THE USEFULNESS OF BOARD SELF-ASSESSMENT FOR NOMINATION COMMITTEES

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Abstract

This study examined whether nomination committee (NC) members find board self-assessment useful for assessing board composition and identifying candidates for board director positions. A questionnaire was administered to members of NCs in registered companies in Iceland, where responses were received from 33 participants. In designing the questionnaire, a research model (technology acceptance model, TAM) was used to measure the usefulness of information obtained from a board self-assessment. The results of linear regression show that the more positive the perception of the usefulness of information obtained from board self-assessment and the more positive the attitude towards the use of board self-assessment, the more likely it is that NCs will use the information obtained from it. The findings reveal that Icelandic NC members perceive information from board self-assessment to ease the process of selecting board directors and believe that self-assessment provides boards with valuable and reliable information, particularly in evaluating the necessity for changes within the board. This indicates that the utility of board self-assessment is substantial and beneficial for NC operations. The authors could not find published research that discusses or examines how members of NCs perceive the usefulness of board evaluation or board self-assessment. Therefore, comparing the study's results with prior research was impossible. The data is limited to registered companies in Iceland. The study advances the theoretical understanding of the usefulness of board self-assessment for NCs. The research illuminates the value of board self-assessment for NCs by enhancing academic understanding of the usefulness of board self-evaluation as a tool for the board NC.

Keywords: Corporate Governance, Board of Directors, Board Evaluation, Board Self-Assessment, Nomination Committee

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1. INTRODUCTION

Since the beginning of the 21st century, board evaluations have been introduced into corporate policies and regulations and have been increasingly adopted worldwide. However, it was not until around 2009 that registered companies began actively implementing and conducting board evaluations (Nordberg & Booth, 2019a, 2019b; Rasmussen, 2010). Today, many companies and boards recognize the importance of regularly conducting and assessing the performance of boards (Booth & Nordberg, 2021; Fenwick & Vermeulen, 2018). Board self-assessment is the most common method employed, where a questionnaire covering various aspects such as board composition, board culture, meeting procedures, accountability, efficiency, leadership skills, and more is used (Booth & Nordberg, 2021; Nicholson et al., 2012). The term "board self-assessment" refers explicitly to the method that solely relies on self-assessment without using other methods like interviews or site visits in the evaluation process. Meanwhile, "board evaluation" is more general or open-ended and does not refer to a specific method for assessing board performance. Evaluation tools used to assess boards can vary widely from one company to the next since there is no "one size fits all". Moreover, the evaluation process can differ between companies, including the tool's design, implementation, and follow-up. Nevertheless, board evaluation can be a useful development tool that can assist the board in enhancing its overall effectiveness if designed and implemented effectively. Board evaluation can also help the board identify skills gaps, which provides valuable information to the nomination committee (NC) when determining future director recruitment needs (Daily & Dalton, 2003). According to Icelandic corporate governance guidelines from 2021, it is the board's responsibility to oversee the board evaluation process, or the board may engage a third party to conduct the evaluation. Additionally, it is emphasized that "the results of the assessment are to be available to the Company's Nomination Committee, if one has been appointed" (Icelandic Chamber of Commerce et al., 2021, p. 25).

In Guidelines on Corporate Governance Practices, companies are encouraged to establish or have an operational nominating committee (Ruigrok et al., 2006; Icelandic Chamber of Commerce et al., 2021). NCs usually comprise three or more individuals who work in the best interests of all shareholders and provide opportunities for shareholders to present their perspectives in the nomination process. It is required that the majority of the committee be independent of the respective company and its daily management (Icelandic Chamber of Commerce et al., 2021). The role of NCs in registered companies in Iceland is to assess the need for board composition change and suggest well-founded appointments for appointing individuals to the board (Icelandic Chamber of Commerce et al., 2021). This includes ensuring that the appointed individuals possess the appropriate qualifications, knowledge, and experience that best fit the composition of the board (Eminet & Guedri, 2010; Kaczmarek et al., 2012; Stenling et al., 2020). The nomination process is crucial because it influences the composition of a corporate board, thus affecting the functioning and performance of the company. As guardians of the corporate mission and values, the board plays a vital role in setting the company's objectives and overseeing their execution through strategy development, performance assessment, and establishing standards and incentives. Therefore, identifying the right individuals for board membership significantly shapes the company's operations (Eminet & Guedri, 2010; Nachemson-Ekwall & Mayer, 2018; Stenling et al., 2020).

