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Macro- and Micro-level Determinants of Board Effectiveness in European Listed Companies: A Comparative Analysis of the United Kingdom and Romania

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Abstract

In this empirical study, UK and Romanian listed firms are analyzed and compared in order to determine the correlations between board processes, board role performance, and board effectiveness. Explanatory and quantitative in nature and based on the survey method, the research design uses validated statements based on a 7-point Likert-type scale, grouped into validated constructs. It was sent to 342 chairmen of selected Romanian and British listed companies. The study provides additional support for the moderating impact of national settings (legal, institutional, and cultural) on board effectiveness, the mediating effect of board roles on board processes, and the relevance of those board processes as predictors of board effectiveness. This study adds to the sparse body of research that examines the influence of board processes on board performance as well as the moderating role played by the national context in these processes and, ultimately, board effectiveness. The primary drawback of this study is the small sample size (55), which suggests that the results are less reliable and less generalizable. To ensure the homogeneity of the sample, however, a number of measures were taken, beginning with a distinctive dataset of enterprises with equivalent sizes and industry representation. The study is helpful for regulators who wish to better regulate board conduct as well as board directors and chairmen of publicly traded firms since it can assist them in better understanding and controlling board behavior.

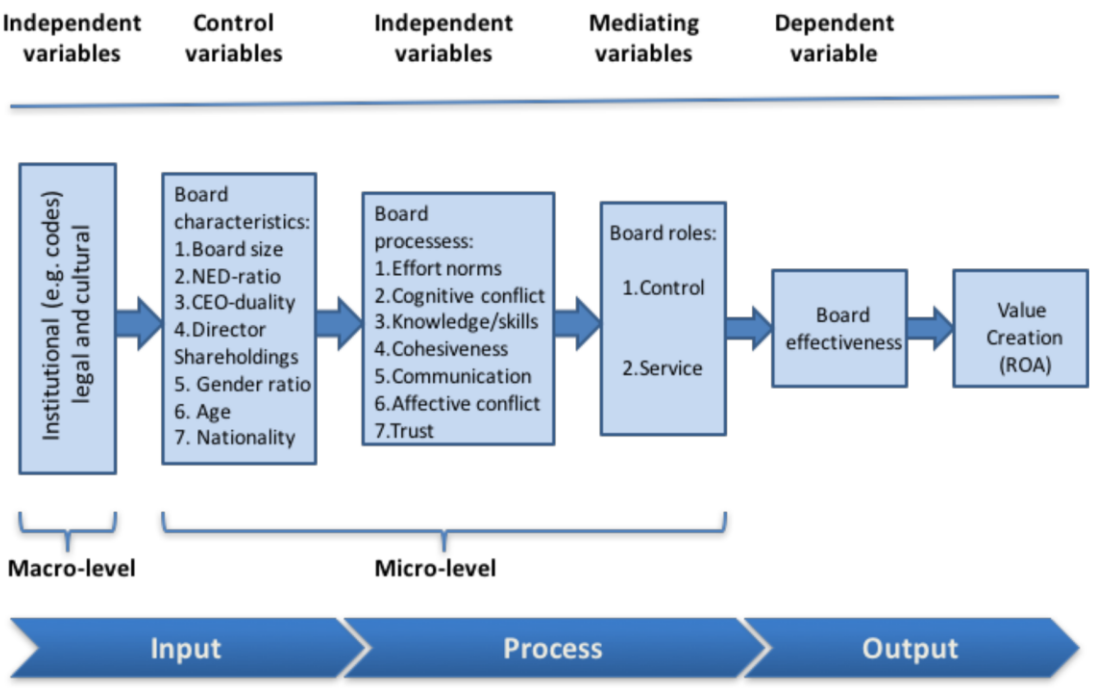
Keywords: corporate governance, board processes, board role performance, board effectiveness, UK and Romania, national context (legal-institutional and cultural)

1. Introduction

The aim of this quantitative study is to analyze and compare the micro-level determinants of board effectiveness in two European countries, the United Kingdom (UK) and Romania. A self-administered questionnaire was sent to 342 chairmen of selected Romanian and British listed companies, containing validated statements measured through a Likert-type scale and grouped in validated constructs. More specifically, this study tries to establish whether the relationships between board role performance, board characteristics and board processes on the one hand and board effectiveness on the other hand are different in the UK compared to Romania. It further uses differences in national context (legal-institutional, national culture) to explain some of the differences in board effectiveness between these countries.

This article builds on a prior study by one of the authors (Jansen, 2021), which examined the relationships between board processes, board role performance and board effectiveness, using a cross-country sample of comparable European listed companies and a multi-theoretic and multi-disciplinary model of board effectiveness (Figure 1). The three board processes mentioned by Forbes and Milliken (1999) in their seminal study on boards of directors as strategic decision-making groups—effort norms, cognitive conflict, and use of knowledge and understanding—are still relevant today, according to Jansen (2021), who discovered additional evidence that board processes are more important predictors of a board's effectiveness than board characteristics. Additionally, it reaffirmed the importance of two other board processes, notably the effectiveness of board communications and board trust (Jansen, 2021). In addition, Jansen (2021) uses important board characteristics as control variables, including CEO-Chair duality (Abels and Martelli, 2013), non-executive ratio (Gill, 2013), board size (Kumar and Singh, 2013) and board composition (Fernández-Temprano and Tejerina-Gaite, 2019), as they can aid in explaining some of the board process outcomes, which are the main focus of his study.

According to Basco and Voordeckers (2015), Farquhar (2011), Minichilli, Zattoni, Nielsen, and Huse (2012), the ability of the board to effectively carry out its roles is what determines the effectiveness of the board. However, Jansen (2021) does not use board role performance as a stand-in for board effectiveness. Instead, he gauges board performance by having chairs assess their boards' performance using a four-item construct that has been validated and is based on prior research on small teams (Aguilera, 2005; Cohen and Baily, 1997; Farquhar, 2011; Hackman and Morris, 1975; Huse, 2005; Marks, Mathieu, Zaccaro, 2001). His research confirms that the above-mentioned board effectiveness construct is a reliable measure of board effectiveness. Jansen (2021) equally found evidence that board role performance mediates (Baron and Kenny, 1986; Farquhar, 2011; Kenny, 2014; Namazi and Namazi, 2016) the relationship between board processes (independent variables) and board effectiveness (dependent variable) except for the board processes cohesiveness and affective conflict, where the relationship is only mediated via the board service role. Finally, Jansen (2021) found further evidence that the control and service roles of the board are positively related to board effectiveness, confirming that there are basically 2 principal board roles, the control role and the service role, (Aberg, Bankewitz and Knockaert, 2019; Farquhar, 2011; Minichilli *et al*., 2012).



Source: Jansen (2021), derived from Farquhar (2011) and Minichilli *et al*. (2012)

Figure 1. Theoretical Construct for Analyzing Board Effectiveness in a Cross-national Context

Several factors led to the selection of listed companies from the UK and Romania. First, boards are typically one tier in both nations. Second, stock market listing is a requirement in both nations' voluntary corporate governance codes (Bucharest Stock Exchange, 2019; London Stock Exchange, 2019). Finally, due to challenges with cross-national data collection processes, matching samples, and model homogeneity, cross-national studies typically choose nations with opposite traits in relation to the topic under study (Tsui, Nifadkar and Ou, 2007). According to the Global Competitiveness Report (World Economic Forum, 2018), the UK ranks 8th in terms of corporate governance - which includes strength of auditing and reporting standards, conflict of interest regulation and shareholder governance - while Romania ranks 68th.

