for monitoring, male directors' behavior on mature male dominated boards pre- and post-crisis indicates their stronger identification with the CEO of the focal company.

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Proposition 6: In post-crisis boards, male directors on mature male dominated boards are more likely than male directors on new gender balanced boards and female directors on mature male dominated boards and new gender balanced boards to identify with the CEO role and to demonstrate a reluctance to challenge the CEO.

Identification with the Social Role as Board Member

Social role identity concerns identification with membership of a group that has certain defining characteristics including norms and behaviors which are typical of the group. Here we are concerned with how directors perceive themselves as *members* of their focal boards rather than as individual directors.

Pre-Crisis

Prior to the crisis, the male directors emphasized the importance of establishing and developing informal and personal relationships with their fellow board members, and considered this to be a crucial part of being effective as a director. One male director described himself as a member of *"the forum that creates the drive."* The male directors also reported informal communication several times a week. According to one director:

> *"I think it does matter that men know one another; they're not simply sitting there with a straight back and a straight tie but that they can share social moments together."* M1 (Mature Board, CEO)

In sharp contrast, female directors reported very low levels of informal relationships with fellow board members. The following quotations illustrate that female board members did not seem to have an equal amount of interaction with their boards before the crisis:

> *"There are basically no interactions between board meetings unless there is an issue that needs attention, maybe a phone call or two."* F1 (Mature Board, CEO)

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"I'm on good terms with [two of the board members] but that relationship is limited to the board meetings... I do know, however, that they are active between meetings and keep in touch." F3 (Mature Board, non-CEO)

One male director described being a member of the sub-group that is "*a relatively tight nucleus that makes the big decisions, important in a big board, where informal meetings are held on the phone, in the evenings or weekends.*" According to this male director, membership in this group means that *"your views are considered valid – whether you are in the group that is really pushing things forward."*

These pre-crisis male directors' comments were consistent with the view that being a director is a signal of being a trusted member of a board, and also that trust is an outcome of the social relationships between board members. Male directors described this trusted membership as something that had been built up over time and which helped to predict the behavior of other board members. As one male director shared:

"Yes, it [trust] is absolutely a fundamental. And of course in this group men have worked together for a long time ... we know each other well, and you have to trust these people you're working with, it's all about that." M2

Despite possessing similar years of board tenure (i.e., just over four years) to their male counterparts, female directors described having to undertake activities in order to acquire trust from their fellow board members. Several female directors shared stories having to build credibility as a useful and consistent contributor and board member, as the following quotation illustrates:

"To build credibility you need to show consistency in behavior, I would say, so people know where you are coming from and know what type of person you are." F2

Only female directors described themselves as needing to *"facilitate a good atmosphere in the boardroom,"* and reflected on the masculine culture of the boardroom. Two female directors portrayed themselves as *"diplomats,"* whilst another female director

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focused on how her role involved *"rebuilding what had been demolished."* Taken together, female directors' gender identity as the sole woman on the board may have taken precedence over their board member identities such that they did not strongly identify with the social role.

Proposition 7: In pre-crisis mature male dominated boards, male directors are more likely than female directors to identify with the social role of being a board member.

Post-Crisis

Following the crisis, informal relationships were regarded as important by male directors on male dominated mature boards, and thus there is no change from the pre-crisis interviews in which male directors identified strongly with the social role of board members and defined informal relationships as a prerequisite of trust and effectiveness. One male CEO said that *"there were lots of interactions between meetings on all of the boards"* that he sat on. Another CEO said that *"in a small country like Iceland, the board members know each other and naturally meet and talk about board matters;"* however, he added that on larger boards, this could lead to a *"need to tighten up processes and keep things more responsible and orderly."* These quotations suggest that male directors on mature boards strongly identify with their social role as members and consider themselves to be part of an extensive network of directors with significant activity and influence.

One of the three female directors on mature boards explained how she gradually became part of the board dialogue, and how her knowledge and contacts limited the possibility that she might be marginalized:

> *"I think you need to be involved in the dialogue. And I would say – you don't dive into it in the first meeting of a new company or a new board. It sort of comes*

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gradually, you just interact, but I am fortunate to know the company and its operations well, so that helps. You also often try to have conversations before the meeting. That is a part of it." TF1 (Mature Board, non-CEO)

Another female director (also a CEO) commented that on her mature board, there was *"too little interaction between board members outside the Chairman/CEO relationship."* She felt that *"delicate issues and warning signs could be dealt with earlier if informal relationships were there."*

On new gender balanced boards, female directors again reported that they had few informal relationships with other directors; however the female CEO did not consider this to be highly important:

