WHEN CEO AND BOARD CHAIR ARE IN CONFLICT: A RESOURCE DEPENDENCE PERSPECTIVE

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Abstract

The board of directors serves two functions in the organization: monitoring and resource provision. Agency theory mainly addresses the former, while resource dependence theory focuses on the latter. However, these theories consistently assume that board members are not only able but also consistently willing to fulfill their roles. From a resource dependence perspective, this means that board members are generally inclined to share their resources (information, social and political connections, and functional experience) with the CEO. We challenge this assumption by postulating that in the context of dyadic conflict between the CEO and board chair, these resources will not be accessible to the CEO, hence the resource provision function of the board will be interrupted. We, therefore, unpack the black box of the board dynamics by merging resource dependence theory with conflict literature to a) present an in-depth description of the CEO-board chair conflict and b) its implications for the CEO (heightened turnover intentions), the board (board cohesion and board's monitoring role), and the organization. Theoretical and practical implications are discussed.

Keywords: Board Chair, Board Cohesion, Board of Directors, Board Functions, CEO, Conflict Handling, Resource Dependence Theory

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1. INTRODUCTION

While the working relationship between the CEO and board chair has been acknowledged both in theoretical literature (Robert & Stiles, 1999; Sundaramurthy, & Lewis, 2003) and through empirical studies as an important mechanism for effective governance and a key element in Board performance (Ng & De Cock, 2002), most studies fall short of providing in-depth analysis of this dyadic relationship. The relationship between the CEO and chair of the board sets the leadership tone for the whole board and sends signals to the wider organization (Robert & Stiles, 1999). In prior literature, the CEO-board chair relationship was predominantly investigated from the viewpoint of agency theory (Boyd, Haynes, & Zona, 2011; Graham, Kim, & Leary, 2020). However, the application of agency theory provides a limited view of the CEO-board chair relationship by suggesting that the dyadic parties have conflicting interests and lack mutual trust (Jensen & Meckling, 1976; Koskinen & Lämsä, 2017). From this perspective, the CEO is seen as an economic agent who acts opportunistically and is motivated by high rewards at the expense of shareholders' interests (Eisenhardt, 1989). On the other hand, the board chair is expected to apply an appropriate level of control to curb the CEO's opportunistic behavior. In the dyadic CEO-board chair relationship, agency theory neither acknowledges that the roles and tasks of each party may be interlinked (Roberts & Dowling, 2002) nor considers that the CEO may be motivated by other factors such as self-fulfillment, achievement of results, and challenging work (Kulla, 2011).

In contrast, resource dependence theory suggests a resource provisioning role for the board of directors in reducing environmental volatility and uncertainty (Hillman, Withers, & Collins, 2009). Organizations seek to interact with the environment to access and obtain the resources they need to face environmental dynamism and ensure survival. For their part, given their relevant expertise and knowledge, board members provide helpful advice and influence strategy in achieving organizational objectives (Kor & Misangyi, 2008).

An underlying assumption of resource dependence theory is that board members are consistently willing to make their resources available to the CEO in the form of advice, financing, and social connections and work collaboratively toward the achievement of organizational objectives (Hillman et al., 2009). We challenge this salient but under-researched assumption and extend corporate governance research by integrating conflict literature (Rahim, 1983; Thomas, 1992) to examine the context of CEO-board chair conflict. Although the idea of CEO-board chair conflict has been brought up in prior literature as it relates to board dynamics (Veltrop, Bezemer, Nicholson, & Pugliese, 2021) and as it relates to board monitoring (Heemskerk, Heemskerk, & Wats 2017), an in-depth illustration of this phenomenon has not been addressed yet in the corporate governance literature. Further, unpacking this phenomenon is in alignment with recent trends in research seeking to understand the so-called "black box" of CEO-board dynamics. Additionally, the paper responds to calls in the literature emphasizing the importance of both board members and the CEO as human beings who may all suffer from issues often found in teams or in regular human interactions (Demb & Neubauer, 1992).

We address this research voids while integrating resource dependence theory with conflict theory to further improve our understanding of the impact of resource dependence theory on individual, team, and organizational outcomes (Ozturk, 2021). The propositions we developed in this study not solely focus on analyzing the contingencies that generate certain conflict handling techniques from the CEO's side but also explain the implications of dyadic CEO-board chair conflict on individual-level outcomes (CEO turnover intentions) and team and organizational outcomes (board-level outcomes).

Accordingly, in this paper, we aim to answer the following research questions:

RQ1: How does resource dependence theory explain the CEO-board chair conflict dynamics?

RQ2: What are the implications of the CEO-board chair conflict for the CEO?