1.1 Problem Statement

Despite regular upgrades in corporate governance codes, corporate governance failures in the form of fraud and financial scandals have continued to grow rapidly since the 1970's, facilitated by complex group structures and international capital flows and mediated by managerial incentives and ownership concentration (Toms, 2019). A better understanding of the functioning of boards can increase our knowledge of board behaviour and help governments in developing policies to mitigate bad corporate behaviour (Adams, Hermalin and Weisbach, 2010).

Traditionally, most literature about board effectiveness has been financial-economic and taken an agency theory perspective focused on quantifiable board characteristics such as board size or number of non-executive directors (Kuoppamäki, 2018). Despite mounting empirical evidence that board processes are more reliable predictors of a board's effectiveness than board characteristics (Basco and Voordeckers, 2015; Minichilli et al., 2012; Pugliese, Nicholson, and Bezemer, 2015; Jansen, 2021), this input-output approach ignores the actual board processes, or the dynamics within the board. Following Forbes and Milliken's (1999) seminal work on boards of directors as strategic decision-making groups, research has only recently been conducted that tries to shed some light on this "black-box" of actual board behavior by examining the relationships and behavior between board members mutually as well as between the board and management (Basco and Voordeckers, 2015; Heemskerk, 2019; Pugliese *et al*., 2015; Jansen, 2021).

Even more rare are comparative cross-border studies on macro-level determinants of board effectiveness. The relationship between board characteristics, board processes, and board effectiveness at the micro level is increasingly being shown to be moderated by various legal-institutional frameworks, ownership structures, and work-related individual values and behaviours, so called macro-level determinants (Minichilli et al., 2012; Van Essen, Engelen and Carney, 2013; Voordeckers, Van Gils, Gabrielsson, Politis and Huse, 2014).The cross-national context of this study is also relevant against the background of the increasing internationalization of boards (Barrios, Bianchi, Isidro and Nanda, 2019). This suggests that it is becoming more crucial for boards, and notably chairmen, to take into account legal-institutional aspects, financial-economic indicators, and dimensions of national culture (work related values) and their impact on board processes.

1.2 Hypotheses Development

In the next paragraph, the potential differences in micro-level determinants (board role performance, board characteristics and board processes) of board effectiveness between the UK and Romania are discussed and hypotheses developed, based on their different national contexts (legal-institutional and cultural).

1.2.1 Board Role Performance

In their empirical research of Norwegian and Italian companies, Minichilli *et al*. (2012) found that both board control role and board service role performance are higher in Norway than in Italy. This is partly explained by higher legal protection and efficiency of the judiciary system in Scandinavia compared to Latin countries (La Porta, Lopez-de-Silanes, Shleifer & Vishny, 1998), partly by cultural differences, where the Northern European model is more driven by responsibilities towards stakeholders than the Latin model, which is more family-oriented and focused on personal wealth and influence (Hofstede, Van Deusen, Mueller & Charles, 2002). Individualistic societies are also more task-oriented, whereas collectivist societies tend to be more relationship-oriented (Sosik and Jung, 2002). These findings lead to the following hypotheses.

Hypothesis 1: Board control role performance is a stronger determinant of board

effectiveness in the UK than in Romania.

Hypothesis 2: *Board service role performance is a stronger determinant of board effectiveness in the UK than in Romania.*

1.2.2 Board Characteristics

Corporate governance in Romania is frequently driven more by legal conformity than an honest attempt to improve corporate governance procedures because the country lacks the long-standing legal and institutional foundations to tackle such concerns (McGee and Preobragenskaya, 2004; Zattoni and Cuomo, 2008). This, combined with Romania's high score on the uncertainty avoidance dimension (Hofstede Insights, 2019) might make Romanian boards more likely to favor conformance with board requirements for listed companies than UK companies. Furthermore, Stanciu and Caratas (2015) concluded that the Romanian corporate governance code, compared to the UK code, is more about board structural characteristics and conformance than about board behavior and performance. Finally, although the Romanian code is also voluntary in nature, it is more likely to be followed to the letter, considering the countries rule-based civil law system (La Porta, Lopez-de-Silanes, Shleifer & Vishny, 1997). These arguments lead to the following hypothesis:

Hypothesis 3: Board characteristics are stronger determinants of board effectiveness (mediated via the board's control and service role) in Romania than in the UK.

1.2.3 Board Processes

The high-scoring UK legal-institutional framework (World Economic Forum, 2018), based on its more flexible common law system, allows UK boards to focus more on performance than on conformance with regulations (Solomon, 2020). This is further enhanced by the prevailing national culture in the UK, which is more likely to show an inclination towards open debate than in Romania (Hofstede Insights, 2019), allowing for board processes to be more relevant in terms of board effectiveness. This was confirmed by Minichilli *et al*. (2012), especially with respect to effort norms and, to a lesser extent, cognitive conflict. This leads to the following hypothesis:

Hypothesis 4: Board processes are stronger determinants of board effectiveness (mediated via the board's control and service role) in the UK than in Romania.

This overarching hypothesis is further specified below, by focusing on individual board processes.

1.2.3.1 Effort Norms

According to Forbes & Milliken (1999, p. 493) 'Effort norms are a group-level construct that refers to the group's shared beliefs regarding the level of effort each individual is expected to put towards a task'. The authors believe that group effort increases individual group members' efforts, and therefore improves the performance of the whole group. There is increasing evidence that boards which promote high-effort behaviors are more likely to

improve board effectiveness (Farquhar, 2011; Heemskerk, 2019; Minichilli et al., 2012). Romania is a collectivist society in which relationships are more important than task performance, in contrast to the UK which has strong individualistic tendencies (Hofstede Insights, 2019). Collectivist impulses can lead to boards 'rubber stamping' decisions without much debate, reducing the quality of decision-making and ultimately board effectiveness (Hambrick, Werner and Zajac, 2008). This implies that a practice of involvement and preparedness are likely to be less developed in low participative decision-making cultures than in high participative cultures (Hofstede, 1984). This leads to the following hypothesis:

Hypothesis 5: Effort norms are stronger determinants of board effectiveness (mediated via the board's control and service role) in the UK than in Romania.

1.2.3.2 Cognitive Conflict

Cognitive conflicts are task-related differences in opinion between group members (Heemskerk, 2019; Jehn, 1995). Romania shows strong collectivist tendencies, which are more likely to stifle open and constructive debate and prevent conflict (Hofstede Insights, 2019). This, together with a high-power distance and high uncertainty avoidance, makes the prevention of conflicts and divergent opinions more likely in Romanian boards. UK boards on the other hand are more likely to exhibit open debate, allowing for cognitive conflicts that further strengthen the board's ability to tap into the knowledge and skills of individual board members (Hofstede Insights, 2019). This leads to the following hypothesis.

Hypothesis 6: Cognitive conflicts are stronger determinants of board effectiveness (mediated via the board's control and service role) in the UK than in Romania.