For this reason, it is interesting to explore whether NCs rely on the results derived from board self-assessment and, if so, whether it is helpful for the committee's work. Therefore, this study aims to answer the research question:

RQ: Is the information obtained from board self-assessments useful for nomination committees?

Few studies have explored the use and benefit of board self-assessment. The authors could not find published research that discusses or examines how members of NCs perceive the usefulness of board evaluation or board self-assessment. This makes it challenging to build on a specific theoretical foundation. Therefore, the approach in this research is to provide a comprehensive overview of boards and board self-assessments and argue for the importance of researching the applied use of NCs on board data gathered in board self-assessments. This study employed the technology acceptance model (TAM) developed by Davis et al. (1989) to assess the utility of board self-assessment for NCs. The reason for relying on the TAM model is that it has proven helpful in measuring the usefulness and usage of various information systems, software, or tools (Chin, 1999; Davis et al., 1989; Saadé, 2007). The TAM model aims to assess an individual's perception of using a particular information system/software/tool and their attitude toward its usage as an indicator of their intention to use it. Therefore, relying on the TAM model for measurements in this study was deemed appropriate, as the model was adapted to the research subject.

The remaining sections of this paper are structured as follows. In Section 2, the theoretical discussion is provided, followed by an explanation of the research model and hypotheses. In Section 3, the research method is described. In Section 4, the results are presented. In Section 5, the research findings are discussed. Section 6 concludes the paper by reflecting on its limitations and suggesting possible directions for future research.

2. LITERATURE REVIEW

Boards of directors play a crucial role in decision-making within companies, and board members as a team bear ultimate responsibility for companies' operations. The board's composition, structure, and operations are vital factors in determining how it fulfills its duties (Nordberg & Booth, 2019b; Rasmussen, 2015). Board composition relates to how the characteristics of board members form a distinct whole that defines the board (such as age, gender, professional background, diversity, knowledge, and skills). The structure of the board refers to formal features, such as the proportion of independent directors, the number and types of committees, and the form of leadership (chief executive officer [CEO] duality). Board operations encompass the internal

mechanisms and procedures of the board, which play an essential role in shaping how boards fulfill and carry out their role and responsibilities. These processes have a notable impact on the effectiveness of board performance and task execution (Forbes & Milliken, 1999; Nordberg & Booth, 2019b; Zahra & Pearce, 1989). In the academic literature, three primary roles of boards are primarily discussed, which are the control role, the service or advisory role, and the strategic role of boards (He et al., 2020; Levrau & Van den Berghe, 2007; Zahra & Pearce, 1989). However, there has been a debate about the roles of boards in the literature, such as what tasks boards should perform. In addition, scholars have approached board roles from various theoretical perspectives and defined them in broad and sometimes misleading ways (Aberg et al., 2019; Jansen, 2021; Levrau & Van den Berghe, 2007; Nicholson & Kiel, 2004; Zahra & Pearce, 1989). Most research on what boards do has relied on the agency theory, emphasizing the control role (Daily et al., 2003; Dalton et al., 2007). At the same time, many scholars argue that the boards' tasks should not be limited to control-related tasks (Hillman & Dalziel, 2003; Hung, 1998; Sur, 2014). Primarily due to the same way boards are expected to oversee the actions taken by corporate executives to protect the interests of shareholders, boards can also contribute by engaging in advisory or service-related tasks. For example, by assisting companies in creating value (Dalton et al., 2007) and thus aligning the interests of shareholders with those of society (Aberg et al., 2019). Furthermore, it remains unclear how boards function and carry out their roles and various associated tasks (Leblanc & Schwartz, 2007; Jansen, 2021). Since 2000, scholars have increasingly emphasized the factors and processes that occur in board activities from behavioral and social perspectives (Heemskerk, 2019; Ong & Wan, 2008; Sur, 2014). However, before 2000, board research often relied on financial and economic perspectives or the agency theory framework (Dalton & Dalton, 2011; Forbes & Milliken, 1999; Leblanc & Gillies, 2003; Levrau & Van den Berghe, 2007).