RQ3: What are the implications of this conflict on board outcomes and board functioning?

In the next pages, we explain in Section 2 the characteristics of the CEO-board chair conflict, followed by the implications of this dyadic conflict on the CEO and board outcomes and functioning. Next, a detailed description of the conflict handling techniques of the CEO will be elaborated on through the integration of the resource dependence theory. In the discussion section (Section 3), we elaborate on theoretical and practical implications, while Section 4 concludes the study and presents the study's limitations and future directions.

2. THEORETICAL DEVELOPMENT

2.1. CEO-board chair conflict and its antecedents

Conflict is generally defined as the occurrence of goal divergence or goal opposition between or among parties (Korsgaard, Jeong, Mahony, & Pitariu, 2008). Research has presented the conflict as a multidimensional construct (Korsgaard et al., 2008). Past literature essentially differentiates between two types of conflicts: *cognitive conflicts* and *affective conflicts*. Cognitive conflicts are task-oriented and stem from differences in perspective or judgment on the best ways to achieve task goals or outcomes. Outcomes of cognitive conflicts are typically functional and favorable to the organization as they contribute to higher quality decisions that benefit the organization and its members (Amason, 1996). Cognitive conflicts can be triggered by built-in heterogeneity or confrontational interactions, which may result in undermining harmony and commitment among team members (Jehn, 1994). Research shows that when conflict remains task-focused, it improves not only decision quality but also team members' commitment and satisfaction (Tjosvold, Dann, & Wong, 1992). However, research also cautions that as organizations stimulate cognitive conflict among teams, this may inadvertently trigger *affective conflict* (Amason, 1996), which arises when parties involved become emotional, or when they focus on personal differences. These types of conflicts are typically dysfunctional. Moreover, affective conflicts can lead to suspicion, distrust, and hostility among team members, obstruct the exchange of information between team members, and ultimately result in poor decision making (De Dreu & Weingart, 2003; Moye & Langfred, 2004). In this paper, we focus on negative conflicts in general, either in the form of affective conflicts or cognitive conflicts that result in the derailment of quality relationships between the CEO and board chair.

However, why should we believe that conflicts will arise between the CEO and the board's chair? We first argue that conflicts are a natural occurrence when two or more parties interact. Posthuma (2013) argues that there is a vast range of situations that can motivate conflicts at work, noting that "conflict exists because two or more parties engage with each other over their differences" (p. 139). We argue that the board's chair and the CEO are no exception to this rule and that conflict between them is highly probable. Second, we know from previous research that conflicts by definition occur when the parties involved are committed to goals that diverge or are incompatible. For example, past research has indicated that CEOs tend to be relatively averse to risky strategic initiatives, while board members, especially outside board members, are typically less risk-averse regarding investments since they represent shareholders, who can mitigate risk through diversification of investment portfolios (Eisenhardt, 1989; Ellstrand, Tihanyi, & Johnson, 2002). Although this may not be consistently true, attitude to risk is one example of goal incompatibilities. In addition, the main assumption of prominent theories such as agency theory is that CEO and shareholder goals diverge and that this will motivate conflict between the CEO and board chair because the board cares mainly about shareholders' interests while the CEO may act opportunistically in pursuit of career goals and own interest. Indeed, the nature of the monitoring role of the board is further evidence that the goals of the CEO and boards diverge. Thus, the goal incompatibilities embedded in the nature of the relationship between the CEO and board chair may instigate conflicts between them. Interestingly, even if the CEO takes strategic initiatives that are in the best interest of the firm, the board may fulfill its monitoring function effectively by suspecting the CEO's intentions and motivations.

While goal incompatibility does not have to be actual for conflict to arise, it can be merely felt or perceived to act as an antecedent of dyadic conflict (Korsgaard et al., 2008). A CEO or a board's chair can perceive that a conflict is underway despite none being present. Moreover, since CEOs and board members work in high-stakes circumstances often involving high ambiguity and high uncertainty (Eisenhardt, Kahwajy, & Bourgeois, 1997; Jacquart & Antonakis, 2015), conflicts will naturally emerge as a result of external pressures from the environment and or perspective heterogeneity among board members, who are typically heterogeneous in their tenure, functional background, gender, type (outside or inside), and interests. Despite its favorable effect on creativity and decision quality, heterogeneity can also act as an antecedent to conflict (Korsgaard et al., 2008). Finally, research shows that conflicts occur in "mixed-motive relationships where persons have both competitive and cooperative interests" (Tjosvold, 2006, p. 88). While the competitive context creates conflict, the cooperative factor motivates conflict resolution behaviors. The relationship between CEO and board chair is representative of this state of affairs since both dynamics co-exist in this dyad and, therefore, supports the view that conflict between CEO and board chair is inevitable.

