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REVIEW ARTICLE

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Bringing owners back on board: A review of the role of ownership type in board governance

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Abstract

Research Question/Issue: In this comprehensive literature review, we synthesize and analyze the current state of academic research regarding the relatively under-studied relationship between the type of owners and board governance.

Research Findings/Insights: Our review of the existing literature at the intersection of ownership and board governance research discusses how six distinct ownership types—pertaining to family, lone founder, corporation, institutional investor, state, and venture capitalist—shape board governance, defined as board structure, composition, and processes. We also uncover the influence of ownership type on board functional performance (i.e., monitoring, resource provision, and strategic involvement) and the implications of these owner–board relationships for a variety of firm outcomes (related to performance and compliance).

Theoretical/Academic Implications: We present identifiable patterns in board governance and functional performance associated with each ownership type and their respective implications for a wide range of firm outcomes. We then propose seven core emerging themes that deserve further scholarly attention.

Practitioner/Policy Implications: Our analysis cautions against the application of the "one-size-fits-all" best-practices approach in board governance advocated by policy makers, scholars, and corporate governance activists and underscores the need to consider the contingent effects of different owners' behaviors and interests in shaping and assessing board governance.

KEYWORDS

Corporate governance, board of directors, literature review, ownership

1 | INTRODUCTION

Most corporate governance scholars and policy makers would agree that the board of directors (here onwards, board) is at the heart of corporate governance. In fact, country codes of good governance devote a lot of their clauses to the role of the boards, and so does corporate law. Interestingly, a substantial number of review articles on boards appear to be one-sided, primarily focusing on the board's relationship with the management (see Table SA1 for a list of existing reviews on boards). However, the board's relationship with owners and shareholders has received considerably less attention. Such one-sided attention can be attributed to the implicit notion of shareholder homogeneity assumed in agency theory (Jensen, 2001), which presupposes that investors are always "diversified and disinterested"

(Braun, 2019, p. 1) and their objectives are limited to maximizing returns on their capital (Monks & Minow, 2011).

This assumption goes in sharp contrast with the heterogeneity of firm ownership worldwide, in which 79% of the equity in listed corporations is held by a heterogeneous set of identifiable owners such as families, corporations, institutional investors, and the state (Organisation for Economic Co-operation and Development [OECD], 2019). Business press outlets (e.g., *Financial Times* and *The Economist*) echo such an increasingly dispersed and rapidly changing portfolio of diverse owners and note that they are becoming more involved in governance (e.g., Gual, 2020; Megaw, 2020). Furthermore, recent developments in corporate governance codes have brought owners to partake in activities that previously were exclusive for the board (e.g., Yuan, Xiao, Milonas, & Zu, 2009), such as director and key executive remuneration policy approval through the adoption of the say-on-pay clause in several jurisdictions (e.g., the United Kingdom, the United States, Chile, Italy, and Turkey) and proxy access. Overall, the last decade has witnessed a re-emergence of an identifiable set of owners who exercise increasing influence on how boards are governed (i.e., board governance), particularly regarding three dimensions: structure, composition, and processes.

As a result of this trend, the corporate governance field is challenging the assumption of owners as a homogeneous group by bringing forward owners' diversity in terms of both incentives and capacity to influence their corporations (Aguilera & Crespi-Cladera, 2016; Desender, Aguilera, Crespi, & García-cestona, 2013). Some scholars highlight salient distinctions among different types of owners such as insiders versus outsiders, foreign versus domestic, blockholders versus minority shareholders, transient versus dedicated ownership, and pressure-sensitive versus pressure-resistant investors (e.g., An & Zhang, 2013; Connelly, Hoskisson, Tihanyi, & Certo, 2010). More recent studies further delineate ownership types by drawing attention to lone founders (Cannella, Jones, & Withers, 2015), the state (Tihanyi et al., 2019), shareholder activists (Chung & Talaulicar, 2010), and venture capitalists (VCs) (Garg, 2013) and by pointing out idiosyncrasies among family owners (Ponomareva, Nordqvist, & Umans, 2019) and their governance choices across national contexts (Aguilera, Talaulicar, Chung, Jimenez, & Goel, 2015).

Given the role of boards as representatives of an increasingly heterogeneous group of shareholders (Monks & Minow, 2011), they serve as the most important channel for the owners to gain influence on their firms (McCahery, Sautner, & Starks, 2016). Thus, it has become clear that different types of owners have important implications for board governance, reflecting discernable patterns in board structure, composition, and processes (Federo & Saz-Carranza, 2020) that ultimately affect multiple firm outcomes (Connelly et al., 2010). Conversely, investors might also be attracted to firms with specific board governance practices (Armstrong, Core, & Guay, 2014) aimed at capitalizing on such adopted practices or changing them to unlock the latent value of the target firms (Aguilera, Federo, & Ponomareva, 2020).

Despite the growing attention to the behaviors and interests of different owners, there is still no study that synthesizes the present knowledge about *how different types of firm owners shape board governance*. Current reviews on this subject examine ownership concentration (Garcia-Meca & Sanchez-Ballesta, 2010) or a single ownership type with particular control rights, such as family or state owners (Bammens, Voordeckers, & Van Gils, 2011; Hinna, De Nito, & Mangia, 2010). The 2019 OECD corporate governance factbook highlights that "the traditional concepts of dispersed and concentrated ownership may no longer be sufficient as a basis for understanding and adapting corporate governance frameworks to the more complex landscape of corporate ownership structures in place around the world" (p. 17) because the concept of ownership is three-pronged, comprising concentration, control rights, and types. Thus, our study differs from prior reviews in that we specifically focus on the influence of different types of identifiable owners on board governance and financial performance and the implications of such board influence on firm outcomes.

Our comprehensive literature review of 145 articles published in international leading peer-reviewed journals between 1988 and 2019 shows that the field has reached adolescence, with high growth potential. We identify six distinct ownership types, pertaining to families, lone founders, corporations, institutional investors, the state, and VCs, and compare the patterns in *board structure*, *composition*, and *processes* attributed to each of the ownership types. Board structure refers to the visible board design features such as size, independence, committees, and CEO duality (Carter & Lorsch, 2003). Board composition pertains to the directors' characteristics, consisting of demographic and functional diversity, interlocks, and owner representation (Johnson, Schnatterly, & Hill, 2013). Board processes denote the boards' actions to fulfill their functions, which include the number of board meetings, decision-making processes, effort norms and use of skills, and cognitive conflict (Forbes & Milliken, 1999). We also examine how ownership type influences board functional performance, which encompasses monitoring, resource provision, and strategic involvement. We discuss how both type of owners and board governance have implications for multiple firm outcomes. Ultimately, our review summarizes the present knowledge on the topic and proposes seven core emerging themes that could inspire future research on the role of ownership type in board governance.