Following corporate scandals and prominent governance failures in the 1990s, regulations focusing on listed companies were introduced. In addition to new compliance requirements and guidelines, reforms were made for boards to operate. Between 2000 and 2009, significant improvements were made in guidelines for corporate governance practices. These changes were aimed at addressing a series of prominent failures and mistakes. These governance failures and mistakes increased pressure on boards and how they could effectively steer their companies (van der Walt & Ingley, 2000). Shareholders and stakeholders demanded that boards demonstrate more accountability and expertise in their governance roles (Kiel & Nicholson, 2005; Long, 2006; Minichilli et al., 2007; van der Walt & Ingley, 2000). To help boards demonstrate better and more efficient governance practices, it was considered essential for boards to assess their performance (Kiel & Nicholson, 2005). Conducting a board evaluation was to confirm that all board members were fulfilling their roles (SpencerStuart, 2004). The rationale behind board evaluation was twofold: to promote board effectiveness (Berg, 2007) and to increase board accountability because boards do what they are supposed to do (Huse, 2007).

The idea of board evaluation was not widely recognized until the aftermath of the global financial crisis from 2007 to 2009 (Nordberg & Booth, 2019a). Even though the term "board evaluation" first appeared in an article by Blair (1950). Wilbur Blair discussed how challenging it is to assess the quality of governance. However, he encouraged boards to carry out such assessments. Despite this, there is no indication that anything came out of it at that time (Nordberg & Booth, 2019a). It was not until the 1990s that the discussion about board evaluation began to gain momentum. In the wake of the financial crisis in 2008, the focus on board evaluation started to spread more widely, and several countries began introducing requirements for board evaluation in their guidelines/codes for good corporate governance practices (Nordberg & Booth, 2019a; Booth & Nordberg, 2021; Pho, 2022). According to the Organisation for Economic Co-operation and Development (OECD, 2008) on board evaluations, countries that impose precise requirements for board evaluations in laws governing companies, securities regulations, or guidelines on corporate governance achieve better results in increasing the number of boards that regularly conduct formal and systematic assessments of boards and directors. Also, it appears that board evaluations are more effective when guidelines on corporate governance specify the objectives to be emphasized in the conduction of the assessment. Furthermore, Minerva Analytics conducted a study in 2019 based on data on disclosure of corporate governance practices in Europe. This study suggests that companies generally pay attention to board evaluations. However, there is modest progress toward the policy that an external party should be used to conduct the assessment, whether required or recommended (Booth & Nordberg, 2021).

Many companies and boards acknowledge the importance of regularly evaluating their performance (Booth & Nordberg, 2021; Fenwick & Vermeulen, 2018). Furthermore, it is widely believed that board evaluation is a valuable tool for assessing the performance of boards (Daily & Dalton, 2003; Huse & Gabrielsson, 2012; Ingley & van der Walt, 2002, 2005; Leblanc, 2005; Leblanc & Schwartz, 2007; Long, 2006; Minichilli et al., 2007; Kiel & Nicholson, 2005). However, the prerequisite for this is that the evaluation process is well-structured, and that clear objectives and criteria are established based on those objectives (Huse, 2007; Kiel & Nicholson, 2005; Minichilli et al., 2007; Rasmussen, 2010, 2015). A systematic and well-structured evaluation can benefit companies, boards, and individual board members. For example, it can lead to improved leadership skills, more apparent roles and responsibilities, enhanced collaboration, increased accountability, better decision-making, improved communication, and more effective board operations (Kiel et al., 2018). On the other hand, there is no standardized board evaluation tool available since no "one-size-fits-all" approach can suit all boards (Carretta et al., 2010; Kiel & Nicholson, 2005; Minichilli et al., 2007; Soana & Crisci, 2017). Boards can vary significantly in their competitive environment, tasks, and challenges (Kiel & Nicholson, 2005). Therefore, the paths to success can be diverse, as reflected in different board effectiveness models proposed in the literature (Nicholson et al., 2012; Nordberg & Booth, 2019b). Board evaluation allows the board to reflect on and

assess its strengths and weaknesses, which benefits both the board and the NC (Daily & Dalton, 2003). To maximize the benefits of the evaluation, the board must dedicate time to review the results and agree on follow-up actions or changes to enhance its effectiveness. Further evaluation may identify skills that would be valuable additions to the board, which the NC can consider. Thus, evaluation offers the board and the NC a measuring tool to guide its future efforts (Charan, 2005). However, are the NCs taking advantage of the results obtained from the board evaluation? If so, how and for what purpose?