Nevertheless, affective or task-related conflicts that are dealt with inadequately may result in negative sentiments between the parties involved such as anger, frustration, hostility, and withdrawal and negatively affect the relationship between them (Amason, 1996). Drawing from this literature, we expect that in cases of negative sentiments resulting from conflicts, the interaction and the quality of the relationship between the CEO and board chair will be affected. Hence, the board's chair will be less likely to fulfill the role of a resource provider to the CEO and the organization and share information, external linkages, and other resources, including legitimization of the CEO. Typically, information sharing is instantly affected when negative conflicts arise (Amason, 1996). Consequently, the CEO will be unable to access the resources needed. According to resource dependence theory, this difficulty in resource attainment will affect an organization's adaptation to the external environment since the theory postulates that CEOs need board members to access resources to benefit the firm and enable it to adapt to changes in the environment and thus survive (Hillman et al., 2009). Hence, conflict interrupts one of the major functions of the board chair, namely resource provision.

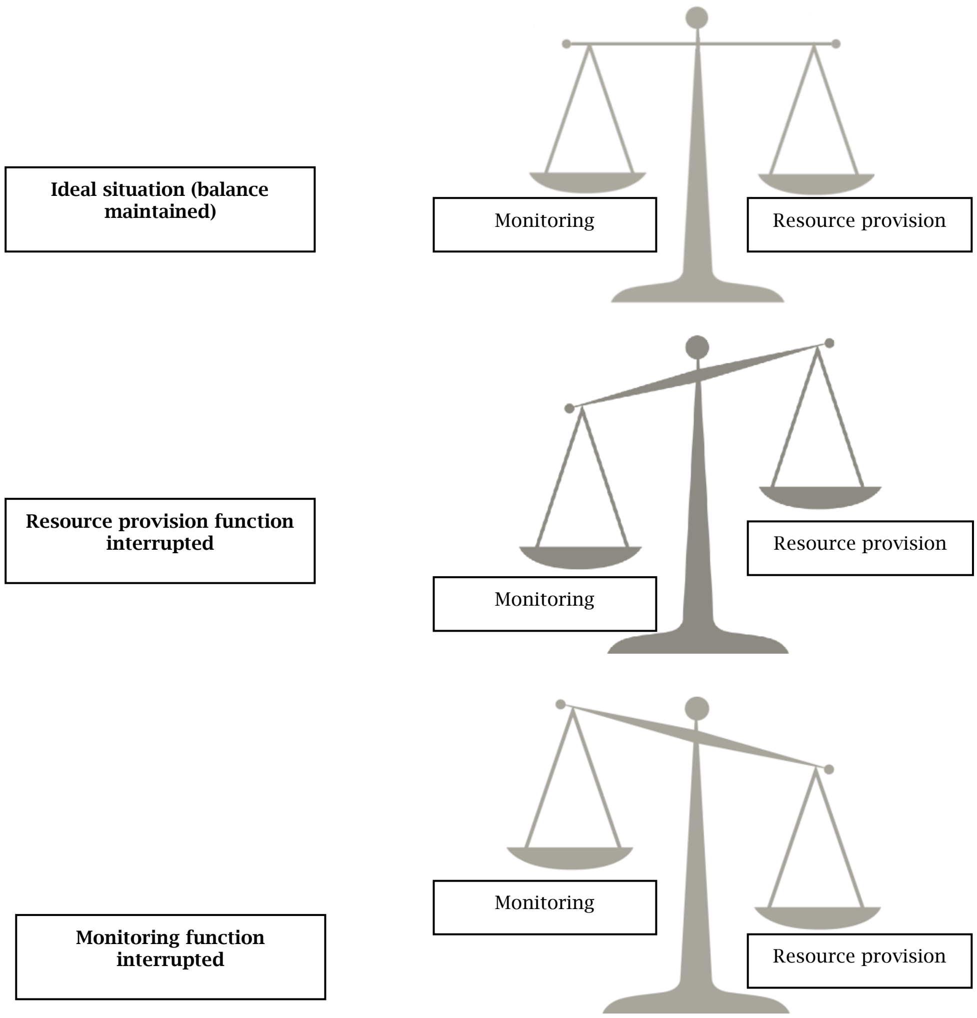
Proposition 1: Dyadic conflict between CEO and board chair disrupts the resource provision function of the board.