> *"Sometimes it matters, but often it can be quite sufficient to attend meetings and prepare – because there is a lot of open discussion and it is really the case that we can discuss matters in full at the meetings."* NF1 (New Board, CEO)

Interestingly, male directors on new boards also did not report that informal relationships played an important role. One said that *"occasionally there would be e-mails, but that was the exception rather than the rule."* Another new male board director stated that *"people might make phone calls on something specific, but it was not often."* However, one of the new board male directors talked about communication between board meetings, as members got to know each other better:

> *"I didn't know everybody, but now people have gotten acquainted and can have a chat two and two between meetings, so there has been created a sense of rapport people can read each other sort of... is that OK or should we have it like that?"* NM1 (New Board, non-CEO)

Proposition 8: In post-crisis boards, male directors on mature male dominated boards are more likely than male directors on new gender balanced boards and female directors on mature male dominated and new gender balanced boards to identify with the social role of board member.

Our findings are summarized in Table 2.

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[Insert Table 2 about here]

DISCUSSION

This study examined how directors' identities may be shaped by the gender composition of the board and by board life cycle stage. While pre and post crisis settings had little effect on members of mature male dominated boards, we found evidence of effects on newly established gender balanced boards. With respect to director role identity, we uncovered gender differences within the mature (male-dominated) board director group, although these were strongest pre-crisis, when males did not identify with the monitoring role and females did not identify with the resource provision role. However, post-crisis, new directors were very clear on how their unblemished reputations and lack of connections to the wrong-doers added legitimacy to their boards. In terms of relational identity with the CEO role, we found that male directors who were CEOs identified strongly with this role and were less reluctant to identify with their monitoring role. We also uncovered gender differences in the social identity of board members across the pre- and post-crisis mature boards, where women seemed to be "directors on approval" on these male-dominated boards. On new gender-balanced boards, a cohort effect seemed to be taking place as there was increasing group cohesion and fewer gender differences in directors' identification with their roles.

Our study offers implications for several relevant theoretical perspectives. First, with respect to director role identity (Hillman, Nicholson, and Shropshire, 2008; Withers and Hillman, 2008; Withers, Corley, and Hillman, 2012), we extend theoretical research by contributing empirical qualitative evidence on directors' individual identification with director monitoring and resource provision roles, the CEO role, and social identification as board members. We also provide an important gendered perspective on these roles. Taken

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together, our findings highlight different outcomes for male and female directors on mature and new boards before and after the crisis. That is, mature boards' male directors' role identities change very little after a crisis and continue to focus on resource provision and social identification; however, post-crisis female directors identify more with their resource provision roles and describe male directors as resenting the female directors' attempts to fulfill monitoring roles. Furthermore, among newly formed diverse board members, both male and female directors identify with their balanced monitoring and resource provision roles. Our results are consistent with theory suggesting that directors who identify strongly with their roles will take these roles seriously so as to protect their external identities and future directorships (Hillman et al., 2008; Withers et al., 2012). Furthermore, with respect to mature strong identity with the CEO role, we find that male directors who are CEOs are less likely to perform their monitoring tasks, consistent with Withers et al. (2012).

Second, we extend earlier work on tokenism theory and the critical mass of women on boards (e.g., Torchia, Calabro, and Huse, 2011; Nielsen and Huse, 2010a and b; Elstad and Ladegard, 2010). We elaborated on this work by considering how token status and female ratios may be considered in light of board life stage and crisis context. Although none of the twelve female directors mentioned the effect of multiple women on board, the different gender proportions of the mature and new boards could be an explanatory factor for some of the differences. Pre-crisis gender differences persisted in the post-crisis period on mature, male-dominated boards. Our different findings among post-crisis boards may be explained by a mix of balanced gender diversity, the new board effect, and, to some extent, the crisis context.

Third, our findings offer some empirical support for the glass cliff theory (Ryan and Haslam, 2007) which suggests that women are often promoted into precarious leadership

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positions. Certainly, immediately following the crisis, substantial numbers of women were named to the boards of Iceland's largest firms. These women carried the burden of turning around their firms and uplifting a nation from severe economic, financial, and moral crises. There were few female CEOs of Icelandic firms following the crisis, demonstrating a continued scarcity of female CEOs (Oakley, 2000). This finding is consistent with Norwegian research is that the significant growth of female directors was not accompanied by a growing share of female CEOs (Sørensen, 2013).

Our findings also offer implications for practice. First, retrospective analyses of Iceland's crisis suggest that its drivers included a lack of corporate governance transparency and close scrutiny of firms, particularly among banks (Sigurjonsson and Mixa, 2011; Vaiman et al., 2011). Indeed, our pre-crisis interviews illustrate a lack of close monitoring by males who at that time constituted 95% of Iceland's board seats. The limited monitoring, particularly on boards of companies in the financial sector, may have contributed significantly to the crisis.