In the Guidelines on Corporate Governance Practices in Iceland, the role of the NC is defined as follows: 1) creating a platform for presenting candidates for board positions, 2) assessing the suitability of appointed individuals to fulfill their roles, 3) ensuring that the group nominated for a board position possesses sufficient diversity in terms of knowledge, experience, and background, aligning with the organization's policies, needs, and activities, and 4) ensuring that the nominated group includes a satisfactory representation of individuals from both genders (Icelandic Chamber of Commerce et al., 2021). In essence, NC oversees the process of appointing individuals to board positions. Therefore, NCs are significant contributors to the director selection process, as their activities shape the board's composition (Eminet & Guedri, 2010; Stenling et al., 2020). Additionally, it is believed that NC can enhance board performance by influencing the composition of boards, selecting directors with appropriate qualifications, and promoting board independence (Kaczmarek & Nyuur, 2016; Ruigrok et al., 2006; Vafeas, 1999).

A research gap exists concerning how NCs utilize the results of board self-assessments.

Although board evaluations provide valuable insights into a board's strengths and weaknesses, there is limited knowledge on whether and how NCs apply these findings in their selection processes and decisions. Specifically, research has yet to address how NCs use assessment results to inform changes in board composition, such as identifying skill gaps or the need for diversity enhancements. This gap underscores the importance of understanding NCs' role in translating board evaluations into actionable steps that improve board performance and alignment with organizational goals.

The proposed model for this research can be seen in Figure 1, an adapted version of the technology acceptance model (TAM) by Davis et al. (1989). The model aims to measure the usefulness and usage of various information systems or software. For example, word processing, email, document management software, and technology or tools for online learning. In the TAM model, it is assumed that an individual's perception of using a particular information system/software and their attitude towards its use reflect behavior intention, i.e., how or whether they use information systems that predict actual use. Therefore, TAM provides a foundation for analyzing external factors that can influence internal factors such as perception, attitude, and intention. These external factors can include the nature of the development or implementation process, political influences, organizational structure, user characteristics, and more (Davis et al., 1989). The ideology behind the TAM model has been supported by various theories, such as expectancy theory, self-efficacy theory, cost-benefit research, innovation research, and the channel disposition model (Chin, 1999; Saadé, 2007).

Figure 1. The research model
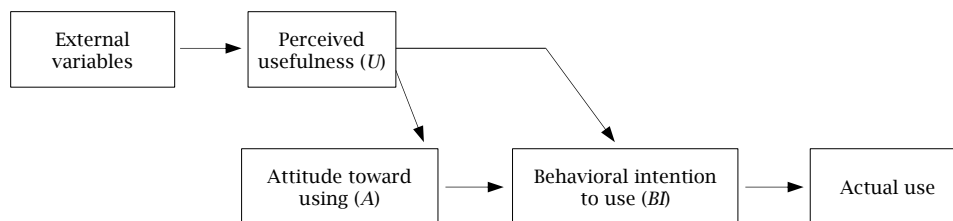
The research model shows that external variables can influence the perceived usefulness (U), which in turn affects the attitude towards using (A) and the behavioral intention to use (BI). Additionally, the attitude towards using impacts the behavioral intention to use. This suggests that actual use can be predicted. Suppose an individual (an NC member) positively perceives that the information obtained from board self-assessment is beneficial. In that case, they are more likely to believe that such information can be helpful for the NC to rely on. A positive perception of usefulness and a positive attitude towards using support NCs in relying on information obtained from board self-assessment. This, in turn, predicts actual use. For instance, the belief that board self-assessment is a helpful tool (provides valuable information) for NCs to rely on in their work. It is proposed that the behavioral intention to use (BI) is determined by the attitude towards using (A) and perceived usefulness (U),

where the equation measures the relative weight: $BI = A + U$. Therefore, to answer the research question. The research hypotheses are as follows:

H1: Attitude towards using board self-assessment impacts the behavioral intention of nomination committees to use the information obtained from board self-assessment (A→BI).

H2: Perceived usefulness of information obtained from board self-assessment impacts the attitude towards using board self-assessment (U→A).

H3: Perceived usefulness of information obtained from board self-assessment impacts the behavioral intention of nomination committees to use the information (U→BI).

H4: Perceived usefulness of information obtained from board self-assessment does not directly impact the behavioral intention of nomination committees to use the information when controlling for the attitude towards using (U→A→BI).