1.2.3.3 The Use of Knowledge and Skills

The use of knowledge and skills refers to the board's ability to exploit board member's knowledge and skills and employ them to board tasks (Forbes & Milliken, 1999; Heemskerk, 2019). The large differences in individualism and power distance between the UK and Romania (Hofstede Insights, 2019) potentially lead to higher levels of open debate and conflict in the UK than in Romania which in turn might increase the ability of UK boards to draw on the knowledge and skills of individual board members. Therefore, this study argues that the use of knowledge and skills has a positive effect on board effectiveness and that it is higher in the UK than in Romania. This results in the following hypothesis:

Hypothesis 7: The use of knowledge and skills are stronger determinants of board effectiveness (mediated via the board's control and service role) in the UK than in Romania.

1.2.3.4 Cohesiveness

In line with Forbes & Milliken (1999), this study defines board cohesiveness as the extent to which board members like each other and are motivated to work together. The prevailing premise is that performance increases when the group is more cohesive (Bankewitz, 2016). Romanian work-related values are characterized by a high level of collectivism and they generally prefer to act as members of groups rather than individuals. The UK on the other hand shows high levels of individualism (Hofstede Insights, 2019). Therefore, it can be

argued that the moderating effect of cohesiveness on board effectiveness is likely to be higher in Romania than in the UK.

Hypothesis 8: Board cohesiveness is a stronger determinant of board effectiveness (mediated via the board's control and service role) in Romania than in the UK.

1.2.3.5 Communication Quality

In line with Massey & Dawes (2007), quality of communication is defined as the credibility, relevance and usefulness of the information provided to the board. High collectivism and power distance in Romania (Hofstede Insights, 2019) may indicate that in-depth debate and participation are less likely to happen than in the UK, resulting in reduced quality of decision-making. High power distance may also stifle bi-directional communication between the chairman and the board and between executive management and the board, further reducing decision-making quality (Hofstede Insights, 2019). This might indicate that the quality of information provided to the board is more important in low participative and high-power cultures than in high participative and low power cultures. This leads to the following hypothesis:

Hypothesis 9: Communication quality is a stronger determinant of board effectiveness (mediated via the board's control and service role) in Romania than in the UK.

1.2.3.6 Affective Conflict

Affective or relational conflict is generally considered to have a negative effect on the group's information processing and decision-making process (De Dreu & Weingart, 2003; Farquhar, 2011; Finkelstein & Mooney, 2003; Wang & Ong, 2005). Romania scores high on collectivism, power distance and uncertainty avoidance, all indicating a tendency towards conflict avoidance. The UK on the other hand scores low on these dimensions, indicating a higher potential for conflict (Hofstede Insights, 2019). This leads to the following hypothesis.

Hypothesis 10: Affective conflict is a stronger determinant of board effectiveness (mediated via the board's control and service role) in the UK than in Romania.

1.2.3.7 Trust

Building trust is crucial for increasing and maintaining effectiveness. Specifically trust in leaders is built through team dialogue, open communication and a joint vision (Gillespie & Mann, 2004). High collectivism and power distance in Romania hamper open debate and participation (Hofstede Insights, 2019), which might indicate a low trust building capacity. In the UK on the other hand, trust is not automatically presumed and needs to be build. On the other hand, trust in leaders and group members is embedded in collectivist and high-power cultures, as group relationships and hierarchy are considered more important than task performance (Hofstede, 1980). This is specifically true for homogeneous boards with little affective conflict. This implies that the moderating effect of trust on board effectiveness is generally higher in collectivist and low power cultures like Romania than in the UK. This leads to the following hypothesis:

Hypothesis 11: Board trust is a stronger determinant of board effectiveness (mediated via the board's control and service role) in the UK than in Romania.

2. Method

The study's research strategy is based on the survey approach; 342 chairmen of chosen Romanian and British listed firms received a self-administered questionnaire, and 55 of them responded (16% response rate). It contains validated statements that are rated on a 7-point Likert scale and classified into validated constructs or variables that are averaged (Farquhar, 2011), enabling quantitative analysis (descriptive, correlational, and multiple regression analysis). Multi-source data and specifically generated databases of board characteristics were included to further improve it (BoardEx, n.d.; Directors Holdings, n.d.).

This study focused on publicly traded firms in the UK and Romania. The Bucharest Stock Exchange (BSE) is where companies from Romania are listed. Only 73 of the 88 corporations listed on the BVB's primary regulated market in 2018 had functioning boards and weren't involved in insolvency or bankruptcy proceedings involving special administrators (Bucharest Stock Exchange, 2019). In contrast, the Main Market of the London Stock Exchange (LSE) is home to more than 1.150 major corporations from 60 different nations (London Stock Exchange, 2019). A unique dataset was created taking into account corporations of comparable size and industry representation in both countries, as recommended by Tsui et al. (2007) in case of matching samples in cross-country research. Due to the BSE's lesser size compared to the LSE, companies on the LSE were chosen based on the BSE's industry representation and company size (turnover), ensuring a balance between the Romanian and UK sample in these categories. The largest turnover of a company listed on the BSE was €3.6 billion, which was used as a ceiling for LSE Main Market companies. 269 publicly traded enterprises made up the final UK sample (UK population). Here is an industry representation chart for both nations (Figure 2).

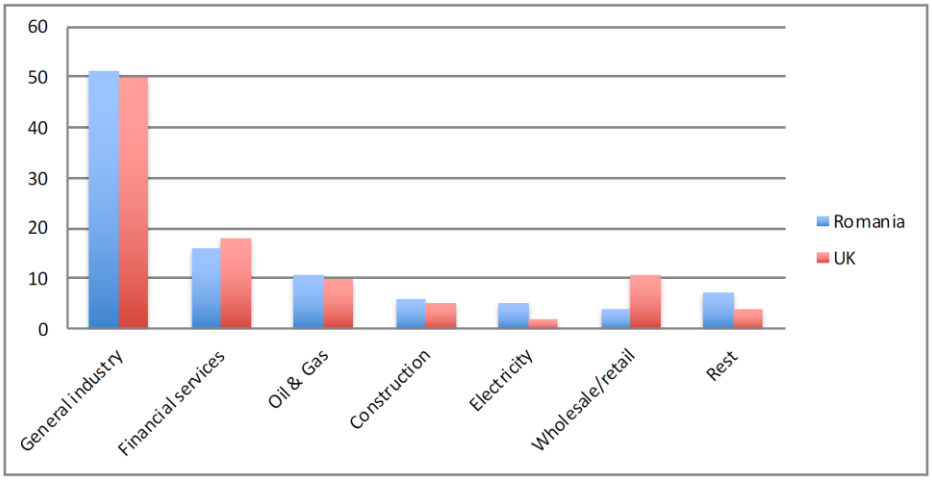


Figure 2. Industry Representation Samples for Romania and the UK (%)

Source: London Stock Exchange (2019) and Bucharest Stock Exchange (2019).