What makes the situation even more challenging for the CEO and the organization is that this dyadic conflict is likely to transfer to other board members, for two reasons: First, conflict is contagious (Jehn, Rispens, Jonsen, & Greer, 2013). In teams or groups, dyadic conflicts between group members transfer to other team members through a) coalition formation, when team members take sides and form coalitions against other groups; b) emotional contagion, when negative emotions arising from conflicts affect other teams members so that they become behaviorally involved in the conflict; and c) threats to individual and team outcomes when team members feel that the achievement of their personal and organizational goals are threatened by the conflict. Second, following the same understanding of the escalation of dyadic conflict to intragroup conflict, Korsgaard et al. (2008) argue that conflicts tend to escalate to higher conflict levels. In their model, they show how dyadic conflicts can rise to intragroup and even intergroup conflicts. In the boardroom, this translates to the escalation of the CEO-board chair conflict with other board members, especially those who are not members of the organization, resulting in reduced willingness to share resources with the CEO. Depending on the degree of conflict and the importance of resources withheld, this situation leaves the CEO facing the organization's environment dynamism and change without sufficient support from board members. In high levels of conflicts and subsequent conflict contagion, the board can become entirely obsolete regarding the resource provision function. In turn, the firm's adaptation to the environment will mainly stem from the organization's ability rather than from external resources usually facilitated by the board. CEOs in turn will no longer depend on the board for external resources but rather on their own capabilities in obtaining external resources for the firm's adaptation to a changing environment and for firm survival. The situation will be worsened if the environment is highly dynamic; however, the specific interaction between organization and environment is beyond the scope of this paper.

It is important to recall that the board has another function, namely monitoring. This raises the question of the effect of the interruption to the resource provision function on the monitoring role. Implicitly, extant literature assumes that the board should ideally maintain a balance between both functions in terms of readiness and capability. This does not imply that the board should offer both functions equally, but rather that it should be ready to provide both functions as needed depending on the governance context and organizational needs. When the resource provision function of the board is interrupted, we should expect to see the board place greater emphasis on the monitoring function in order to justify its existence. If the board is not performing either role, why would it exist at all? For the board to perform its functions and legitimize its existence, any interruption to resource provision will result in heavier weight being placed on the monitoring function. As illustrated in Figure 1, in ideal situations, both board functions will be maintained. However, when circumstances affect either function (resource provision or monitoring function), heavier emphasis will be placed on the other function so that the board "has something to do".

Proposition 2: Interruption to the board's resource provision function is positively associated with the board's monitoring function.

Figure 1. Balance of board functions



2.2. Consequences of CEO-board chair conflict

Individual-level, team-level, and organizational-level outcomes are consequences associated with the CEO-board chair conflict. Regarding individual-level outcomes, affect theory suggests that employees form both positive and negative affective ties to the workplace based on affective experience with others at work (Lawler, 2013). This formation of affective ties to the workplace is especially pronounced when the positive or negative feelings arising from the interactions with others at work are repeated. This repetition promotes and solidifies the association of the positive or negative feelings with the "shared relational or group affiliations" (i.e., the workplace or organization or department shared with the colleague triggering the positive or negative feelings) (Lawler, 2013, p. 26). Drawing from this theory, we expect that in the context of consistent negative conflicts, the CEO will associate the negative affect with the organization, and if the board chair's replacement is not foreseen, the CEO's turnover intentions will be heightened. At the personal level, this is considered a salient outcome of this type of conflict. However, based on prior literature, we argue that actual turnover will take place if other voluntary turnover predictors are factored in, such as ease of movement (March & Simon, 1958). Using affect theory, we also argue that the CEO may consider leaving as a result of the adverse emotional effects of conflicts attributed to the organization based on affect theory presumptions hence:

Proposition 3: Dyadic conflict between CEO and board chair is positively associated with the CEO's negative affect towards the organization.

Proposition 4: Consistent dyadic conflicts between CEO and board chair is positively associated with the CEO's turnover intentions.

At the group level and as mentioned earlier, the negative conflict between the CEO and board chair is likely to transfer to other board members, and consequently, coalitions will be formed. While some members will support the chair's attitude, others will support the CEO's perspective. Thus, we argue that this conflict contagion and coalition formation within the board will unfavorably affect board cohesion. In alignment with a wide array of research on group cohesiveness (Mudrack, 1989), we define board cohesion as the extent to which board members bond with one another as group members and with the group as a whole. Mudrack (1989) equates group cohesion with words such as we-ness, attraction to the group, group spirit, affective bonds, and bonds of interpersonal attraction. However, all such dimensions diminish when board members form coalitions, even if these coalitions are merely psychological. In fact, research shows that a lack of team or group cohesion is detrimental to group performance and effectiveness (Beal, Cohen, Burke, & McLendon, 2003). This adds to evidence that in case of conflicts, the board will perform in a suboptimal manner.