3. RESEARCH METHODOLOGY

3.1. Participants

The participants in the study were individuals who currently serve or have served on NCs for companies listed on the Iceland Stock Exchange, where the board has conducted a self-assessment. There are 20 registered companies, of which 16 have established NCs, with three individuals serving on each committee. The population comprises approximately 50–60 individuals, and some serve on more than one committee. A total of 32 participants participated in the study, 19 males and 13 females. There were 2 participants aged 30–39, 2 participants aged 40–49, 20 participants aged 50–59, and 8 participants aged 60 or older. A total of 29 individuals held seats on NCs, and three had previously served on NCs. In addition, there were a total of 26 board members who were not part of the shareholder group, and there were 55 individuals who belonged exclusively to the shareholder group (neither board members nor having served on the NC).

3.2. Research design

A correlational study was conducted to examine whether there is a relationship between variables. The independent variable is the perception of usefulness (*U*), which involves how a member of the NC perceives the information from the self-assessment of boards as valuable. The mediating variable is the attitude towards using (*A*), which encompasses to what extent members of the NC find the self-assessment of boards to provide valuable and reliable information. The dependent variable is the behavioral intention to use (*BI*), which involves under what circumstances the NC relies on information from the self-assessment of boards.

3.3. Implementation

A questionnaire was distributed to participants through an online survey initiated by the Iceland Chamber of Commerce and researchers from the University of Iceland. The survey was part of a study examining the attitudes of shareholders, board members, and committee members toward various board and governance issues. The survey was sent to participants via email, requesting their participation. Participants were informed of the research's purpose, which was twofold: to investigate attitudes toward NCs and to explore the usefulness of board self-assessment. The survey was anonymous, and responses could not be traced back to participants. Participation was voluntary. As a token of appreciation, participants had the option to provide their email addresses at the end of the survey (not linked to their responses) and had a chance to win gift cards for a restaurant. Two email addresses were randomly drawn to receive gift cards. Data was collected between January 25th and February 5th, 2023.

3.4. Instrument

The questionnaire was designed based on the TAM developed and introduced by Davis (1986). The TAM was adapted to the research context, which concerns the usefulness or effectiveness of relying on information obtained from board self-assessment. The questionnaire consisted of 23 items that measured three different factors (see Appendix). The measured factors were as follows:
- Perceived usefulness (*U*) — included 7 items.
- Attitude towards using (*A*) — included 8 items.
- Behavioural intention to use (*BI*) — included 8 items.

The questions/items for each factor were pre-defined by the researchers. Items for *U* and *A* were measured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Items for *BI* were measured on a 5-point Likert scale ranging from 1 (never) to 5 (always). Internal validity was measured for each factor, and inter-item correlations were examined. Items that had correlations below 0.15 or correlations above 0.80 were removed. Correlations below 0.15 indicate that items are not measuring the same construct, while correlations above 0.80 suggest that items are measuring the same construct redundantly. For the factor "perceived usefulness" items *U5* and *U7* were removed, leaving 5 items, with a Cronbach's alpha reliability of $\alpha = 0.884$. For the factor "attitude towards using" items *A3* and *A6* were removed, leaving 6 items, with a Cronbach's alpha reliability of $\alpha = 0.826$. For the factor "behavioural intention to use", items *BI2*, *BI6*, and *BI8* were removed, leaving 5 items, with a Cronbach's alpha reliability of $\alpha = 0.849$. Internal validity for each factor, with alpha values above 0.80, is considered quite good. In general, it is accepted that reliability coefficients equal to or above 0.70 are acceptable in psychological research (Cicchetti, 1994).

3.5. Data analysis

For questions measuring perceived usefulness (*U*), the responses from participants were computed together, and the mean score was calculated for all the questions. The range of the total mean score falls between 2 and 5. The same process was carried out for questions measuring attitude towards using (*A*) and questions measuring behavioural intention to use (*BI*). The range of the total mean score for *A* was between 2.17 and 5, and for *BI*, it was between 2.6 and 5. A higher total mean score indicates greater usefulness. Linear regression analysis was used to test hypotheses, and the regression assumptions were examined. Outliers were checked, and Cook's distance was used to identify influential data points. It was found that one significant outlier was present. This case was examined further, and the decision was made to remove the outlier, as it was believed to significantly impact the data. The residual plot of the dependent variable indicated that the error was close to normally distributed. Additionally, the scatterplot of the dependent variable and the predictors suggested a linear relationship, indicating that multicollinearity and heteroscedasticity were absent. Therefore, the assumptions of regression were met. Statistical significance was assessed at a 95% confidence interval or $p < 0.05$.