Due to the different stock exchange compositions of the two countries as well as the small number of listed companies on the BVB (88), which prevented a reduction in the number of general industry/manufacturing companies, the above chart demonstrates that wholesale/retail companies are slightly overrepresented in the Romanian sample when compared to the UK. However, the representation of the other industry sectors is well balanced. The final dataset contained 342 companies in total, including 73 Romanian companies and 269 UK companies. 73 listed and operating firms were utilized as the entire population (voluntary sample) in the case of the BSE, whereas purposive sampling was used in the case of the LSE. Since random samples are rarely used in organizational research studies due to both practical (access to firms) and strategic (comparative analysis) considerations, non-probability sampling is widely accepted despite providing less representative samples (Sharpe, De Veaux and Velleman, 2018).

269 surveys were sent to the UK and 73 to Romania out of a total of 342; the UK received 28 responses (10%) while Romania received 27 responses (37%). In total 55 chairmen responded across both countries, which is a 16% response rate. According to earlier studies on boards of directors (Cycyota & Harrison, 2006), this result is satisfactory. There were no discernible disparities in the industries represented by respondents and non-respondents when the response sample (55) and population (342) were compared, proving that the sampling process did not inadvertently favor non-respondents (non-respondent bias). The number of responses poses a concern in terms of reliability and generalizability even when response rates are satisfactory. This is mostly because of the limited number of BSE-listed companies, whose size and industry type were used to choose the UK sample. Despite the fact that the sample is homogeneous (chairs of comparable publicly traded companies), response rates are high (meaning that each dataset is fairly represented) in comparison to other board research, and a number of ex ante and ex post procedures were used to minimize bias, these relatively low numbers restrict the overall generalizability of the research findings.

Based on responses from chairs speaking for the entire board, the survey results were compiled. According to Daily, Dalton, and Canella (2003), board effectiveness studies are typically based on a single respondent, usually the CEO, who is generally thought to be in the best position in terms of understanding of the firm and the board. However, the chairman is ultimately in charge of overseeing board processes, the main focus of this study, making him or her the most relevant board member to address. Additionally, some scholars believe that chairs are more impartial than CEOs (Farquhar, 2011).

When the variance resulting from the measuring method is one of the primary causes of measurement error, common method bias occurs (Podsakoff, MacKenzie, Lee & Podsakoff, 2003). Checks for common method bias were necessary because the board process and board effectiveness variables in the model are self-reported (by the chairs). Several ex-ante procedural procedures were implemented to reduce common method bias and improve the overall validity and reliability of the data. First, the confidentiality of the respondents' answers was guaranteed in the cover letter that came with the survey, safeguarding their anonymity. Second, by ensuring that survey questions were precise, direct, and used everyday vocabulary to avoid opaque and cryptic expressions, scale items were enhanced and

ambiguity was reduced to the greatest extent feasible (Millar and Dillman, 2011). Items were modified as needed to fit the unique context of boards as decision-making bodies (Forbes and Milliken, 1999). Thirdly, a pilot study was carried out to enhance the construct validity of the survey items (Saunders et al., 2019). Two chairmen from the UK and Romania were asked to examine the questionnaire and remove any unclear questions. Each respondent was asked to find unclear and misleading questions. Additionally, queries were worded judiciously to reduce the likelihood of a social desirability bias. The English survey questions, which had been verified by earlier research, were translated into Romanian by a certified translator before being evaluated by two Romanian chairs to ensure the validity of the Romanian survey. Fourthly, the survey tool was created using tried-and-true scales that were taken from the small team literature. Only previously examined constructs were employed to boost content validity. Finally, the Cronbach Alpha test was used to assess the reliability of the constructs (variables) employed after these ex-ante procedural steps. It demonstrates how closely connected a group of items are to one another and serves as a gauge of internal consistency or scale dependability. The lowest acceptable criterion, according to other researchers, was set at 0.60 (Sharpe, De Veaux, and Velleman, 2018). The results of the reliability tests demonstrated that the constructs (variables) for individual board processes, the service and control roles of the board, and board effectiveness are all reliable measures, and that additional statistical analysis could be used to investigate the relationships between these variables as previously hypothesized.

3. Results

In the following paragraphs the relationships between board characteristics, board processes, the control and service roles and board effectiveness are established for both the UK and Romania, in order to establish whether there are any differences and whether these differences can be attributed to the moderating effect of national context. The country effect is represented by a dummy variable, 1 for Romania and 0 for the UK. This is in line with other cross-cultural studies (Tsui *et al*., 2007), who consider country as a proxy for culture and legal-institutional framework. But first the descriptive statistics for both countries are described and discussed in more detail.

Descriptive statistics for board effectiveness, board roles, board processes and board characteristics for the UK and Romania.

Table 1 shows the descriptive statistics for the different variables in the model. First, the board characteristics (control variables) are discussed in more detail, as these are quantitative in nature and not based on perceptions of the chair on behalf of the board.

Table 1. Descriptive Statistics for all Model Variables in the UK and Romania

Variables		Romania				UK			
		Min	Max	Mean	St.Dev.	Min	Max	Mean	St.Dev.
Board effectiveness	Dependent	4.5	7.0	6.2	0.65	5.3	7	6.1	0.55
Control role	Mediating	3.9	6.6	5.9	0.66	4.4	7	6.0	0.79
Service role	Mediating	3.8	7.0	5.6	0.84	4.4	6.6	5.5	0.58
Effort norms	Independ	3.7	7.0	6.0	0.93	5.0	7.0	6.2	0.55
Cognitive conflict	Independ	4.0	7.0	6.1	0.77	5.0	7.0	6.2	0.55
Use of knowledge/skills	Independ	3.0	7.0	6.0	0.90	4.8	7.0	6.1	0.55
Cohesiveness	Independ	2.3	7.0	5.7	1.04	4.3	6.8	5.4	0.62
Communication quality	Independ	4.0	7.0	6.0	0.76	3.8	7.0	6.0	0.67
Affective conflict	Independ	1.0	5.0	2.2	1.10	1.0	4.2	2.2	0.72
Trust	Independ	3.8	7.0	5.7	0.82	3.8	7.0	5.8	0.82
Board size	Control	3.0	8.0	5.4	1.52	3	12.0	7.0	1.98
Non-executive	Control	1.0	7.0	4.5	1.69	0.0	11.0	4.3	2.09
CEO-Chairperson	Control	0	1	0.25	0.44	0	1	0.07	0.27
Director shareholdings	Control	0.0	97	39.7	33.83	0.0	39.0	7.68	11.64
Women(gender)	Control	0.0	5.0	0.57	1.23	0.0	5.0	1.48	1.63

According to the above table, both Romanian and UK chairs rate themselves almost similar in terms of board effectiveness, board role performance and board processes. Of all variables, cohesiveness stands out most, with Romanian boards rating themselves higher (5.7) than UK boards (5.4). This might be explained by the lower score of Romania (30 versus 90 for the UK) on the individualism-collectivism continuum (Hofstede Insights, 2019). Collectivist societies are generally more focused on relationships than tasks and generally prefer to act as members of groups rather than individuals (Sosik and Jung, 2002). This might also explain the slightly lower score of Romanian chairs on effort norms (6.0) compared to their UK counterparts (6.2). The similar score on board effectiveness, board role performance and board processes further underline the homogeneity of the cross-national sample.