Second, our data indicate that female directors may require some level of affirmation of their value to the board group. Our pre-crisis sample of female directors emphasized the importance of being well-prepared for board meetings, a result consistent with Nielsen and Huse (2010a). In our sample, male directors did not discuss the importance of seeking affirmation. Taken together, our findings indicate that female directors on mature male-dominated boards generally assessed their own contribution through the feedback they received from fellow board members, and that male directors assessed their contributions through corporate results. This suggests that the female directors on mature male dominated boards identified themselves as 'members on approval.' Given Nielsen and Huse's (2010b) finding that male directors were negative about women's contribution to decision-making,

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and particularly when the female directors had professional backgrounds which were dissimilar to their own, it may be that the female directors in our pre-crisis study, only one of whom was a CEO, seemed to be protecting themselves from negative evaluations by their male colleagues by preparing extensively, and assessing their contributions by feedback from male directors. After the crisis, both male and female directors on new boards described being successful in their role in terms of corporate results, although females on mature boards did not comment on this. The new board females reported feeling comfortable and confident in their membership of the board. New boards had a critical mass of women and an open culture that allowed all board members to contribute.

Interestingly, none of the twelve female directors before or after the crisis mentioned that she brought women's issues (such as work-life balance, masculine culture in the workplace or supporting women employees' careers) to the notice of the board, as suggested by Burke (1997). This indicates that female directors did not identify as being a "female champion." This finding, which is inconsistent with Burke (1997), likely reflects female directors' concerns that they were 'on approval' and that they should focus on the immediate director roles.

Our data indicate that post-crisis boards were increasingly gender diverse. A large body of prior research establishes that greater levels of diversity in decision-making groups can lead to higher quality decisions as people bring in diverse skills and knowledge and contribute realistic and complex perspectives, as long as there is time for discussion (Milliken and Martins, 1996). Furthermore, group tenure is also related to greater cohesion and individual integration. Our sample may be subject to a 'cohort effect' as new members join a unit and initiate similar individual and social identification processes that involve setting up of formal and informal structures such as communication and networking routines.

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Finally, our findings suggest that boards comprised of mostly male CEOs or ex-CEOs may risk identifying too strongly with the CEO role and thus engage in limited monitoring. Although director board demographic turnover is quite low, there is a steady increase in female directors in Iceland and elsewhere around the world, brought on by mandatory quotas and 'comply or explain' codes. New board chairs have the opportunity to create a positive and inclusive culture, allowing all board members to make contributions, whilst mature board chairs must take proactive steps, such as individual and collective board member training, to change the culture.

CONCLUSION

Before concluding, we wish to acknowledge several limitations of our study that are in summary on one hand based on context and the other on the methodology. First, Iceland is a very small country with a very small business community. In addition, Iceland experienced an extremely severe crisis, unrivalled in any other developed or developing country in modern times. Furthermore, Iceland has a rather unique set of corporate governance codes, for example prohibiting the CEO from being Chair or even sitting on the board. It is therefore possible that our results are not generalizable to other countries. Future research should examine directors' roles in other countries, and provide country comparative analyses. Second, while we clarified the role of board life cycle stage and gender, future research should examine other possible explanatory factors such as directors' specific background experience in a particular industry or political affiliation. Third, we realize that the methodology and very limited sample size in this study limits the ability to generalize from our findings. The propositions we offer can be used in different contexts to further validate the constructs of our findings.

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In addition to the suggestions based on limitations, we outline several promising directions for future research. First, as a follow-up to this initial study of director behaviouar in a crisis, future work could examine the actual tasks that post-crisis board directors undertake to shore up their firms and also to protect their public reputations. Second, our study identifies vast changes in board composition in a short period. While these changes were independent of mandatory quotas and 'comply or explain' codes, these new institutions are significantly changing the landscape of corporate governance in terms of director demographics and should be explicitly examined. There is early evidence that the new Icelandic quotas are effective in bringing women onto boards (Ólafsdóttir, 2015) and in changing the selection processes of boards (Arnardóttir, Sigurjonsson, and Terjesen, 2015). A third promising direction for future research involves the potential for role conflict and necessitates close observation of how directors seek to mitigate this conflict. This could be achieved by further examining actual boardroom interactions and how directors enact their roles in these groups. A final promising direction could examine the extent to which the discourse about director identities and processes around boards reflects theoretical perspectives such as utility, justice, social capital, and institutions (Seierstad, 2015; Terjesen and Sealy, 2015).