4. RESULTS

Table 1 displays the counts, means, and standard deviations for the items used in the questionnaire, where the mean lies within the range of 1–5.

Table 1. Descriptive statistics for the items used in the questionnaire

Item	Counts	Mean (1–5)	Standard deviations
U — Information from board self-assessment			
U1 — makes the selection process of board directors easier	32	3.81	0.738
U2 — makes it easier to evaluate the best composition of the board	32	3.69	0.738
U3 — leads to changes in the board	32	3.59	0.712
U4 — makes decision-making easier	32	3.72	0.683
U6 — affects the selection of board directors	32	3.72	0.772
A — To what extent do you believe self-assessment provides boards with useful and reliable information?			
A1 — strengths and weaknesses within the board	32	4.00	0.842
A2 — competencies of individual director	32	3.41	1.07
A4 — composition of the board	32	3.63	0.942
A5 — where change is needed	32	4.26	0.575
A7 — what knowledge/skills/experience is needed	32	3.69	1.15
A8 — performance of the board as a whole	32	4.06	0.801
BI — In what instances does the nomination committee rely on information from board self-assessment?			
BI1 — when selecting new board directors	32	4.50	0.803
BI3 — when assessing the board composition	32	4.34	0.865
BI4 — when assessing the competence of board directors	32	4.16	1.02
BI5 — when assessing the performance of board directors	32	4.44	0.619
BI7 — when changes need to be made to the composition of the board	32	4.16	0.954

Table 2 displays the counts, means, and standard deviations for the variables *U*, *A*, and *BI*, along with correlation calculations.

Table 2. Descriptive statistics and correlations between measurements

	Counts	Mean	Standard deviations	U	A	BI
U	32	3.64	0.643	-	0.768**	0.614**
A	32	3.84	0.672		-	0.686**
BI	32	4.29	0.683			-

*Note: ** p < 0.001.*

Linear regression analyses were conducted to test the hypotheses. Table 3 contains the results of the linear regression used to test the model's equations. The results demonstrate statistically significant direct effects between attitude toward using the board self-assessment (*A*) and behavioural intention to use board self-assessment information (*BI*) ($\beta = 0.686$, $p < 0.001$). This supports *H1*: that the attitude towards using board self-assessment impacts the behavioral intention to use the information obtained from board self-assessment. Furthermore, the results showed statistically significant direct effects between the perceived usefulness of board self-assessment information (*U*) and attitude toward using board self-assessment (*A*) ($\beta = 0.768$,

$p < 0.001$). This supports *H2*: that the perception of the usefulness of information obtained from board self-assessment influences the attitude towards using board self-assessment. Moreover, there were statistically significant total effects between the perceived usefulness of board self-assessment information (*U*) and behavioural intention to use board self-assessment information (*BI*) ($\beta = 0.614$, $p < 0.001$). This supports *H3*: that the perception of the usefulness of information obtained from board self-assessment impacts the behavioral intention to use the information obtained from board self-assessment. For *H4*, the results were non-significant ($\beta = 0.213$, $p = $ n.s.), supporting *H4*: that the perception of the usefulness of information obtained from board self-assessment does not have a direct effect on the behavioral intention to use the information obtained from board self-assessment when controlling for attitude towards use. Furthermore, the results also showed statistically significant indirect effects, as the Sobel test indicated $z = 2.363$, $p < 0.05$. Therefore, the findings suggest that there is a mediation of the effects between the perceived usefulness of board self-assessment information (*U*) and the behavioural intention to use board self-assessment information (*BI*) through attitude towards using the board self-assessment (*A*).