Our review contributes to the development of board governance research in three important ways. First, we bring back the focus on corporate ownership by taking stock of the current literature regarding the influence of owners on corporate boards. Second, we develop an integrated framework synthesizing current insights about the role of ownership type in board governance and its implications for firm outcomes. Lastly, we propose an agenda to guide future research on the topic that can help counterbalance the current one-sided view on board governance (and top management teams) in the board literature.

2 | METHODOLOGY

We conducted a multistep comprehensive literature review consisting of three main phases, identification, screening, and assessment, as illustrated in Figure 1. In the identification phase, we focused our initial search on the 50 top journals included in the Financial Times

Research Rank[1] (FT50) and other specialized journals that cover the area of corporate governance. Two authors and a research assistant searched each journal using the keywords: board AND/OR owner* (* denotes the root word). After reading the abstract of 2,278 articles that emerged from the initial search, 2,095 articles were discarded because they did not cover the owner–board relationship. Subsequently, the authors read the full manuscripts of 183 articles, excluding the articles that did not focus on the relationship between a distinct type of owners and board governance, which resulted in 56 relevant articles. The authors then coded the exact terms used in referring to ownership type covered in the articles and grouped them into six main mutually exclusive ownership types: family, lone founder, corporation, institutional investor, state, and VCs.

We formed these broad categories of ownership type based on the notion of social context, which arises from a constellation of constituents jointly forming a common cognitive frame, sense of sharing collective values, and responsibilities that shape their identification with a group (Miller, Le Breton-Miller, & Lester, 2011). Although each ownership type embodies different shareholders—such as sibling partners and cousin consortia in family firms (Nordqvist, Sharma, & Chirico, 2014), transient and dedicated institutional owners (Connelly et al., 2010; Shi & Connelly, 2018), or domestic and foreign owners in corporate owners (Aguilera & Crespi-Cladera, 2016)—we argue that such shareholders within an ownership type share a given social context that defines their motives and behaviors as owners. Thus, we excluded studies that only considered structural measures such as ownership concentration, dedicated/transient ownership, or insider/outsider ownership because they do not specifically adhere to a social context of ownership.

We also excluded those studies that analyzed director or CEO shareholding because ownership in these studies was analyzed mainly as an incentive alignment mechanism rather than used as means for exerting ownership influence (e.g., see Burns, Kapalczynski, & Wald, 2020; Yermack, 2004). Finally, we excluded studies that focused on the firm owners' national origin (i.e., domestic versus foreign owners) because different types of owners can be considered as a domestic or foreign investor, making it difficult to claim that their influence can be attributed to their status as foreigners or a specific

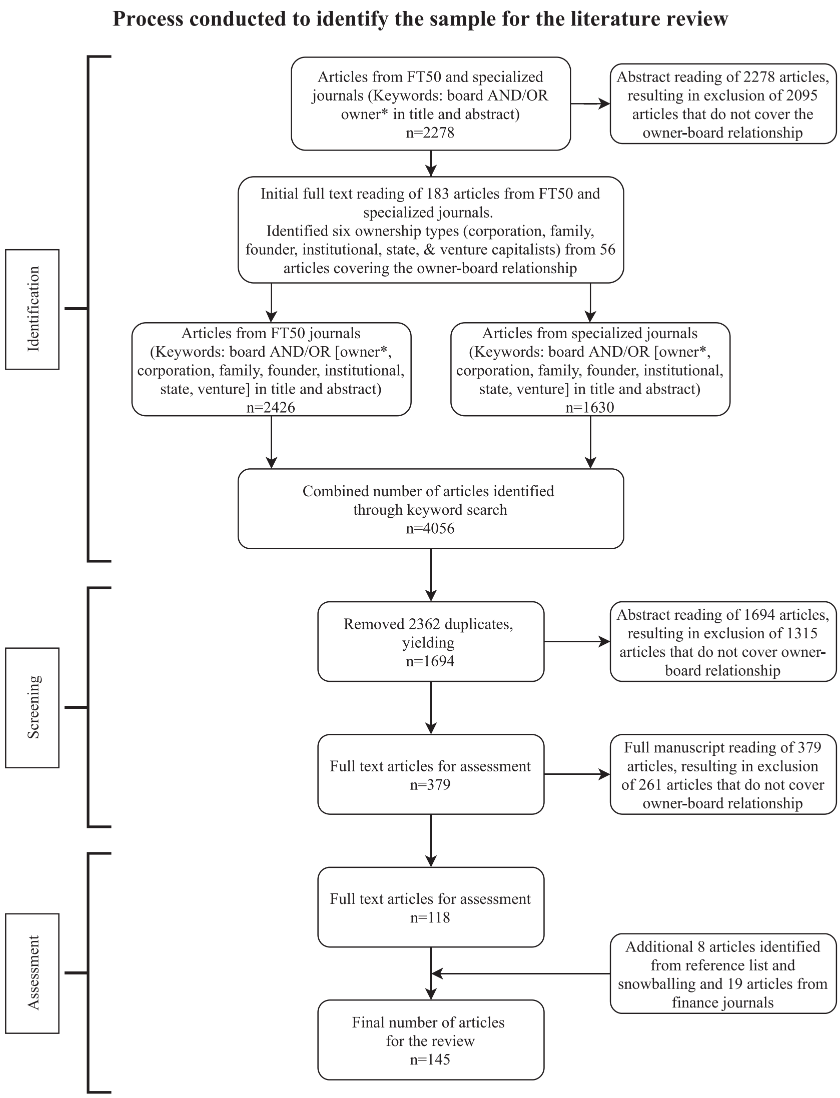


FIGURE 1 Process conducted to identify the sample for the literature review

type of owners. Although all these distinctions might be important to understand the owners' influence on board governance, it adds a level of complexity that is outside the scope of the present review.

Once the six ownership types were identified, we expanded our search through the Scopus database using the additional keywords denoting each ownership type: board AND/OR owner*/family/founder/corporat*/institution*/state/venture, resulting in a total of 4,056 articles in 62 journals.

The second phase involved screening the 4,056 articles that emerged from the identification phase. Two authors filtered the articles by removing the 2,362 duplicate articles and reading the abstracts of the remaining 1,694 articles. This step in the article selection process filtered 1,315 articles, narrowing our sample to 379 articles.

In the third phase, two of the authors read and assessed the articles' full text, thereby excluding 261 articles that did not explicitly cover the relationship between the type of owners and board governance. For instance, many studies have used both ownership types and board features as independent variables to explain firm outcomes. Because these studies do not address the relationship between the two sets of variables, they were removed from the sample. This step narrowed the list to 118 eligible articles. Eight additional articles were identified using the snowballing technique. In addition, while reading the articles, we noticed that finance journals have a different way of presenting the abstract, which does not capture the keywords used in the database search. In order to avoid missing relevant articles, we went back to our initial search to read the full text of articles from the finance journals. Nineteen articles were identified as relevant for the review. The final number of relevant articles included for our review is 145 (see Table SA2), of which 75 are from FT50 journals and 70 from non-FT50 journals (see Table 1).