Proposition 5: Dyadic conflict between CEO and board chair is negatively associated with board cohesion.

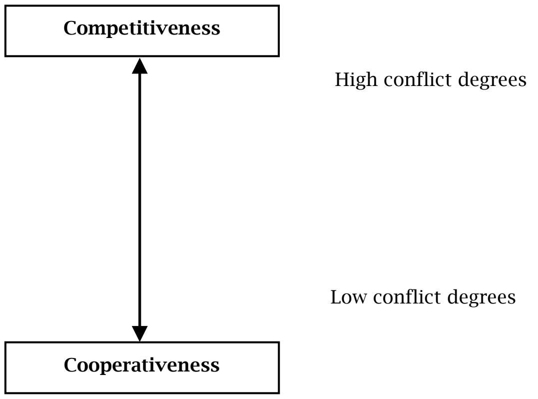
When the board performs at suboptimal levels, many organizational-level outcomes will be affected. A stream of research links board functionality and board characteristics to organizational-level outcomes. For example, drawing from the resource dependence perspective as the main theoretical underpinning of this paper, we expect that dysfunctionality in the board will be associated with slower organizational adaptation to the environment, leading the organization to forgo first-mover advantage. We know from extant research on first-mover advantage theory that, among other factors, timely response to environmental opportunities enables firms to earn such advantages (Dobrev, 2013; Choudhary, 2020). In addition, firms usually depend on their resources as inputs to enable them to respond to market opportunities and thus yield market and profit advantages (Lieberman & Montgomery, 1988). Therefore, when the resource provision function of the board or that of the board's chair is interrupted, the firm is likely to forgo first-mover advantage, for two reasons: a) lack of external resources provided by the board, and b) deprivation of resources that could have facilitated the seizing of opportunities in the market and in turn yield first-mover advantages. This line of reasoning typically holds for firms operating in environments characterized by the high pace of both market and technology evolution (Suárez & Lanzolla, 2007).

However, this is only one of the potential organizational-level outcomes associated with the board's suboptimal performance. In general, boards are influential in terms of firm-level outcomes. Other organizational outcomes expected to be affected are firm performance (Darmadi, 2011; He & Huang, 2011; Uribe-Bohorquez, Martínez-Ferrero, & García-Sánchez, 2018; Aggarwal, Jindal, & Seth, 2019), innovativeness (Balsmeier, Buchwald, & Stiebale, 2014; Ain, Yuan, & Javaid, 2022), internationalization strategies (Ellstrand et al., 2002; Yildiz, Morgulis-Yakushev, Holm, & Eriksson, 2021), and alliance formations (Gulati & Westphal, 1999; Kang & Zaheer, 2018), to name a few.

2.2.1. Degree of conflict, resource importance, and conflict handling techniques

Previous research has persistently shown that degree of conflict matters (Amason, 1996; Pondy, 1967). We sustain our focus on negative conflicts and follow Tjosvold's (2006) classification of conflicts as the extent of competitiveness or cooperation embedded in the conflict. The higher the competitiveness between CEO and board chair, the higher the degree of conflict, while the higher the cooperativeness between CEO and board chair, the lower the degree of conflict.