The resulting picture, when comparing board characteristics in the two nations, reflects the dominant features of the Anglo-Saxon outsider module (UK) and the Transition Type II mixed model (Romania) (Toonsi, 2011). Based on its more adaptable common law system and the voluntary nature of the UK corporate governance code, the UK model is characterized by a strong external market orientation (foreigner ratio), a dispersed shareholder structure, a high separation of ownership and control (low director shareholding), and generally a more relaxed implementation of corporate governance rules (non-executive director ratio) (Solomon, 2020). Board composition in the UK sample remains very much ‘male (low gender ratio), pale and stale’ (high average board age), as mentioned by Garratt (2005). On the other hand, Romania possesses every characteristic of the mixed corporate

governance model. The majority of the listed firms are dominated by state and corporate block holders, despite the fact that it is market-oriented. The lower foreigner and gender ratios reflect this in part. As a result, there is little separation between ownership and control (high director shares), which is consistent with Pana's (2010) findings. The high non-executive ratio reflects the country's propensity for conformity, which is a result of its legal system's reliance on rules (La Porta et al., 1997) and its culture of uncertainty avoidance (Hofstede Insights, 2019). Last but not least, the board's composition (young average age) shows that Romania's market economy and corporate governance structure are still young.

Regression analysis for board effectiveness, board roles, board processes and board characteristics for the UK and Romania.

In the next paragraphs, the relationship between the board roles, board processes and board effectiveness are defined and compared for each country separately. It should be noted that the small sample size for each country separately (28 companies for the UK and 27 for Romania) may present reliability issues, despite the high homogeneity of the samples.

The relationship between board roles and board effectiveness for the UK and Romania.

Table 2. The Relationship between Control and Service Role Performance and Board Effectiveness for the UK and Romania

Board effectiveness		
Board Roles	UK	Romania
Board control role	0.383**	0.535**
Adjusted R2	0.306	0.263
F Change	12.012**	10.285**
Board service role	0.476**	0.607**
Adjusted R2	0.244	0.545
F Change	9.083**	33.365**

Note: The table shows the standardized coefficients (ß), the value of the adjusted R2, and the value of the F change. The levels of significance are *<0.05; **<0.01

The values in Table 2 show that board control role performance is positively related to board effectiveness in both countries, although the relationship is stronger in Romania (0.535>0.383). The latter might be explained by Romania's high score on uncertainty avoidance compared to the UK (9 versus 3.5) and the low score for public sector performance (4 versus 7) and regulation of securities exchanges (4.9 versus 8) (Hofstede Insights, 2019), resulting in a tendency towards legal conformity and control. This result does not support hypothesis 1, which states that board control role performance is a stronger determinant of board effectiveness in the UK than in Romania. The results further show that board service role performance is positively related to board effectiveness in both countries, although the relationship is stronger in Romania (0.607>0.476). This doesn't support hypothesis 2, which

states that board service role performance is a stronger determinant of board effectiveness in the UK than in Romania.

The relationship between board processes, board role performance, board characteristics and board effectiveness for the UK and Romania.

In order to establish whether control variables (board characteristics) or independent variables (board processes) are better predictors of board role performance and board effectiveness in the UK or Romania, multiple regression analysis is used. Model I includes only the control variables, whilst model II includes the independent variables, control variables and mediating variables.

Table 3. Regression Analysis of Board Processes, Board Characteristics, Board Role Performance and Board Effectiveness for Romania and the UK

Variables	Board effectiveness			
	Model Ⅰ		Model Ⅱ	
	Romania	UK	Romania	UK
Board size	-0.194	-0.158	-0.123	0.040
Non-executive ratio	0.137	0.170	0.117	0.041
CEO-Chairperson duality	0.221	0.064	-0.069	0.438
Director shareholdings	-0.001	0.002	-0.002	0.002
Gender ratio	0.233	0.070	0.135	0.082
Average board age	-0.011	-0.024	0.007	0.037*
Foreigner ratio	0.182	0.070	-0.006	-0.057
Effort norms			0.064	0.201
Cognitive conflict			-0.427	0.813**
Use of knowledge and skills			0.250	0.500**
Cohesiveness			0.115	-0.133
Communication quality			0.089	-0.289*
Affective conflict			-0.237	0.346*
Trust			0.090	0.290**
Control role			0.140	0.018
Service role			0.250	-0.089
Adjusted R2	-0.046	-0.044	0.565	0.902
F change	0.836	0.837	3.115*	16.609**

Note: The table shows the standardized coefficients (ß), the value of the adjusted R2, and the value of the F change. The levels of significance are *<0.05; **<0.01

Model I has a very low adjusted R square of -0.046 for Romania and -0.044 for the UK and low F changes of respectively 0.836 and 0.837 with p-values well above 0.05 significance levels, indicating that the control variables have no significant effect on board effectiveness

for both countries. The adjusted R square for Romania is only marginally higher (0.002) than for the UK, but too insignificant to draw any conclusions. This does not support hypothesis 3, which states that board characteristics are stronger determinants of board effectiveness (mediated via the board's control and service role) in Romania than in the UK.

However, Model II shows a significantly higher adjusted R square for the UK (0.902) than for Romania (0.565) and also a significantly higher F change of 16.609 ($p<0.01$) for the UK compared to Romania (3.115, $p<0.05$), indicating that board processes are stronger determinants of board effectiveness in the UK than in Romania. These results support hypothesis 4, which states that board processes are stronger determinants of board effectiveness (mediated via the board's control and service role) in the UK than in Romania.

The relationship between individual board processes, the board's control and service roles, board characteristics and board effectiveness in the UK and Romania.

The next step is to compare the relationship between all the board process constructs (effort norms, cognitive conflict, the use of knowledge and skills, cohesiveness, communication quality, affective conflict and trust) and board effectiveness mediated by the control and service roles of the board for both national contexts, Romania and the UK.

The regression analysis was done for 2 different models, one without control variables (Model I) and one with control variables (Model II), split between Romania and the UK.

The relationship between effort norms, the board's control and service role, board characteristics and board effectiveness in the UK and Romania

Table 4. Regression Analysis of Effort Norms, the Control and Service Role, Board Characteristics and Board Effectiveness for Romania and the UK

	Control role				Service role				Board effectiveness			
	Model I		Model II		Model I		Model II		Model I		Model II	
	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK
Effort Norms	0.213	0.778*	0.216	0.822*	0.176	0.446*	0.202	0.481*	0.305	0.568**	0.316*	0.740**
Board size			0.00	-0.15			-0.42	0.01			-0.28	-0.09
Non-executive ratio			-0.00	0.11			0.30	0.07			0.20	0.22*
CEO-Chair duality			0.01	0.18			0.07	-0.14			-0.00	0.71
Board shareholdings			0.00	0.01			0.01	-0.00			-0.00	0.01
Gender ratio			-0.18	0.23			0.22	-0.05			0.21	-0.01
Average board age			-0.04	-0.01			-0.02	-0.07			-0.1	-0.05*
Foreigner ratio			0.06	0.06			0.23	0.11			0.15	0.04
Adjusted R2	0.06	0.26	-0.09	0.186	-0.00	0.14	0.08	0.272	0.16		0.132	0.454
F change	2.68	10.30*	0.72	1.770	0.983	5.45*	1.277	2.264	5.81*		1.49	3.81**

Note: The table shows the standardised coefficients (ß), the value of the adjusted R2, and the value and significance of the F change. The levels of significance are *<0.05; **<0.01.