Table 3. Linear regression: Testing the relationships between variables in the model

Dependent variable	Adjusted R²	Independent variable	B	S.E (B)	β	95% confidence interval	T	p
BI	0.454	Constant	1.604	0.527		0.529–2.680	3.046	0.005
		A	0.698	0.135	0.686	0.422–0.974	5.171	< 0.001
A	0.575	Constant	0.928	0.451		0.007–1.850	2.057	0.048
		U	0.802	0.122	0.768	0.552–1.051	6.559	< 0.001
BI	0.357	Constant	1.914	0.563		0.761–3.067	3.389	0.002
		U	0.653	0.153	0.614	0.340–0.965	4.266	< 0.001
BI	0.455	Constant	1.420	0.556		0.284–2.557	2.557	0.016
		U	0.226	0.220	0.213	-0.223–0.676	1.030	0.312
		A	0.532	0.210	0.523	0.101–0.962	2.527	0.017

As shown in Figure 2, the results of the overall model test were presented: $F_{(2,29)} = 13.925$, $p < 0.001$ to assess the model fit. This indicates that the model is statistically significant, considering the significance level of 0.05. The model, therefore, significantly predicts the NCs' use of information obtained from board self-assessments. The adjusted

R^2 value for the model was R^2(Adjusted) = 0.455, meaning that the predictors (*U* and *A*) in the model collectively explain 45.5% of the variance in responses on the scale regarding the behavioural intention to use the information obtained from board self-assessment (*BI*).

Figure 2. Results of the research model
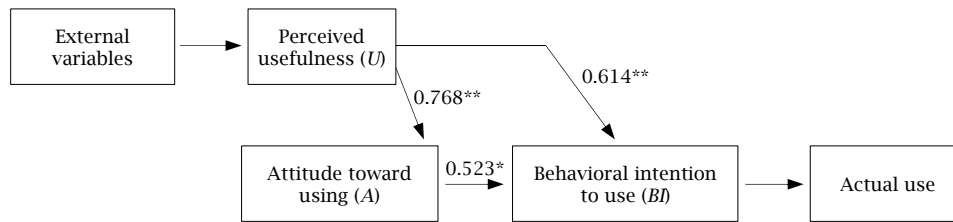
Note: * p < 0.05, ** p < 0.001.

The results indicate that the behavioral intention to use (*BI*) is determined by the attitude toward using (*A*) and the perceived usefulness (*U*), as shown in Figure 2. The results show that the more positive the perception of the usefulness of information obtained from board self-assessment and the more positive the attitude towards using it, the more likely it is that NCs will use or rely on the information obtained from it.

In addition, it was interesting to see that the results suggest that those who represent or are part of the shareholder group appear to have a less positive attitude towards using board self-assessment (*A*) (M = 3.41, SD = 0.912) compared to those who do not represent or are not part of the shareholder group (i.e., those who are solely board members and/or sit on NCs) (M = 3.79, SD = 0.677, t(125) = 2.598, p = 0.017). However, there was no significant difference in the attitude towards using board self-assessment (*A*) between board members (M = 3.75, SD = 0.617) and those who only serve on NCs (M = 3.84, SD = 0.766, t(56) = -0.442, p = n.s.).

5. DISCUSSION

In this section, the results are summarized and compared with the existing literature. It should be noted that the authors could not find published research on board self-assessments and their utilization by NCs. Therefore, most of the attention is focused on the findings.

This study examines whether board self-assessment provides valuable information for NCs to rely on when the role of the NC is to appoint individuals or groups to serve on a company's board. The results indicate that it is beneficial and that NCs rely on information from board self-assessments. The perception of usefulness and attitudes toward using information obtained from board self-assessment is positive, supporting that NCs utilize information from board self-assessment. For instance, findings reveal that members of the NC perceive that information from board self-assessment facilitates the selection process of board directors (item *U1*). Furthermore, NC members believe that self-assessment provides boards with valuable and reliable information, especially when assessing the need for changes within the board (item *A5*). This indicates that the utility of board self-assessment for NCs is substantial and beneficial for NC operations. The work of NCs plays a crucial role in shaping the board's composition. NCs appoint individuals who best fit the board's composition, which can be essential for the board's performance and efficiency. Given that the characteristics of each board member (e.g., knowledge, skills, abilities, network, etc.) form a specific profile that determines the board's composition. As well as how

demographics (e.g., age, size, gender, education, diversity) and the board structure (i.e., the proportion of independent directors, the number of committees, and leadership style) are combined. The composition of the board influences how the board members collaborate and how well they can fulfill the tasks required by the company (Huse, 2005; Huse et al., 2009; Forbes & Milliken, 1999; Nicholson et al., 2012; Rasmussen, 2010). Consequently, the board's performance and efficiency are determined by how the board is composed. In summary, information from board self-assessment is helpful for NCs when assessing the board's composition and the competence of board members, as well as facilitating the selection of board members for appointment. This, in turn, makes it more likely that the board is appropriately composed, supports better governance practices, and enhances board efficiency.