The academic interest regarding the role of ownership type in board governance has steadily developed over the years, with an extraordinary peak in 2016 (see Figure 2). As we also searched the business press coverage in Factiva using the same keywords as the literature review, although significantly fewer published articles than practitioners', Figure 2 shows that the trend of research publications generally follows the practitioners' interest over the years. More than 94% of the articles in our review sample are empirical, with four studies using a qualitative approach, 128 applying quantitative research, and five employing mixed methods. The most researched context in the literature is the United States with 52 studies, followed by China with 13 and the United Kingdom with 10. Region-wise, the Americas, Europe, and Asia have 53, 38, and 37 studies, respectively (see Table 2). Moreover, the studies included in the review primarily draw on agency theory, with more than 64% of the articles (see Table 3). Notably, there are more than 30 other theoretical perspectives used in understanding the owner–board relationship, suggesting the diversity of views on the topic. Next, we discuss the existing studies examining the influence of ownership types on board governance and functional performance and the moderating effects of ownership on the relationships of board governance and functional performance with firm outcomes (these studies are summarized in Tables SA3 and SA4).

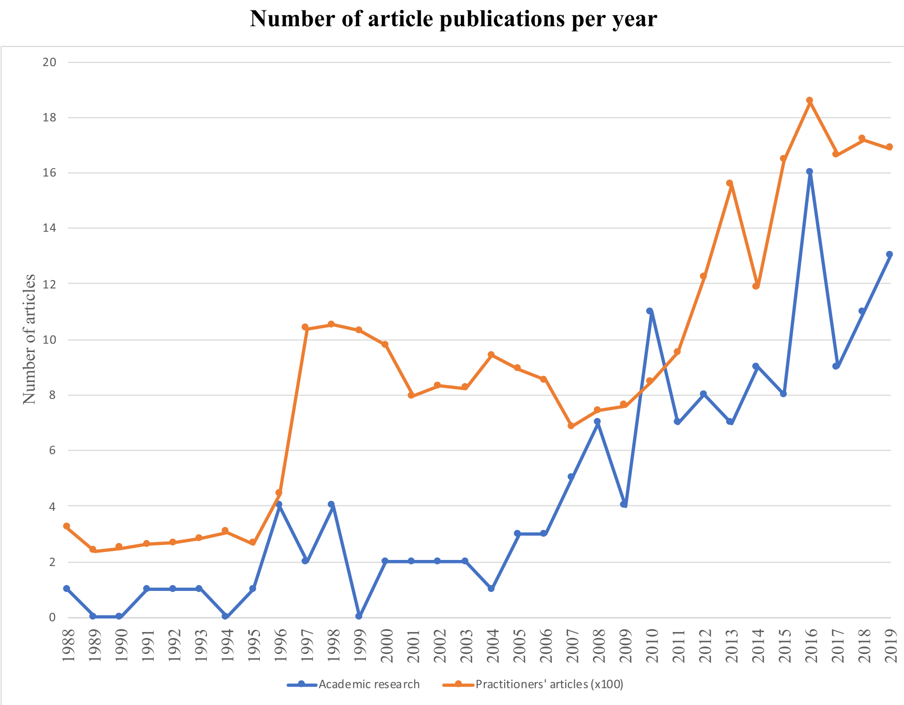
TABLE 1 List of journals included in the review sample

Journals	Number of articles	Percentage
FT50 journals		
Academy of Management Journal	3	2.07
Accounting, Organizations and Society	1	0.69
Administrative Science Quarterly	3	2.07
Entrepreneurship Theory and Practice	10	6.90
Journal of Business Ethics	8	5.52
Journal of Business Venturing	8	5.52
Journal of Finance	1	0.69
Journal of Financial & Quantitative Analysis	2	1.38
Journal of Financial Economics	17	11.72
Journal of Management	5	3.45
Journal of Management Studies	2	1.38
Organization Science	1	0.69
Review of Financial Studies	2	1.38
Strategic Entrepreneurship Journal	1	0.69
Strategic Management Journal	10	6.90
The Accounting Review	1	0.69
Non-FT50 journals		
Administrative Sciences	1	0.69
British Journal of Management	7	4.83
Corporate Governance: An International Review	22	15.17
Cross Cultural and Strategic Management	1	0.69
Emerging Markets Review	3	2.07
Family Business Review	4	2.76
International Business Review	6	4.14
International Review of Finance	1	0.69
International Review of Financial Analysis	5	3.45
Journal of Business Research	6	4.14
Journal of Corporate Finance	6	4.14
Journal of Management and Governance	5	3.45
Journal of Small Business Management	1	0.69
Journal of World Business	1	0.69
North Carolina Law Review	1	0.69
Total	**145**	**100**

3 | CURRENT STATE OF THE FIELD

3.1 | Heterogeneity of ownership

Firms can be owned by different types of shareholders, indicating the heterogeneity of ownership (Connelly et al., 2010). Our review



Note:
Academic research captures our review sample, while practitioners'articles come from business press outlets (e.g., Financial Times, The Economist, and the New York Times) searched in Factiva.

FIGURE 2 Number of article publications per year [Colour figure can be viewed at wileyonlinelibrary.com]

identifies six main ownership types: families, lone founders, corporations, institutional investors, states, and VCs. Each type of owner is characterized by a distinct social context arising from a common cognitive frame, sense of sharing collective values and responsibilities, and identification with a group, which shape its identifiable motives and strategic behavior (Miller et al., 2011). In this section, we briefly introduce each type of owner as per its social context.

Family owners differ from other ownership types because of the unique overlap among ownership, management, and the family group (Berrone, Cruz, Gomez-Mejia, & Larraza-Kintana, 2010) shaping socioemotional wealth (SEW; Calabrò, Torchia, Pukall, & Mussolino, 2013), referred to as "nonfinancial characteristics of the firm that bear on the family's affective endowments" (Kabbach de Castro, Aguilera, & Crespí-Cladera, 2017, p. 2). Because of their early socialization into the business, family members possess a rich firm-specific knowledge that can be used as a monitoring instrument and a resource for the firm (Bammens et al., 2011; Hope, Langli, & Thomas, 2012). Yet, despite the heterogeneity of family owners, they are embedded within the family to pursue similar goals and objectives (Nordqvist et al., 2014; Ponomareva et al., 2019),

Lone founders are entrepreneurs who built the firm and often continue to own the majority stake in the firm. Despite extant research largely considering founders and family owners as a single group, more recent studies distinguish lone founders from family owners and other types of owners (Cannella et al., 2015; Dawson, Paeglis, & Basu, 2018). Lone founders typically separate the business needs from their family interests, and they have no strong intention to pass on their firms to their descendants. Because lone founders do not have relatives involved in the business (Miller, Le Breton-Miller, Lester, & Cannella, 2007), they are not bound by SEW concerns to the same extent as family owners; instead, their priorities mainly focus on financial returns, autonomy, and business development. Yet, similar to family owners, lone founders have an intimate understanding of the firm and its environment. Moreover, the connection between the founder and the firm is so close in which some argue that the firm and the board constitute an extension of the founder (Cannella et al., 2015).