The above results show that effort norms in UK listed companies have a significantly

stronger relationship with the control role (0.778> 0.213), the service role (0.446>0.176) and board effectiveness (0.568>0.305) than Romanian companies and at a higher significance level. This result supports hypothesis 5, which states that 'effort norms are stronger determinants of board effectiveness (mediated via the board's control and service role) in the UK than in Romania'. Table 4 also shows that no board characteristics are related to the control role and service role for both countries, as all p-values are greater than the significance level (>0.05), indicating that there is insufficient evidence to conclude that a non-zero correlation exists. However, a positive relationship exists between non-executive ratio (0.22) and board effectiveness and a negative relationship for average board age (-0.05) and board effectiveness for UK companies, indicating that more non-executive directors with a lower average board age enhances board effectiveness. This might be partially explained by the relatively low level of non-executives in the UK sample (61%) compared to 83% for Romania and the higher average board age in the UK sample (59) compared to Romania (51).

The relationship between cognitive conflict, the board's control and service role, board characteristics and board effectiveness in the UK and Romania

Table 5. Regression Analysis of Cognitive Conflict, the Board's Control and Service Role, Board Characteristics and Board Effectiveness for Romania and the UK

Variables	Control role				Service role				Board effectiveness			
	Model I		Model II		Model I		Model II		Model I		Model II	
	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK
Cognitive conflict	0.509**	0.763**	0.531**	0.703*	0.706**	0.555**	0.639**	0.490*	0.661**	0.817**	0.617**	0.811**
Board size			0.07	-0.11			-0.35*	0.04			-0.18	-0.03
Non-executive ratio			-0.08	0.00			0.22	-0.01			0.10	0.11
CEO-Chair duality			-0.05	-0.41			-0.5	-0.47			-0.03	0.22
Board shareholdings			0.00	-0.01			0.01	-0.01			-0.00	-0.00
Gender ratio			-0.25	0.25			0.12	-0.04			0.13	0.01
Average board age			-0.03	0.03			-0.01	-0.04			-0.00	-0.01
Foreigner ratio			0.01	-0.01			0.15	0.06			0.10	-0.05
Adjusted R2	0.353	0.247	0.289	0.126	0.394	0.242	0.434	0.305	0.593	0.646	0.539	0.642
F change	15.20**	9.87**	2.318	1.487	17.89**	9.62**	3.50*	2.478*	38.83**	50.19**	4.803**	7.040**

Note: The table shows the standardised coefficients (ß), the value of the adjusted R2, and the value and significance of the F change. The levels of significance are *<0.05; **<0.01.

The above results show that UK listed companies have a stronger relationship between

cognitive conflict and the control role (0.763>0.509), a weaker relationship between cognitive conflict and the service role (0.555<0.706) and a stronger relationship between cognitive conflict and board effectiveness (0.817>0.661). This result supports hypothesis 6 'Cognitive conflicts are stronger determinants of board effectiveness (mediated via the board's control and service role) in the UK than in Romania'. No board characteristics are related to the control role, as all p-values are greater than the significance level (>0.05), indicating there is insufficient evidence to conclude that a non-zero correlation exists. However, the Romanian sample shows that board size is negatively related to the service role (-0.35, p<0.05), indicating that the larger the board size the less active the board is in performing the service role. Finally, there is no effect of board characteristics on board effectiveness, as all p-values are higher than the significance level (>0.05).

The relationship between the use of knowledge and skills, the board's control and service role, board characteristics and board effectiveness in the UK and Romania.

Table 6. Regression Analysis of the Use of Knowledge and Skills, the Board's Control and Service Role, Board Characteristics and Board Effectiveness for Romania and the UK

Variables	Control role				Service role				Board effectiveness			
	Model I		Model II		Model I		Model II		Model I		Model II	
	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK
Use of knowledge /skills	0.415**	0.387	0.500**	0.297**	0.685**	0.496**	0.643**	0.283	0.589**	0.726**	0.595**	0.772**
Board size			0.113	-0.217			-0.304*	-0.031			-0.131	-0.143
Non-executive ratio			-0.101	0.049			0.189	-0.026			0.073	0.153
CEO-Chair duality			-0.148	-0.511			-0.103	-0.524			-0.152	0.156
Board shareholdings			-0.002	-0.001			0.003	-0.008			-0.004	-0.002
Gender ratio			-0.306*	0.294			0.043	-0.019			0.057	0.025
Average board age			-0.045	0.034			-0.002	-0.039			-0.018	0.018
Foreigner ratio			0.028	-0.046			0.175	0.082			0.119	-0.049
Adjusted R2	0.319	0.04	0.367	-0.097	0.519	0.203	0.567	0.136	0.648	0.542	0.675	0.504
F change	13.16**	2.14	2.883*	0.700	29.03**	7.86**	5.247**	1.533	48.77**	32.97**	7.754**	4.430**

Note: The table shows the standardised coefficients (ß), the value of the adjusted R2, and the value and significance of the F change. The levels of significance are *<0.05; **<0.01.

The above results indicate that UK listed companies show a weaker relationship between use of knowledge and skills and the control role (0.387<0.415), a weaker relationship between use of knowledge and skills and the service role (0.496<0.685) and a stronger relationship between use of knowledge and skills and board effectiveness (0.726>0.589). This result supports hypothesis 7 'The use of knowledge and skills are stronger determinants of board effectiveness (mediated via the board's control and service role) in the UK than in Romania'. In the case of Romanian companies, gender ratio is positively related to the control role (0.306, p<0.05), indicating that more women in the board increases service role performance. There is also a weak negative link between average board age and the control role (-0.045, p<0.05), indicating that the older the average board age, the less active the board performs its control role. The Romanian sample also shows a negative relationship between board size and the service role (-0.304, p<0.05), indicating that the larger the board the less it performs its service role. Finally, there is no effect of board characteristics on board effectiveness, as all p-values are higher than the significance level (>0.05).

The relationship between cohesiveness, the board's control and service role, board characteristics and board effectiveness in the UK and Romania.

Table 7. Regression Analysis of Cohesiveness, the Board's Control and Service Role, Board Characteristics and Board Effectiveness for Romania and the UK

Variables	Control role				Service role				Board effectiveness			
	Model I		Model II		Model I		Model II		Model I		Model II	
	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK
Cohesiveness	0.270*	0.022	0.288*	0.454	0.469**	0.156	0.476**	0.129	0.466**	0.120	0.476*	0.422
Board size			0.099	-0.409			-0.305*	-0.089			-0.305	-0.332*
Non-executive ratio			-0.081	0.206			0.203	-0.075			0.203	0.311
CEO-Chair duality			0.102	-0.738			0.104	-0.613			0.104	-0.115
Board shareholdings			0.003	0.006			0.010*	-0.006			0.010*	0.009
Gender ratio			-0.210*	0.379			0.147	0.016			0.147	0.133
Average board age			-0.036	0.045			-0.008	-0.047			-0.009	0.001
Foreigner ratio			-0.000	0.057			0.109	0.116			0.109	0.039
Adjusted R2	0.156	-0.038	0.043	-0.049	0.299	-0.013	0.415	0.078	0.518	-0.019	0.415	0.065
F change	5.81*	0.008	1.146	0.840	12.10**	0.652	3.306*	1.286	28.91**	0.491	3.306*	1.234

Note: The table shows the standardised coefficients (ß), the value of the adjusted R2, and the value and significance of the F change. The levels of significance are *<0.05; **<0.01.