Figure 2. Degree of dyadic conflict

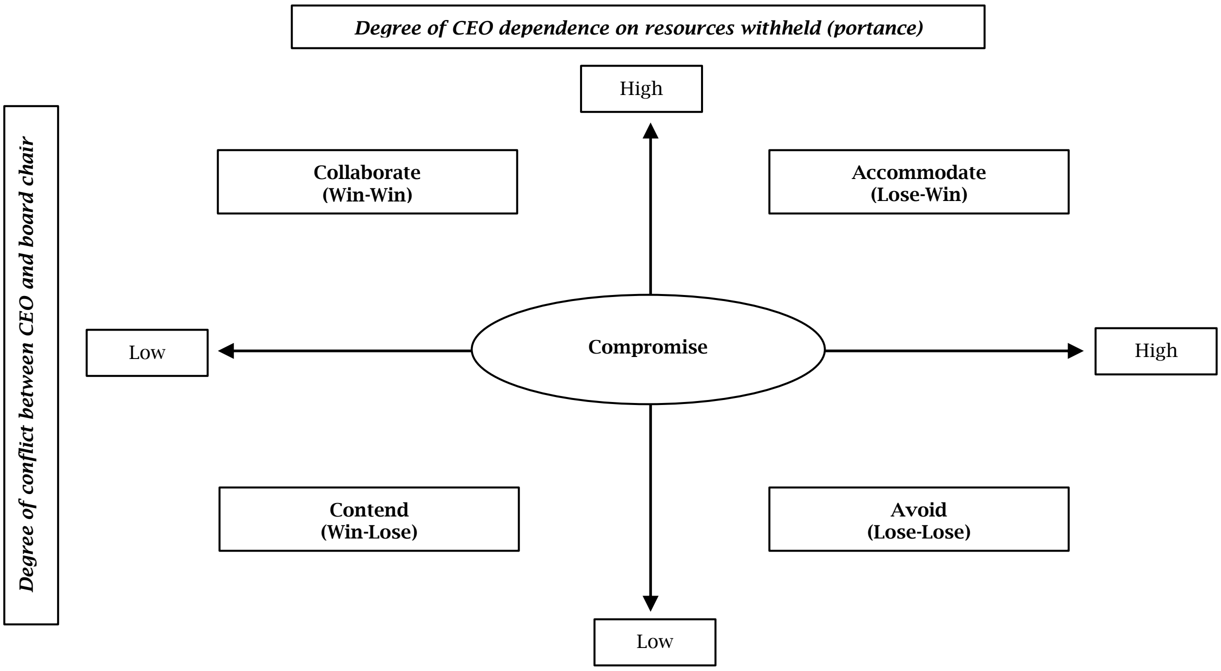


This brings us to the conflict handling techniques that will be adopted when the CEO conflicts with the board's chair. We articulate the CEO's rather than the board chair's perspective because the board's chair is typically more powerful, having the authority to hire or fire the CEO. In this sense, the board's chair can be perceived as the CEO's boss.

In his seminal paper, Pondy (1967) mentioned that "to the extent that conflict is valued negatively, minor conflicts generate pressures toward resolution without altering the relationship, and major conflicts generate pressures to alter the form of the relationship or to dissolve it all together" (p. 312). We acknowledge this argument and extend it by incorporating the conflict handling techniques theory (Thomas & Kilmann, 1978) to describe the conflict handling techniques that will be adopted by the CEO based on the degree of the dyadic conflict and the importance of resources withheld as a consequence of the conflict.

The two dimensions of the conflict handling taxonomy in Thomas (1992) describe such conflict handling techniques. The higher the conflict-handling behavior is on the taxonomy, the more the behavior shows care for the other party (Posthuma, 2013). The two factors deciding the conflict-handling behavior by the CEO are *degree of conflict* and *importance of the resource.*

Figure 3. Conflict handling techniques from the CEO perspective



As discussed above and as visualized in Figure 2, *degree of conflict* depends on how competitive or cooperative the dyad is. On the other hand, *importance of the resource* is determined by how rare and valuable the resource is. The theoretical underpinnings underlying the choice of these two criteria relate to the resource-based view of the firm (Barney, 1991). According to Barney (1991), a resource is considered a source of competitive advantage when it is both rare and valuable. We argue that if the board's chair owns or holds valuable and rare resources, the resource is considered vital, and consequently, the CEO will depend on it to partially reduce environmental uncertainty and promote the firm's survival, as suggested by resource dependence theory (Pfeffer & Salancik, 1978). The two other criteria discussed by Barney (1991), namely imitability and substitutability of the resource, are important for the firm in sustaining its competitive advantage. Hence, these two criteria are relevant to the long-term sustainability of the firm and also take the temporal factor into consideration. To keep our line of argument parsimonious, we hold temporal factors constant, and thus will disregard these two criteria as they are beyond the scope of this discussion. Since a resource is considered important when it is both rare and valuable, the CEO is also highly dependent on the resource. When the resource is neither valuable nor rare, it is considered unimportant, and thus the CEO is less dependent on it for the firm's survival. A final assumption is that the CEO is not opportunistic and acts in the interest of the firm. This assumption aligns with the assumptions of resource dependence theory, one of the major theoretical underpinnings in this paper.

Given all these considerations, five conflict-handling styles are available to the CEO: *accommodation*, *avoidance*, *collaboration*, *compromise*, and *contention*. When the CEO is highly dependent on rare and valuable resources from the board chair and when the degree of conflict is simultaneously high, the CEO will accommodate the board's chair. This is a highly cooperative conflict-handling style, which stems from the need for a resource that could potentially be withheld but is necessary for the organization. This is a lose-win situation from the CEO's perspective since the CEO is ready to lose for the sake of winning the resource needed. An example is a situation where the CEO is newly hired and needs the board to grant the new CEO legitimacy so that efforts can be immediately made to implement strategic moves. In this case, if the board's chair is highly competitive, the CEO needs to give in so as not to lose legitimacy.

Proposition 6: When the degree of dyadic conflict between CEO and board chair is high and the resource needed is high in importance, the CEO is more likely to accommodate.