Corporations differ from families and lone founders in that the former is primarily motivated to influence firm growth strategies, whereas the latter emphasizes firm survival (Collin, Ponomareva, Ottosson, & Sundberg, 2017). Corporate owners aim for the synergy of the companies in their portfolio. Research focusing on the role of corporate owners in board governance is relatively sparse, despite that this ownership type controls a significant share of global equities (OECD, 2019). Corporate owners are more prevalent in emerging markets where business groups play a substantial role in the economy (Aguilera, Crespí-Cladera, Infantes, & Pascual-Fuster, 2020; Chauhan, Dey, & Jha, 2016), yet they are also present in western European countries such as Sweden (Collin et al., 2017), Spain, and France (Desender et al., 2013). Because of the shared objectives and long-term strategic orientation, corporate owners also invest in obtaining firm-specific knowledge, which allows them to monitor the management and provide resources for focal firms (Desender et al., 2013).

As a distinct and well-studied type of owners, *institutional investors* comprise fund managers with significant amounts of investments

TABLE 2 Review articles' sample geography

Country	Number of articles	Percentage
Africa		
Multicountry—African countries	2	1.38
Americas		
Colombia	1	0.69
United States	38	26.21
Asia and the Pacific		
Australia	3	2.07
China	11	7.59
Egypt	1	0.69
India	1	0.69
Indonesia	1	0.69
Japan	1	0.69
Korea	2	1.38
Malaysia	2	1.38
Singapore	1	0.69
South Korea	1	0.69
Taiwan	3	2.07
Thailand	1	0.69
Turkey	1	0.69
Multicountry—Asian countries	5	3.45
Europe		
Belgium	1	0.69
France	3	2.07
Germany	4	2.76
Italy	6	4.14
Norway	4	2.76
Spain	3	2.07
Sweden	3	2.07
Switzerland	1	0.69
United Kingdom	10	6.90
Yugoslavia	1	0.69
Multicountry—European countries	2	1.38
Others		
Multicontinental	7	4.83
Not applicable (conceptual papers)	8	5.52
Total	**145**	**100**

under their portfolios (Gompers & Metrick, 2001). These institutional investors include several shareholders such as banks, hedge funds, sovereign wealth funds, pension funds, mutual funds, and sovereign wealth funds (Aguilera et al., 2020). In contrast to other ownership types, they tend to prefer stocks that are diversified and more liquid, possess value characteristics, and have lower return momentum (e.g., Ferreira & Matos, 2008; Gompers & Metrick, 2001). Although some institutional investors may hold concentrated holdings over time (i.e., dedicated investors), others prefer more diversified portfolios as they trade shares more frequently (i.e., transient investors) (Connelly et al., 2010). In general, the diversified portfolios of institutional owners preclude them from investing in firm-specific knowledge, thus relying more on internal and external corporate governance

TABLE 3 List of theoretical frameworks applied by the review sample articles

Theories	Number of articles	Percentage
Agency theory	93	64.14
Resource dependence theory	22	15.17
Stewardship theory	10	6.90
Institutional theory	9	6.21
Resource-based view	5	3.45
Socioemotional wealth (SEW) perspective	4	2.76
Contingency theory	3	2.07
Signaling theory	3	2.07
Stakeholder theory	3	2.07
Behavioral theory	2	1.38
Power theory	2	1.38
Relational view	2	1.38
Social psychology (identity) theory	2	1.38
Social network theory	2	1.38
Transaction cost economics	2	1.38
Accountability theory	1	0.69
Class hegemony	1	0.69
Critical mass theory	1	0.69
Game theory	1	0.69
Global theory of corporate governance	1	0.69
Human capital theory	1	0.69
Identity fit perspective	1	0.69
Impression management	1	0.69
Law and finance literature (La Porta)	1	0.69
Leadership theory	1	0.69
Random utility problem theory	1	0.69
Set theory	1	0.69
Social identity theory	1	0.69
Social movement theory	1	0.69
Social role theory	1	0.69
Socio-cognitive perspective	1	0.69
Strategic choice perspective	1	0.69
Strategic entrepreneurship perspective	1	0.69
Theory of the firm	1	0.69
Transformational leadership	1	0.69
Tricker's framework	1	0.69
Value-added perspective	1	0.69
Not specified	14	9.66

mechanisms. Moreover, institutional investors differ in their engagement with the firm, ranging from being passive (Appel, Gormley, & Keim, 2016) to activist investors (Del Guercio, Seery, & Woidtke, 2008).

The *state* represents a distinct ownership type, in which governments use their ownership stake mainly for political motives, which sometimes come at the expense of strategic and financial returns. For example, state owners tend to view their investments as part of a larger political agenda such as supporting a particular industry to sustain employment or retaining control of strategic resources for national security or welfare purposes (Musacchio, Lazzarini, & Aguilera, 2015). Because of the prevalence of political motives, the state typically does not invest in firm-specific knowledge and, similar to institutional investors, rely greatly on internal and external corporate governance mechanisms (An, Pan, & Tian, 2016).

VCs differ from other ownerships because their managers possess extensive financial and business skills to help their target firms grow and not only generate returns from their investments. VCs typically invest in younger companies because they have longer time horizons and less liquidity pressures than institutional investors, allowing them to develop a highly specialized knowledge and substantial decision-making rights (Mietzner & Schweizer, 2014) to engage in board governance of firms under their portfolio (Filatotchev, 2006). Yet, Wang and Song (2016) note that VCs' time horizon is considerably shorter than that of lone founders.

In sum, these six types of owners identified in the literature are characterized by their own distinct social context of ownership. Yet, the current literature on this topic is unbalanced in that some owners have received more academic interest than others. Figure 3 shows an Edwards–Venn diagram depicting the number of articles for each ownership type and the number of articles covering multiple owners. For those studies that specifically focus on one type of owners, family owners represent the most number of articles, with 47 articles. Institutional investors comprise the next group of owners in the list, with 42 articles. State and VC owners attracted 17 and 12 articles, respectively. The ownership types with the least number of articles are lone founders (six) and corporations (one). However, these types of owners do not operate in isolation and are often intertwined with each other in firms. As a result, previous studies have also begun to study multiple owners simultaneously. Noticeably, 20 articles focus on multiple owners, of which 14 articles study two owners, five articles simultaneously analyze three owners, and one article compares four owners.

