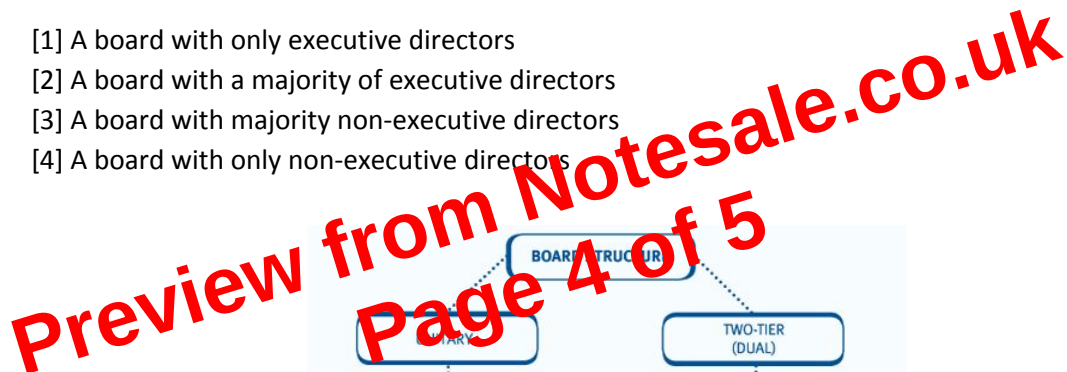


- strategies need to be translated into policies to guide top management action and provide plans for subsequent control.
 - the board supervises, by monitoring and controlling the activity of the top Mgt
- [2] **policymaking** → the most inwards looking and future focused
- [3] **Supervision of exec management** → the most inward looking and past/present looking
- [4] **Accountability to shareholders and others** → P/P looking and outward looking
- All of these tasks have to work with and be approved by the CEO.
- Providing accountability and monitoring/supervising represent the **conformance part**, while the strategy formulation and policymaking activities refers to the **performance part**.
- cf. **The Cadbury report (1992)**: *the responsibilities of the board include setting the company strategic aims, providing the leadership to put them in effect supervising the management of the business and reporting to shareholders of their stewardship.*

6. Alternative board structures

- What is the appropriate balance between executive and non-executive members ?
- What is the appropriate size of the board ?

- [1] A board with only executive directors
- [2] A board with a majority of executive directors
- [3] A board with majority non-executive directors
- [4] A board with only non-executive directors



A Comparison of One-tier (Unitary) and Two-tier Governance Board Systems.

Aspects	One-tier (Unitary), e.g., the USA, UK.	Two-tier, e.g., Japan, Germany.
Executive emoluments	Above average	Average
Board Size	Small size, majorly outsiders	Large size, primarily insiders
Interests	Shareholders	Stakeholders
Ownerships	Dispersed/Market Oriented	Concentrated/Block/Family
Board meetings	More frequent	Less frequent
Capital Markets	Very Liquid	Relatively Liquid
Orientation	Market/Independent	Network/Representative
Leadership/management culture	Confrontational in nature	Consensus/Democratic in nature