When the degree of conflict is low, but the resource is high in importance, both parties can win, and the CEO will collaborate. Collaborating means that the CEO will discuss the situation with the board's chair and show understanding so that both parties achieve a satisfactory resolution. Such collaboration between the CEO and the board chair can yield beneficial outcomes for a firm. Extant literature has shown that collaborative relationships between the CEO and board members of a company can positively influence firm outcomes such as performance (Westphal, 1999). This can act as an added incentive to engage in a collaborative effort when the dyadic conflict level is low. An example is a situation where the board's chair misunderstands some of the strategic decisions the CEO wants to take without the latter losing trust in the former. In such a case, the board's chair is also being collaborative as well but lacks understanding of the situation. Result: both parties win.

Proposition 7: When the degree of dyadic conflict between CEO and board chair is low and the resource needed is high in importance, the CEO is more likely to collaborate.

When resources that could be withheld by the board's chair are of low importance since the organization is not highly dependent on them and when the degree of conflict is high, the CEO will avoid the board's chair. However, such a situation can be very rare since the board's chair is typically an important stakeholder in the firm and of the CEO, and thus the CEO is usually motivated to stay on good terms with the board's chair. However, if such a situation arises, the CEO will be minimally collaborative and inconsiderate of the board's chair. From a resource dependence perspective, one of the core pillars that sustain the CEO-board relationship is the valuable information and resources the board can provide to the CEO (Boyd et al., 2011). However, if the importance of such resources or even their availability gets minimized, that incentive for a CEO to engage with the board may be diminished. A real-life example could be a case where the board's chair is about to retire, the chair's resources are of relatively low importance to the organization, especially if the board's chair is simultaneously having a low-quality relationship with the CEO. In such a case, the CEO can choose to avoid it until the board's chair replacement takes place.

Proposition 8: When the degree of the dyadic conflict is high and importance of the resource needed is low, the CEO is more likely to avoid the board's chair.

In a different setting, when the resource dependence is low and the degree of conflict is concurrently low, the CEO will try to win at the expense of the board's chair. While this is again a highly unlikely scenario, it may arise if the CEO behaves arrogantly and perceives the board's chair as lacking the possession of important resources. Hence, this situation is more likely to be a perceptual rather than a realistic scenario. Extant literature has shown that CEOs can be prone to overconfidence and hubris, with firm-level consequences (Park, Kim, Chang, Lee, & Sung, 2018; Tang, Mack, & Chen, 2018). When the supply of valuable resources and information, as discussed in the resource dependence perspective (Boyd et al., 2011) is minimized, we propose that the CEO may entertain perceptions of greater power and thus manifest competitive behaviors. Another example of this type of situation may arise when the board's chair is about to retire and has no major conflict with the CEO. In this scenario, the CEO is more likely to be inconsiderate of the board's chair in the knowledge that the board's chair will soon be replaced. Therefore:

Proposition 9: When the degree of conflict is low and resource dependence is low, the CEO is more likely to contend.

Finally, we propose a halfway situation, when the dependence of the organization on the resource is of medium importance and when the degree of conflict is neither high nor low. In this context, both the CEO and the board's chair will compromise. Both parties will act collaboratively and will take the opposing party into consideration, and agreement on common ground will be highly possible. This argument also complements the stewardship theory, where the gains to be made from cooperation is prioritized, over opportunism (Davis, Schoorman, & Donaldson, 1997; Krause, 2017). We propose that when the means and incentives to engage in opportunistic behavior for the CEO and board chair are reduced, a compromise to find a solution that satisfies each party's needs would be prioritized. In addition, we argue that this is the typical scenario that will arise between the CEO and board chair when mutual trust is present and both parties care about the well-being of the organization.

Proposition 10: When the degree of conflict and degree of resource dependence are both moderate, the CEO is more likely to compromise.

3. DISCUSSION

Drawing from resource dependence theory and conflict literature, this paper addresses a gap in the literature by unpacking the "black box" of CEO-board chair conflict, including the dyadic conflict itself, its antecedents, its consequences, and its implications for the CEO, the board, and the firm. Scholars studying resource dependence theory-related phenomena have recommended that future studies employ a multi-theoretical perspective to further understand the applicability of this theory (Ozturk, 2021). Our study attempts to address this call by combining the theoretical arguments of resource dependence theory with affect theory to provide a novel conceptual framework that focuses on contexts of CEO-chair conflict. To the best of our knowledge, our effort is the first to combine these two theoretical streams in order to address the corporate governance phenomenon.