3.2 | Taking stock of the role of owners in board governance

We organized our review by comparing different types of owners using the three main components of board governance (structure, composition, and processes) and board functional performance while bearing in mind the implications of these relationships for firm outcomes. Our review is summarized in an integrated framework shown in Figure 4, depicting the role of ownership type in board governance. Although our analysis primarily identifies the similarities and differences in the patterns of board governance across ownership types, we also reflect on the myriad of theoretical perspectives

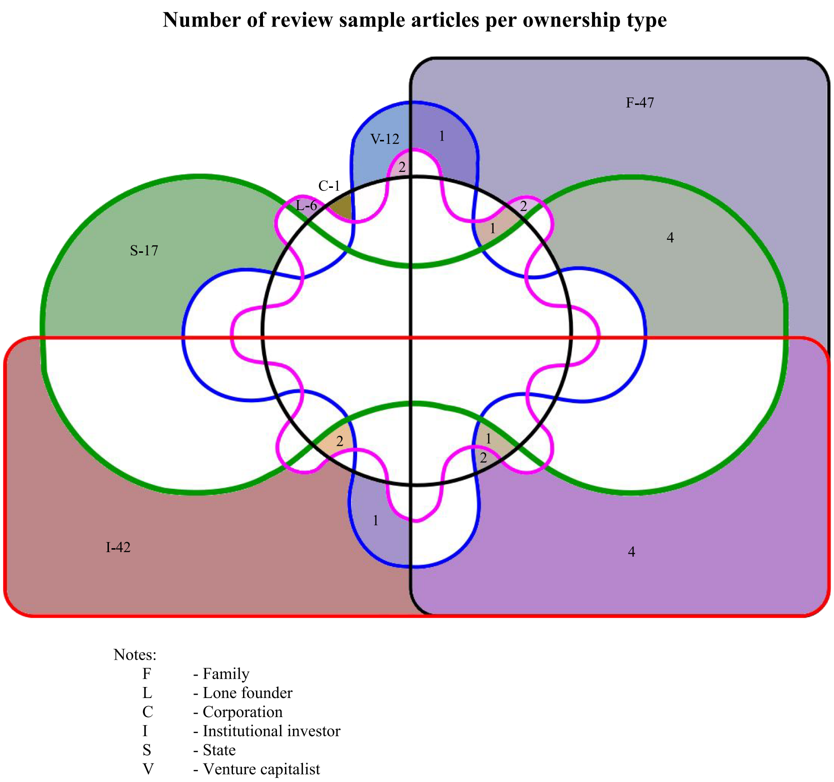


FIGURE 3 Number of review sample articles per ownership type

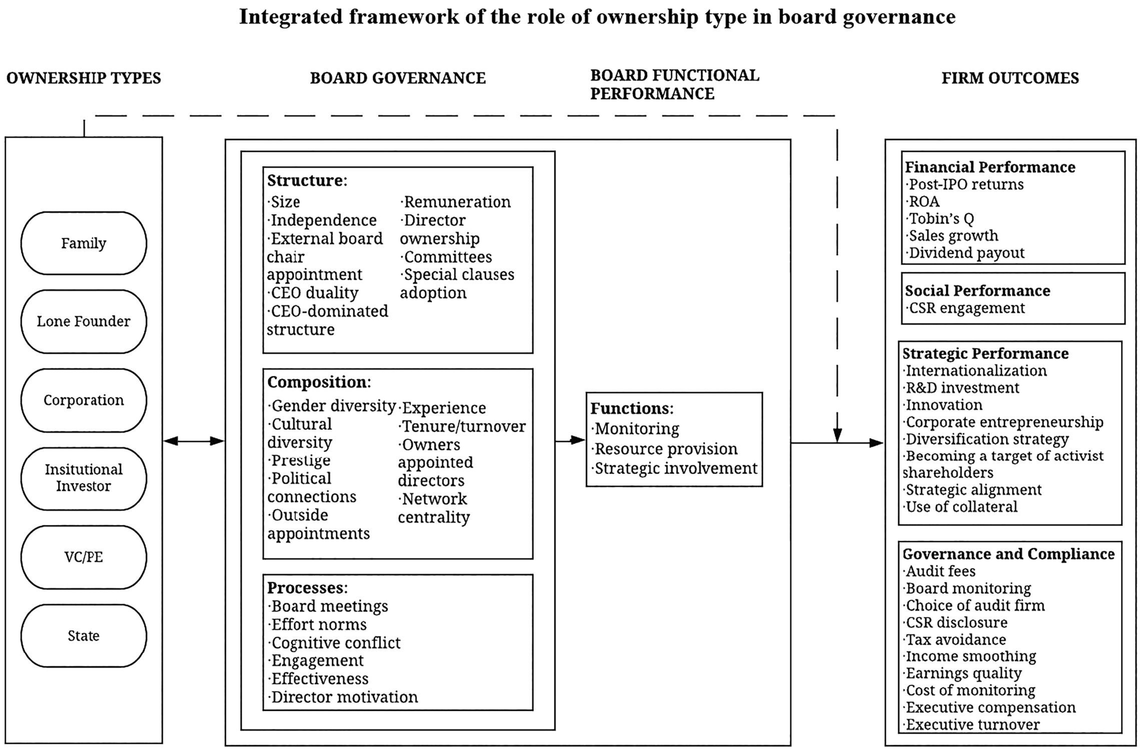


FIGURE 4 Integrated framework of the role of ownership type in board governance

(e.g., Connelly et al., 2010) and cross-national diversity of owner–board governance found in the literature (e.g., Aguilera & Crespi-Cladera, 2016; Aguilera & Jackson, 2010).

3.3 | Owners' influence on board structure

Our review shows that board structure received the highest research interest, with a total of 63 articles focusing on the relationship between the different types of owners and five prominent board features, namely, size, independence, CEO duality, committees, and compensation. However, previous studies uncover largely inconclusive arguments and empirical findings regarding the link between ownership types and board structure, which can be attributed to the multiple theoretical perspectives used for analyzing the relationships and/or the different institutional contexts of the research.

3.3.1 | Board size

Board size refers to the number of directors in the board. Previous studies examine the link between five out of six ownership types (with the exception of lone founders) and board size. Institutional investors in Indian firms and VCs in Western firms are associated with larger boards (Chauhan et al., 2016; Rosenstein, Bruno, Bygrave, & Taylor, 1993; Shekhar & Stapledon, 2007), whereas corporate-owned Indian firms tend to have smaller boards (Chauhan et al., 2016). Although some studies show that U.S. and German family firms and state-owned Chinese firms have larger boards (Chen & Al-Najjar, 2012; Fiegener, Brown, Dreux, & Dennis, 2000; Jaskiewicz & Klein, 2007), others find evidence of the opposite from firms in Italy, Singapore, and sub-Saharan countries (Barontini & Bozzi, 2011; Corbetta & Salvato, 2004; Mak & Li, 2001; Munisi, Hermes, & Randøy, 2014), suggesting the importance of country-level institutional contexts and governance systems in shaping the influence of owners on board size. Another factor contributing to the mixed empirical evidence is the myriad of theoretical lenses that generate different—and sometimes contradictory—predictions and empirical findings about the relationship. For example, most studies that show a negative relationship between ownership and board size mainly draw on agency theory (e.g., Chauhan et al., 2016; Mak & Li, 2001; Munisi et al., 2014). Noticeably, when using other theoretical perspectives such as resource dependence, stewardship, and value-added view, studies show a positive link between ownership and board size (e.g., Fiegener et al., 2000; Jaskiewicz & Klein, 2007; Rosenstein et al., 1993).