6. CONCLUSION

This study is the first step in strengthening academic understanding of the usefulness of board self-evaluation as a tool for the board NC. The findings of our study suggest that the information obtained from board self-assessments is useful for NCs. Until now, there has been a lack of published papers shedding light on the usefulness of board self-assessment for NCs. More studies need to be conducted to establish a scholarly/theoretical foundation regarding the usefulness of board self-assessment for NCs. This applies whether one looks at Iceland or other countries. Most notably, research has explored how board members perceive board evaluation (Booth & Nordberg, 2021), how shareholders view or evaluate the performance of boards and companies (Nicholson et al., 2012), what drives the implementation of board evaluation in registered companies in Norway (Rasmussen, 2015), and the effectiveness of board evaluation for companies that are nonprofit-driven (Harrison & Murray, 2015; Millesen & Carman, 2019). Therefore, there is a need for further research to examine the usefulness of board evaluation or board self-assessment for NCs, for instance, how it is practiced in the Nordic countries or other European nations.

This study has a few limitations: Firstly, the sample size is small, making it particularly susceptible to various biases (e.g., response bias). This can limit the generalizability of the findings. Furthermore, the results are specific to NCs in registered companies in Iceland. However, the population in this context is relatively small, covering approximately 50-60 individuals, with a response rate of around 50%. Secondly, the research method focuses solely on analyzing correlations/relationships between variables and, therefore, cannot conclude the causality of these

variables. The survey instrument was explicitly tailored to the research topic and has not been previously used, which may affect the study's validity. Thirdly, participants' assessments are based on different versions of board self-assessments, i.e., participant's responses do not center around one specific board self-assessment tool. The study does not provide insight into the assessment process, such as who conducted the assessment (the board or an external party), the objectives and criteria, and whether or how the valuation was beneficial or utilized for further improvement (apart from NCs).

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APPENDIX. QUESTIONNAIRE

How much do you disagree or agree with the following statements:

1) Perceived usefulness (*U*) — 7 items: Information from board self-assessment

Item	Scale
U1 — makes the selection process of board directors easier	(1) Strongly disagree — (5) Strongly agree
U2 — makes it easier to evaluate the best composition of the board	(1) Strongly disagree — (5) Strongly agree
U3 — leads to changes in the board	(1) Strongly disagree — (5) Strongly agree
U4 — makes decision-making easier	(1) Strongly disagree — (5) Strongly agree
U5 — identifies which competencies/knowledge/experience is necessary for the board	(1) Strongly disagree — (5) Strongly agree
U6 — affects the selection of board directors	(1) Strongly disagree — (5) Strongly agree
U7 — has resulted in a board directors' dismissal	(1) Strongly disagree — (5) Strongly agree

2) Attitude towards using (*A*) — 8 items: To what extent do you believe self-assessment provides boards with useful and reliable information?

Item	Scale
A1 — strengths and weaknesses within the board	(1) Strongly disagree — (5) Strongly agree
A2 — competencies of individual director	(1) Strongly disagree — (5) Strongly agree
A3 — performance of individual director	(1) Strongly disagree — (5) Strongly agree
A4 — composition of the board	(1) Strongly disagree — (5) Strongly agree
A5 — where change is needed	(1) Strongly disagree — (5) Strongly agree
A6 — what knowledge/skills/experience is present	(1) Strongly disagree — (5) Strongly agree
A7 — what knowledge/skills/experience is needed	(1) Strongly disagree — (5) Strongly agree
A8 — performance of the board as a whole	(1) Strongly disagree — (5) Strongly agree

3) Behavioural intention to use (*BI*) — 8 items: In what instances does the nomination committee rely on information from board self-assessment?

Item	Scale
BI1 — when selecting new board directors	(1) Never — (5) Always
BI2 — when a board director needs to be replaced	(1) Never — (5) Always
BI3 — when assessing the board composition	(1) Never — (5) Always
BI4 — when assessing the competence of board directors	(1) Never — (5) Always
BI5 — when assessing the performance of board directors	(1) Never — (5) Always
BI6 — when assessing what knowledge/skills/experience is present	(1) Never — (5) Always
BI7 — when changes need to be made to the composition of the board	(1) Never — (5) Always
BI8 — when change is needed in corporate governance practices	(1) Never — (5) Always