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Appendix 1: Protocol for pre-crisis and post-crisis interviews
Please keep a particular focal board in mind, however you are encouraged to compare and contrast this focal board experience to other boards that you have served on.
1. Can you tell me about other boards you sit on?
2. Why were you asked to serve on this particular board?
3. How would you describe your role or purpose as a board member on this board?
4. Can you describe how you would behave and interact in a typical board meeting?
5. To whom or what do you feel accountable as a director? Why?
6. Can you describe your relationships with other board members?
7. What do you think is your greatest contribution to this board?
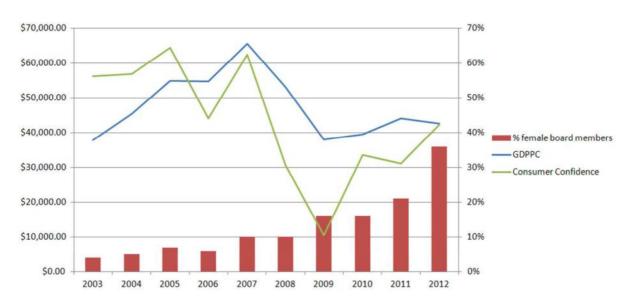8. Anything else you would like to share or comment on?

Figure 1: Iceland: % Female board members, GDPPC, and Consumer Confidence

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Table 1: Interview participants

		Gender	Age	Education	# Years on focal board	# Board directorships at time of interview	Board experience	Business experience	CEO at time of interview
Pre-Crisis Interviews	*Male-dominated*	M	59	Masters	15	6	High	High	Yes
		M	44	Masters	4	1	Medium	High	Yes
		M	44	High sch.	1	3	High	High	Yes
		M	58	High sch	1	2	High	High	No
		M	49	Masters	1	3	High	High	No
		F	52	Undergrad.	17	3	High	High	Yes
		F	47	Masters	4	1	Medium	High	No
		F	39	Masters	1	1	Low	Low	No
		F	46	Undergrad.	1	1	Low	Medium	No
		F	50	Masters	1	2	Medium	High	No
		F	38	Masters	1	2	High	Medium	No
Post-Crisis Interviews	*Male-dominated*	M	57	Undergrad.	10	5	High	High	Yes
		M	63	Undergrad.	3	5	High	High	Yes
		M	52	Masters	1	3	High	High	Yes
		F	44	Masters	2	3	Medium	High	No
		F	59	Undergrad.	2	2	Medium	High	No
		F	48	Masters	1	2	High	High	Yes
	Balanced	M	54	Masters	1	1	Medium	medium	No
		M	55	PhD	1	1	Low	Low	No
		M	53	Masters	1	2	High	High	No
		F	55	Undergrad.	1	3	High	High	Yes
		F	45	Masters	1	1	Medium	medium	Yes
		F	44	PhD	1	1	Low	low	No

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Table 2: Summary of Findings

	Pre-Crisis, Mature, Male-Dominated Boards	**Post-Crisis, Mature, Male-Dominated Boards**	**Post-Crisis, New Gender Balanced Boards**
Individual Identification as Director (Monitor and Resource Provision Roles)	"Wise," older male directors play a resource provision, rather than a monitoring, role. Female directors do not identify with a resource provision role. Female directors perceive themselves in a specialist support role. Female directors identify strongly with monitoring roles, but are frustrated by male directors' response to their monitoring.	Male and female directors identify with resource provision roles. Male directors do not identify strongly with monitoring roles. Female directors identify strongly with monitoring roles, but are still somewhat frustrated by male directors' responses to this monitoring.	New directors have diverse backgrounds and are well-educated, not tarnished by scandal, socially responsible, but mostly inexperienced as directors. All directors identify with both resource provision and monitoring roles. Monitoring is actively encouraged.
Relational Identification with CEO Role	Male directors identify with resource role, and are reluctant to closely monitor the CEO particularly where they are CEOs. Female directors strongly identify with the monitoring role.	All directors identify with the resource provision role and monitoring role, although males did less monitoring than females.	All directors identify with both resource provision and monitoring roles.
Relational Identification as Board Member	Male directors view informal relationships as crucial for trust and success. "Old boys network" where women feel excluded from informal decision-making. Male directors view their success in terms of corporate results. Female directors require affirmation from the board regarding their performance, and are directors "on approval." Female directors play a "diplomat" role and conform to gender stereotypes.	Informal relationships and networking mainly occurs amongst male directors. Female directors suggest that informal relationships might help to uncover delicate issues and spotlight warning signs.	Very limited, nascent efforts at informal relationships and networking, however limited importance is placed on these. Decisions are mainly taken in boardroom, and not in advance conversations. Female directors are confident in their roles. The board is a 'new experience' for all due to the diversity of genders and backgrounds.