Moreover, ownership type also helps enhance the positive relationship between board size and firm outcomes. Hearn (2011) shows that family firms in North Africa have larger boards mainly because of the presence of independent directors, which positively influence their post-initial public offering (IPO) returns. Firms with institutional investors and family control in the United States are also associated with larger boards that devise more corporate social responsibility (CSR) engagement and diversification strategies (e.g., Cruz, Jusko, Larraza-Kintana, & Garcés-Galdeano, 2019; Lungeanu & Ward, 2012;

Walls, Berrone, & Phan, 2012). In addition, state-owned Chinese firms have larger boards that restrict loan collateral (An et al., 2016). Interestingly, although Goranova, Dharwadkar and Brandes (2010) find that larger boards in U.S. firms are associated with lower IPO returns, they also show evidence that institutional investors help improve such returns.

3.3.2 | Board independence

Board independence pertains to the ratio of unaffiliated directors with the total number of directors in the board; a higher ratio suggests a more independent board. The bulk of the reviewed articles has focused on board independence, with 42 articles. Similar with board size, previous studies show contrasting evidence regarding the relationship between ownership type and board independence in different institutional contexts. On the one hand, scholars find that state-owned sub-Saharan firms (Munisi et al., 2014) and Western firms owned by the founder (Wu & Hsu, 2018), institutional investors (Appel et al., 2016; Hoskisson, Hitt, Johnson, & Grossman, 2002; Schnatterly & Johnson, 2014; Zahra, 1996), and VCs (e.g., Giovannini, 2010; Nahata, 2019; Roosenboom, 2005; Shekhar & Stapledon, 2007) have more independent boards. On the other hand, state-owned Asian firms (Chen & Al-Najjar, 2012; Ding, Jia, Wu, & Zhang, 2014; Mak & Li, 2001) and other Western firms controlled by founders (e.g., Daily & Dalton, 1992; Sur, Lvina, & Magnan, 2013), other corporations (Chauhan et al., 2016; Sur et al., 2013), institutional investors (e.g., D'Amato & Gallo, 2017; Schmidt & Fahlenbrach, 2017; Sundaramurthy, Rechner, & Wang, 1996), and VCs (Filatotchev, 2006) have less independent boards. Chauhan et al. (2016), however, do not find any significant relationship between founder ownership and board independence in Indian firms. The inconclusive relationships suggest that the notion of what constitutes an independent board and its practical implementation may vary across countries.

Despite the mixed findings regarding the relationship between the presence of institutional owners and the degree of board independence, extant research shows that the former relies on the latter to discipline firm management and find other independent directors to increase market value (Gillan & Starks, 2000; Nguyen & Nielsen, 2010). Independent boards serve as a tool for institutional investors to gain more insights about the real value of the stock price of their target firms (Ferreira, Ferreira, & Raposo, 2011). Moreover, the lack of board independence typically triggers shareholder activism (Del Guercio et al., 2008) and lawsuits (Cheng, Huang, Li, & Lobo, 2010). Thus, a minimum percentage of independent directors has eventually developed to be a key aspect of good corporate governance; for example, it helped increase the market value of *chaebol* firms in Korea (Black & Kim, 2012).

The myriad of theoretical perspectives—agency, resource dependence, stewardship, contingency, behavioral, and power theories—explaining the relationship between ownership type and board independence does not clarify this issue because the same theories are associated with both positive and negative effects. For instance, previous studies using agency theory in the same institutional context show that institutional investors (e.g., Appel et al., 2016; Schmidt & Fahlenbrach, 2017) and VCs (e.g., Filatotchev, 2006; Wu & Hsu, 2018) are associated with both higher and lower board independence.

With regard to financial (e.g., Goranova et al., 2010; Jain & Zaman, 2019; Nowland, 2008) and nonfinancial performance outcomes such as strategic orientation (e.g., Chen & Hsu, 2009; Combs, 2008; Jones, Makri, & Gomez-Mejia, 2008), CSR disclosure (e.g., Bansal, Lopez-Perez, & Rodriguez-Ariza, 2018; Cuadrado-Ballesteros, Rodríguez-Ariza, & García-Sánchez, 2015), and earnings quality reporting (e.g., Srinidhi, He, & Firth, 2014), previous studies show that the effect of board independence differs on the type of owners. For example, Chinese state owners can reduce the influence of independent directors on firm outcomes (Li, Lu, Mittoo, & Zhang, 2015), whereas Korean family firms can use independent directors to their advantage by appointing politically connected independent directors on the board to enhance firm performance (Shin, Hyun, Oh, & Yang, 2018).

3.3.3 | CEO duality

With the exception of Elsayed's (2010) study of Egyptian firms with institutional owners, extant research on the relationship between ownership type and CEO duality is primarily conducted in the Anglo-Saxon context. Corbetta and Salvato (2004) use an agency lens to argue that the CEOs of family firms should also be the board chair; yet, an earlier work of Daily and Dalton (1997) drawing also on agency theory argues the opposite. Previous empirical work on this topic also offers inconclusive evidence of the relationship. Although Filatotchev (2006), Westphal and Bednar (2008), and Westphal and Zajac (1998) show that firms that are founder controlled and owned by institutional investors tend to have a CEO who is also the board chair, Daily and Dalton (1992) and Elsayed (2010) demonstrate the opposite association. Nahata (2019) also provides evidence of the separation of CEO and board chairs in VC-backed firms. In addition, when institutional investors are absent as owners, firms tend to select an external board chair to reduce the CEO influence on the board (Balsam, Puthenpurackal, & Upadhyay, 2016; Daily & Schwenk, 1996).

Our review also shows that the influence of ownership on the relationship between CEO duality and firm outcomes is generally inconclusive. For instance, Berrone et al. (2010) find that family ownership amplifies the positive relationship between CEO duality and CSR engagement, whereas Chen and Hsu (2009) find that it reduces the positive effect of CEO duality on research and development (R&D) investments. However, family, corporate, and institutional ownerships are also found to overturn the negative relationship between CEO duality and financial performance (e.g., Desender et al., 2013; Nowland, 2008). The diverging findings cannot be attributed to the use of theory in analyzing the relationship because most of the studies have drawn on agency theory.

3.3.4 | Board committees

Board committees are subgroups performing specific functions such as auditing, finance, budgeting, and remuneration. Very few studies have focused on the influence of owners on board committees, and such studies are particularly concentrated on institutional investors. Carson (2002) provides evidence showing that firms with institutional investors are more likely to have boards with remuneration committees either because firms create such board committees to follow institutional investors' pressures or because institutional investors are attracted to firms with boards having the committees. Although Westphal and Bednar (2008) have used a power perspective to show that firms with institutional investors have boards with independent nominating committees, Carson (2002) draws on agency theory to empirically show that the presence of institutional investors in firms does not necessarily result in having boards with auditing and nominating committees. Perhaps, this is one of the reasons for a higher likelihood of adopting classified board provisions (Sundaramurthy et al., 1996) and liability protections for the directors of firms with institutional investors (Mallette & Hogler, 1995).