The above results indicate that Romanian listed companies show a stronger relationship between cohesiveness and the control role (0.270>0.022), a stronger relationship between cohesiveness and the service role (0.469>0.156) and a stronger relationship between cohesiveness and board effectiveness (0.466>0.120). This result supports hypothesis 8 'Board cohesiveness is a stronger determinant of board effectiveness (mediated via the board's control and service role) in Romania than in the UK'. In the case of Romanian companies, board shareholdings are marginally related to the service role (0.010, p<0.05), indicating that higher director shareholdings increase service role performance. The UK sample shows a negative relationship between board size and board effectiveness (-0.332, p<0.05), indicating that a larger board reduces board effectiveness.

The relationship between communication quality, the board's control and service role, board characteristics and board effectiveness in the UK and Romania.

Table 8. Regression Analysis of Communication Quality, the Board's Control and Service Role, Board Characteristics and Board Effectiveness for Romania and the UK

Variables	Control role				Service role				Board effectiveness			
	Model I		Model II		Model I		Model II		Model I		Model II	
	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK
Communication quality	0.395*	0.516*	0.447*	0.441	0.426*	0.374*	0.461	0.301	0.480**	0.606**	0.490*	0.549**
Board size			0.038	-0.184			-0.395	-0.009			-0.218	-0.107
Non-executive ratio			0.009	0.015			0.316	0.003			0.198	0.116
CEO-Chair duality			-0.114	-0.555			-0.078	-0.565			-0.152	0.156
Board shareholdings			-0.002	-0.001			0.003	-0.008			-0.085	0.051
Gender ratio			-0.207	0.259			0.183	-0.041			0.179	0.001
Average board age			-0.040	0.019			-0.015	-0.054			-0.012	-0.023
Foreigner ratio			0.011	0.062			0.170	0.104			0.105	0.030
Adjusted R2	0.188	0.157	0.085	0.006	0.112	0.153	0.199	0.210	0.280	0.526	0.232	0.446
F change	7.016*	6.036	1.300	1.019	4.276*	5.859*	1.807	1.895	11.13**	30.948**	1.982	3.714**

Note: The table shows the standardised coefficients (ß), the value of the adjusted R2, and the value and significance of the F change. The levels of significance are *<0.05; **<0.01.

The above results indicate that UK listed companies show a stronger relationship between communication quality and the control role (0.516>0.395), a weaker relationship between communication quality and the service role (0.374<0.426) and a stronger relationship between communication quality and board effectiveness (0.606>0.480). This result rejects

hypothesis 9 'Communication quality is a stronger determinant of board effectiveness (mediated via the board's control and service role) in Romania than in the UK'. Finally, no board characteristics are related to the control role, service role and board effectiveness as all p-values are higher than the significance level (>0.05), indicating there is insufficient evidence to conclude that a non-zero correlation exists.

The relationship between affective conflict, the board's control and service role, board characteristics and board effectiveness in the UK and Romania.

Table 9. Regression Analysis of Affective Conflict, the Board's Control and Service Role, Board Characteristics and Board Effectiveness for Romania and the UK

Variables	Control role				Service role				Board effectiveness			
	Model I		Model II		Model I		Model II		Model I		Model II	
	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK
Affective conflict	-0.287**	-0.041	-0.261	-0.008	-0.368*	-0.137	-0.334*	-0.189	-0.411**	-0.312*	-0.399**	-0.373*
Board size			0.053	-0.223			-0.381	-0.056			-0.205	0.196
Non-executive ratio			-0.027	0.057			0.285	0.052			0.169	0.208
CEO-Chair duality			0.002	-0.549			0.116	-0.623			0.109	-0.067
Board shareholdings			0.001	-0.001			0.007	-0.011			0.000	-0.004
Gender ratio			-0.185	0.310			0.120	0.028			0.193	0.020
Average board age			-0.024	0.018			0.006	-0.058			0.013	-0.031
Foreigner ratio			-0.000	0.090			0.139	0.095			0.057	0.010
Adjusted R2	0.217	-0.037	0.016	-0.141	0.204	-0.009	0.233	0.122	0.463	0.132	0.401	0.155
F change	8.221**	0.035	1.054	0.584	7.656*	0.750	1.987	1.470	23.45**	5.11*	3.172*	1.618

Note: The table shows the standardised coefficients (ß), the value of the adjusted R2, and the value and significance of the F change. The levels of significance are *<0.05; **<0.01.

The above results indicate that Romanian listed companies show a stronger relationship between affective conflict and the control role (-0.287>-0.041), a stronger relationship between affective conflict and the service role (-0.368>-0.137) and a stronger relationship between affective conflict and board effectiveness (-0.411>-0.312). This result rejects hypothesis 10 'Affective conflict is a stronger determinant of board effectiveness (mediated via the board's control and service role) in the UK than in Romania'. Finally, no board characteristics are related to the control role, service role and board effectiveness as all p-values are higher than the significance level (>0.05), indicating there is insufficient

evidence to conclude that a non-zero correlation exists.

The relationship between trust, the board's control and service role, board characteristics and board effectiveness in the UK and Romania.

Table 10. Regression Analysis of Trust, the Board's Control and Service Role, Board Characteristics and Board Effectiveness for Romania and the UK

Variables	Control role				Service role				Board effectiveness			
	Model I		Model II		Model I		Model II		Model I		Model II	
	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK	RO	UK
Trust	0.470**	0.076	0.485*	0.184	0.558**	0.330*	0.601**	0.296	0.530**	0.470**	0.574**	0.568**
Board size			0.113	-0.217			-0.304*	-0.031			-0.131	-0.143
Non-executive ratio			-0.032	-0.238			-0.486*	-0.062			-0.303*	-0.206*
CEO-Chair duality			-0.043	-0.646			0.049	-0.719			-0.026	-0.246
Board shareholdings			0.000	-0.001			0.006	-0.008			-0.001	0.002
Gender ratio			-0.160	0.355			0.231	0.069			0.230	0.207*
Average board age			-0.024	0.038			0.005	-0.023			0.007	0.036
Foreigner ratio			-0.040	0.078			0.093	0.104			0.038	-0.049
Adjusted R2	0.323	-0.033	0.167	-0.105	0.253	0.167	0.351	0.236	0.400	0.430	0.398	0.611
F change	13.39**	0.148	1.650	0.680	9.813**	6.399*	2.754*	2.040	18.34**	21.34**	3.150*	6.309**

Note: The table shows the standardised coefficients (ß), the value of the adjusted R2, and the value and significance of the F change. The levels of significance are *<0.05; **<0.01.