Theoretically, in addition to contributing to increased knowledge of board room dynamics as they pertain to CEO-board chair conflict, this paper challenges the assumption of many theories, including resource dependence theory, that board members will consistently act according to their expected roles and will be consistently willing to share resources and thus fulfill their resource provision function. Instead, we argued that negative conflicts will unfavorably affect this willingness as well as the availability of resources facilitated by the board's chair and board members. The paper also responds to both explicit and implicit calls in the literature to view board team members and top management teams in general as normal human beings, to which the same rules of human behavior apply (Demb & Neubauer, 1992; Chatterjee & Hambrick, 2007). The paper also contributes the notion of board cohesion to the literature in the hope that this will stimulate future discussions among scholars in the pursuit of further understanding and testing it and examining its antecedents and consequences in different contexts and settings. Additionally, the paper adopts a descriptive approach to explain how CEOs will react to different types of conflicts with the board, especially when the board's chair possesses resources that in turn differ in degree of importance. This description contributes salient insights into how CEOs respond to these types of challenges and can further stimulate research on this relatively novel phenomenon in the literature. Finally, the paper highlights a dependency relationship between both functions of the board, in contrast to extant assumptions in the literature that both functions are independent. Thus, we argue that a decrease in one of the functions leads to an increase in the other since the board will seek to legitimize its existence when one of the functions is interrupted by focusing on its other role.

Practically, this paper highlights the importance of a collaborative relationship between the CEO and board chair and points out to salient implications of a suboptimal relationship between the two in regard to board and organizational outcomes. In addition, the paper draws board chairs' and board directors' attention to the importance of the selection and retention of CEOs who are on good terms with both. Ignoring this important factor when selecting CEOs has important implications. Put differently, a narrow focus on CEO competence in the selection process is not an optimal strategy to pursue as a healthy relationship between CEO and board members has implications not only for the board itself but also for firm performance.

4. CONCLUSION

In this study, we examined the CEO-board chair conflict from the perspective of resource dependence theory. We elaborated on the antecedents of this conflict and its consequences, and we detailed the conflict handling techniques from the CEO's side. Conflict has been a topic that was awaiting closer examination, especially within the corporate governance phenomenon. This manuscript can lay the grounds for future scholarly discussions that examine the conflict phenomenon within corporate governance and that can point to further important implications on firm performance as well as other organizational, team, and individual-level outcomes.

In this study, we focused on the conflict between the CEO and the chair of the board. Future research can focus on other types of conflicts within the boardroom and among the corporate governance members of the organization and their implications on individual-, team-, and organizational-level outcomes. As we concede with Cascio (2004) that the board governance resembles workgroup dynamics, we aspire to see future work that particularly addresses the conflict between different dyads and within the board's workgroup as well as research work that addresses the specific types and levels of conflicts and their related consequences at the corporate governance level (Horton, Bayerl, & Jacobs, 2014; Jehn & Bendersky, 2003; Hussein & Al-Mamary, 2019; Higazee, 2015).

Relatedly, we focus on the CEO-board chair conflict irrespective of the demographic characteristics of this dyadic relationship. Theory points to the importance of the surface- and deep-level diversity composition of dyads in shaping employee attitudes, behaviors, and organizational outcomes (Liden, Anand, & Vidyarthi, 2016; Miller & Triana, 2009). Although much is known about the relationship between board diversity composition and organizational outcomes, such as firm performance and strategic change (Miller & Triana, 2009; Triana, Miller, & Trzebiatowski, 2014), future research should focus on how the CEO-board chair diversity composition interacting with conflict relates to outcomes.

In addition, scholars have examined the relationship between conflict and cultural values. For example, Koc (2010) theorized about the relationship between assertiveness, performance orientation, and gender egalitarianism and conflict resolution strategies for Turkey in the context of its main trading partners. Kaushal and Kwantes (2006) theorized and empirically found with a sample of undergraduate students that vertical individualism and vertical collectivism positively relate to a dominating conflict resolution strategy. Research is needed to understand how culture interacts with conflict resolution strategies to explain dyadic and organizational outcomes.

Furthermore, the manuscript addresses the dark side of the conflict, while future research can widen the scope to explore the potential positive side of the conflict between CEO-board chair on board dynamics and organizational outcomes as well as the effective methods in which the conflicts can be handled by the board chair or CEO. A good start of this stream can be found in the work of Heemskerk et al. (2017) which differentiated between low and high levels of relationship conflict between the board chair and CEO. While low-level relationship conflicts pointed to a well functioning board, a high level of relationship conflict had negative implications on board outcomes such as board task performance. Future studies can inform us further on the nuances and types of conflict that can potentially occur between this dyad and can discriminate between effective and ineffective conflicts and their implications on board and organizational outcomes.

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