3.3.5 | Board compensation and ownership

When it comes to the relationship between ownership type and board compensation, there are two diverging perspectives. On the one hand, social network and power approaches suggest that boards may be generously compensated (e.g., Nguyen, 2014), which can be attributed to owners' opportunism when such owners are represented on the board. This is the case in Italian family firms (Barontini & Bozzi, 2011), Swedish firms with institutional investors (Collin et al., 2017), and VC-backed U.K. firms (Wright, Thompson, & Robbie, 1996). On the other hand, boards may also be associated with lower board compensation because owners might be internalizing the costs of monitoring as per the tenets of agency theory. This is observed in family, founder-led, corporate-controlled, and state-owned firms in countries known for blockholding ownership, which include India, China, and Italy (Barontini & Bozzi, 2011; Chen & Keefe, 2018; Collin et al., 2017).

In some instances, director ownership can alter the power balance between the board and the founders. Randøy and Goel (2003) find that founder-led Norwegian firms face a different agency problem from non-founder firms and thus would require board ownership to counterbalance the founders' control over the firm. Therefore, founders typically restrict board ownership to mitigate the boards to gain power over them (Filatotchev, 2006). However, drawing on signaling theory, Wang and Song (2016) provide evidence of a U-shaped relationship between founder and board ownership in Chinese firms, thus supporting the power play between founders and boards.

3.4 | Owners' influence on board composition

Extant research has also devoted considerable attention to *board composition*, with a total of 57 articles. Matvos and Ostrovsky (2010) argue that owners are often involved in recruiting the directors. In some instances, owners invest in firms because of their board governance features (Armstrong et al., 2014). Previous studies cover the topics on gender and cultural diversity, director capital, owner representation on board, and board turnover, drawing on a variety of theoretical perspectives—which include agency, resource dependence, institutional, and social identity theories as the most prevalent ones. Although the majority of the studies have examined the link between ownership and board composition using samples from the Western countries, there is also recent evidence from emerging economies.

3.4.1 | Gender and cultural diversity

Our review shows that different types of owners have different preferences toward gender diversity on the board. Regardless of the institutional context, state-owned firms are associated with fewer female directors on boards (Farag & Mallin, 2016; Saeed, Belghitar, & Yousaf, 2016; Saeed, Yousaf, & Alharbi, 2017). In addition, previous studies suggest that state ownership intensifies the positive effect of board gender diversity on post-IPO returns (McGuinness, 2018) and dividend payout (Saeed & Sameer, 2017). However, state-owned firms with more women on the board are also associated with a lower return on assets (ROA) and Tobin's Q (Abdullah, Ismail, & Nachum, 2016). Interestingly, in China, female directors on the boards of state-owned enterprises do not have significant effect on firm performance (Liu, Wei, & Xie, 2014).

In family firms, the relationship between family ownership and the presence of female directors is inconclusive. On the one hand, some scholars find a positive relationship on firms from Anglo-Saxon countries (Saeed et al., 2016), Europe (Bianco, Ciavarella, & Signoretti, 2015), and Malaysia (Abdullah, 2014), which is likely to be motivated by a more inclusive environment characterizing family firms (e.g., Ruigrok, Peck, & Tacheva, 2007; Sheridan & Milgate, 2005). On the other hand, others show a negative relationship (Saeed et al., 2017), indicating that family culture and traditions, primogeniture succession, and the secondary role of females in the family may prevent female owners from gaining leadership positions and exercise influence on the board (Abdullah et al., 2016). This can perhaps explain why having female chairs in family firms is associated with lower financial performance (Nekhili, Chakroun, & Chtioui, 2018).

Meanwhile, firms with institutional investors are associated with both high (e.g., Coffey & Fryxell, 1991; Dobbin & Jung, 2010; Farrell & Hersch, 2005) and low (Nekhili & Gatfaoui, 2013) percentage of female directors. Such presence of female directors who represent institutional investors has an inverted-U relationship with firm performance, where it increases performance up to a certain threshold; thereafter, the marginal effect starts to deteriorate (Pucheta-Martínez, Bel-Oms, & Olcina-Sempere, 2018).

Although board gender diversity has an inconclusive association with the type of ownership, extant research identifies a positive influence of some types of owners on board cultural diversity. Using a relational view, Balachandran, Wennberg and Uman (2019) find that founder-led firms have more culturally diverse boards. Similarly, Chauhan et al. (2016) and Estélyi and Nisar (2016) show that Indian and U.K. firms with institutional investors have more nationalities represented in their boards.

3.4.2 | Director's capital

Directors are typically chosen according to the capital that they possess to contribute to the resource needs of the firm. Extant research on the relationship between the type of owners and the director's capital primarily focuses on family and founder-led firms. For instance, Cannella et al. (2015) find that founders and family owners seek and keep longer those directors with previous family or founder-led firm experience. This is because, in these firms, the board is expected to participate in developing firm strategies (Arregle, Naldi, Nordqvist, & Hitt, 2012) and CSR initiatives (Oh, Chang, & Jung, 2019). However, Dibrell, Marshall, Palar and Gentry (2019) note that this tendency may decrease as firms grow in size.

Moreover, although Corbetta and Salvato (2004) argue that family ownership is more likely related to lower directors' social and relational capital, Jones et al. (2008) suggest that affiliate directors play a different role in family vis-à-vis nonfamily businesses, arguing that affiliate directors contribute to the firm with their social capital without threatening family control. Yet, Combs (2008) provides an alternative power-based explanation, stating that affiliate directors represent a "more powerful versions of the symbiotic parasites found in public nonfamily firms" (p. 1031).

Sometimes, prestige or interlocks (i.e., when directors simultaneously serve in multiple boards) are part of the criteria for hiring directors to signal that the board has the reputation and experience to perform its functions (Chahine, Filatotchev, & Zahra, 2011) or to gain access to resources from other firms (Eulaiwi, Al-Hadi, Taylor, Al-Yahyaee, & Evans, 2016). Interestingly, in Chinese firms, the network embeddedness of the directors is negatively associated with post-IPO returns due to the risk of managerial entrenchment and expropriation, which is further exacerbated by state ownership (Tao, Li, Wu, Zhang, & Zhu, 2019).