The above results indicate that Romanian listed companies show a stronger relationship between trust and the control role (0.470>0.076), a stronger relationship between trust and the service role (0.558>0.330) and a stronger relationship between trust and board effectiveness (0.530>0.470). This result rejects hypothesis 11 'Board trust is a stronger determinant of board effectiveness (mediated via the board's control and service role) in the UK than in Romania'. The results further show that no board characteristics are related to the control role, as all p-values are higher than the significance level (>0.05), indicating there is insufficient evidence to conclude that a non-zero correlation exists. However, the Romanian sample shows a negative relationship between board size and board service performance (-0.486, $p<0.05$), indicating that a smaller board improves the service role of the board. It also shows a positive relationship between non-executive ratio and the service role (0.338, $p<0.05$), implying that more non-executive directors improve board service role performance. Finally, both country samples show a negative relationship between board size and board

effectiveness (-0.303 and -0.206, $p<0.05$), indicating that a reduced board improves board effectiveness. The UK sample also shows a positive relationship between gender ratio and board effectiveness (0.207, $p<0.05$), implying that board effectiveness increases when there are more women in the board.

4. Conclusions and Recommendations

This study's major objective was to examine and contrast the macro- and micro-level factors that influence board effectiveness in the UK and Romania, two European nations. In order to compare board effectiveness for listed businesses, Jansen (2021) devised a model that was multi-theoretical, multi-disciplinary, and largely quantitative in nature. It accounts for the moderating effect of national contexts, the mediating influence of board roles on board processes, the relevance of those board processes as predictors of board effectiveness, and it offers a validated board effectiveness measure, in contrast to most existing models of board effectiveness. The methodology was put to the test using a survey that was distributed to 342 chairs of publicly traded firms in the UK and Romania. The survey contained validated statements that were measured using a Likert-type scale and classified into validated categories.

First it was established that board control performance is a stronger determinant in Romania than in the UK. This is interesting, as this result does not support Minichilli *et al.*'s (2012) conclusion that higher legal protection and a more efficient judiciary system in Northern Europe put more pressure on control task performance than in Latin countries, underscoring the danger of categorization. A possible explanation lies in Romania's high score on uncertainty avoidance (Hofstede Insights, 2019) and its limited public sector performance (World Economic Forum, 2018), resulting in a tendency towards legal conformity and control. The service role is also a stronger determinant of board effectiveness in Romania than in the UK, which can be explained by the high power-distance in Romania compared to the UK (Hofstede Insights, 2019), resulting in a tendency to 'advice' executive management on operational issues, effectively taking over the role of executive management. Finally, board characteristics showed no significant effect on board effectiveness for both countries, in line with the findings of Jansen (2021).

Board processes on the other hand turned out to be significantly stronger determinants of board effectiveness in the UK compared to Romania. UK boards' inclination towards open debate and cognitive conflict, spurred by an individualistic, low power distance and low uncertainty avoidance cultural context (Hofstede Insights, 2019) and a highly effective legal-institutional framework (World Economic Forum, 2018) leads to more factual discussion and higher decision-making quality and allows them to focus more on performance than conformance, rendering board processes more relevant in terms of board effectiveness.

This picture is largely confirmed when looking at individual board process constructs. Effort norms, cognitive conflict, use of knowledge and skills, communication quality all show a

stronger positive relationship with board effectiveness in the UK than in Romania. Board cohesiveness, affective conflict and trust on the other hand show a stronger relationship with board effectiveness in Romania than in the UK. Board cohesiveness appears to be strongly related to the collectivist context of Romania, preferring to act as members of a group rather than individuals (Hofstede Insights, 2019). Romania also shows a stronger negative relationship between affective conflict and board effectiveness than the UK. Romania scores high on collectivism, power distance and uncertainty avoidance, indicating a tendency towards conflict avoidance (Hofstede Insights, 2019). Romanian boards, in their attempt to prevent affective conflict, might ultimately further reduce board effectiveness, in line with Heemskerk's (2019) findings. Lastly, Romanian boards also show a stronger positive relationship between board trust and board effectiveness than UK listed companies. This might indicate that in collectivist and high-power cultures such as the Romanian (Hofstede Insights, 2019), trust in leaders and group members is primarily culturally determined and less the result of the ability to build trust via dialogue and open communication (Ye and Jermias, 2016).

This study contributes to the limited body of research that investigates specific board processes (independent variables) derived from the small team literature and their effect on board role performance (mediator variable) and ultimately board effectiveness (dependent variable) of comparable European listed companies. Equally, by investigating the moderating effect of macro-level determinants on micro-level determinants for two different countries, the UK and Romania, this research contributes to the small number of cross-border studies on board effectiveness in this area (Van Essen, Engelen and Carney, 2013; Minichilli *et al*., 2012; Voordeckers *et al.,* 2014).

This research has several limitations. When compared to other board effectiveness studies, the response rates are satisfactory (Huse, 2009), but the relatively small number of replies (55) poses a difficulty for dependability and generalizability. To partially counter this, the study has taken numerous measures to ensure the homogeneity of the sample, starting with a unique dataset of firms of comparable size and industry representation, in contrast to past board effectiveness studies (Farquhar, 2011; Minichilli et al., 2012). The board effectiveness model and components employed in this study need to be further strengthened in future research, utilizing a similar multi-theoretical and multi-disciplinary approach to boost its validity and reliability.

The use of a single respondent on behalf of the entire board presented another potential barrier to the data's credibility (Minichilli et al., 2009). Heemskerk (2019), however, found no proof that research based on many board members alter the relationship between board processes and board effectiveness in his meta-analysis study of board processes. According to Heemskerk (2019), additional micro-level research is required to pinpoint variations in the responses provided by chairmen, CEOs, and other board members.

This study's cross-sectional survey approach, which measures effects at a single point in time, suggests that the results are probably subject to short-term bias. Future studies that use a longitudinal strategy to assess board performance over a longer time frame might mitigate

this effect.

The I-P-O framework has also come under fire for being too linear, indicating a single path from inputs through processes to outputs, effectively disregarding the possibility of feedback loops (Ilgen, Hollenbeck, Johnson, & Jundt, 2005). This is true even though the survey results demonstrate that board process constructs are generally related to board task performance and board effectiveness. Future studies that concentrate on cyclical causal feedback may offer a more dynamic method for understanding boards.

A number of suggestions for practitioners (board members) and decision-makers completes this chapter. The findings of this study show that if board members wish to make their boards more effective, they should pay closer attention to the underlying processes and behaviors in the board. The chairman in particular needs to make sure that board members are diligent and put in enough time and effort. Equally crucial is that chairmen foster an environment where board members may participate in open discussion and are encouraged to use their unique knowledge and abilities. This means that task-related discussions should be promoted, but at the same time ensure that they do not lead to relational (affective) conflict. This is a difficult task given that boards are typically composed of people with strong personalities and egos. High information quality is also a must for a successful board, allowing members to deliberate and make decisions based on pertinent information that is made available to all board members simultaneously. Board cohesiveness should be encouraged as it promotes collaboration and increased performance (for instance, through induction programs), but it also comes with a warning. A board's control role may be neglected if there is too much "group think" or cohesion. Trust on the board is no different. Despite being positively associated with board effectiveness, it should be earned and founded on open discourse. Finally, in the case of a multi-national board, it is important for all board members but especially the chair to take the national context of the board members into consideration, especially with respect to national culture (work-related values).

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