3.4.3 | Owner representation on board

Owners sometimes exercise their influence through direct participation on the board by appointing their representatives (Gonzalez, Guzmán, Pombo, & Trujillo, 2015; Tsao, Chen, & Wang, 2016) because owner representation can be conducive in different stages of a firm's lifecycle (Le Breton-Miller & Miller, 2013), particularly in smaller and low-tech moving firms (Scholes & Wilson, 2014). This is also observed in family and founder-owned firms in the United States (Dawson et al., 2018; Fiegener, 2010; Wasserman, 2017). Similarly, previous studies show that VCs influence the director selection process, particularly when the directors have ethnic ties with the founder (Bengtsson & Hsu, 2015; Bonini, Alkan, & Salvi, 2012). Interestingly, Cumming, Schmidt and Walz (2010) find that German and Scandinavian firms are more likely to have VC representatives on their boards than those from Anglo-Saxon countries. In the United States, those VC-affiliated directors tend to have more appointments than nonaffiliated ones, have greater ownership of the firm, and are more likely to be appointed in compensation committees (Field, Lowry, & Mkrtchyan, 2013). However, Devarakonda and Reuer (2019) and Voordeckers, Van Gils and Van den Heuvel (2007) find that family firms from Belgium and U.S. firms with institutional investors are less likely to have owner representatives on the board.

Santos and Rumble (2006) also show that the probability of institutional investors, banks in particular, to have a representative on the board is positively related to their ownership stake in the company. In the case of activist institutional investors, board representation is their least costly and more successful tactic to influence target companies (Gantchev, 2013). Furthermore, Bertrand, Johnson, Samphantharak and Schoar (2008) demonstrate that the propensity to seek board representation can be related to the owners' nonfinancial concerns, for instance, having larger families wanting more representatives in the boardroom. Overall, the evidence suggests that owners seek influence on the board when they have high firm-specific investment and have the ability to contribute to firm decision making.

Moreover, research on the performance effects of owner representation on the board has generated largely mixed findings. Having family representatives on board is associated with high (Shin et al., 2018) and low (González-Cruz & Cruz-Ros, 2016; Villalonga & Amit, 2009) financial performance, and so does institutional investor representation on board (Cornett, Marcus & Tehranian, 2008; Jelic, Zhou, & Wright, 2019; Zorn, Shropshire, Martin, Combs, & Ketchen, 2017). Previous studies show that owner representation may improve board governance such as decreasing tax avoidance in founder-led firms (Brune, Thomsen, & Watrin, 2019) and reducing income smoothing in family firms (Li & Srinivasan, 2011; Prencipe, Bar-Yosef, Mazzola, & Pozza, 2011). Stuart and Yim (2010) show that having institutional investor representatives on the board increases the probability of receiving private equity deals. However, there is also evidence suggesting the owner representation's unintended consequences such as reduced innovation in family firms in the U.S. (Martin, Gómez-Mejía, Berrone, & Makri, 2017), lower board monitoring in state-owned Chinese firms (Zhu & Yoshikawa, 2016), and decreased market value in founder-led U.S. firms (Wasserman, 2017).

3.4.4 | Board turnover

The current empirical evidence on the relationship between the type of owners and board turnover is not encouraging. On the one hand, Kuzman, Talavera and Bellos (2018) find that state-owned Yugoslavian firms are associated with higher board turnover because of rampant political shifts in government. On the other hand, Franks and Mayer (2001) find lower board turnover in German firms with institutional investors. Other types of owners have mixed relationships, as well. Crespi and Renneboog (2010) show that family, founder-led, and corporate-owned firms in the United Kingdom are associated with higher board turnover because these owners have greater influence and control on firm-specific investments and higher discretion over board decisions. In contrast, Cannella et al. (2015) and Franks and Mayer (2001) demonstrate that such firms have the opposite relationship.

3.5 | Owners' influence on board processes

Noticeably, board processes continue to be an understudied topic in the literature. Among those works that studied the relationship between ownership type and board processes, Bianco et al. (2015) show that the presence of family members on the boards of Italian firms is negatively related to the number of board meetings, and the negative effect is stronger for firms with female board members. Moreover, with regard to the interactions among the directors during board meetings, Zattoni, Gnan and Huse (2015) show that the boards of Norwegian SMEs facilitate effort norms and use of skills to reduce cognitive conflict.

Even more striking is the mixed empirical findings about the relationship between ownership type and board decision making. For instance, Harrison (1998) provides evidence that state-owned firms in the United Kingdom restrain board decision-making processes. Apriliyanti and Randøy (2019) also show the same relationship in Indonesian state-owned firms. Contrarily, Stathopoulos and Voulgaris (2016) do not find a significant relationship between state ownership and board decision-making processes.

3.6 | Owners' influence on board functions

Board functions can be grouped into three broad categories: monitoring (i.e., control), resource provision (i.e., service), and strategic involvement (i.e., strategy) (Zahra & Pearce, 1989). Extant research regarding the influence of ownership type on board functions is limited. Among the few studies that address this topic, Rosenstein et al. (1993) show that VC-owned U.S. firms have resourceful boards, yet they are also stringent monitors. In a similar vein, Rosenstein (1988) argues that such firms can benefit from more board strategic involvement, whereby Bonini et al. (2012) and Fried, Bruton and Hisrich (1998) provide evidence from U.S. and European firms. Moreover, scholars contend that the boards of firms with institutional investors have more resources (Holland, 1998; Thompson & Davis, 1997) and are more involved in strategy making (Ravasi & Zattoni, 2006). Furthermore, Melkumov (2009) argues that state-owned firms are more likely to have greater board capital as well.

However, although family ownership is found to restrain the board's ability to engage in monitoring (Ararat, Aksu, & Tansel Cetin, 2015; Solomon, Lin, Norton, & Solomon, 2003), family representation on the board could be a substitute to formal board monitoring (Hearn, 2011; Hope, Langli, & Thomas, 2012). Martin et al. (2017) provide indirect support for such substitution, empirically demonstrating that family directors have a higher propensity to use shareholder proposals to challenge board processes. Meanwhile, Corbetta and Salvato (2004) argue that nonfamily directors are associated with enhanced resource provision, particularly for protecting value in mature firms (Hülsbeck, Meoli, & Vismara, 2019). The emphasis on the resource provision function can be attributed to the unique governance needs of family firms (Randøy & Goel, 2003). Nevertheless, Nowland (2008) also concludes that family firms are more likely to deviate from best corporate governance practices because of the family owners' ultimate control and influence over their boards.

In contrast to family ownership, founder control over board decision making can result in positive outcomes by disciplining executive behaviors. Brune et al. (2019) show that the founder's presence on the board decreases the propensity of tax avoidance in firms. In a similar vein, Wang and Song (2016) argue that founder control over board decisions can send a positive signal to the shareholders because of the disciplining effect; however, this effect eventually diminishes because of the suppressed information diversity and decision alternatives. However, Wasserman (2017) points out the existence of tradeoffs in startups, in which founder control over the board decreases the market value of the firm. In addition, Dawson et al. (2018) find a U-shaped relationship between founder's ownership and firm value in young and entrepreneurial businesses where stewardship motives prevail over agency at low and high founder-CEO ownership levels.

With regard to VC-backed firms, VC monitoring may entail costs, resulting in a tradeoff between the need for control and cooperation with managers (Wright et al., 1996). For example, in new ventures, the presence of founders on boards could counter the power and influence of VC investors (Rosenstein et al., 1993). In addition, VCs are also more involved in board decision making (Rosenstein et al., 1993) by obtaining directorship positions (Wright et al., 1996). Obtaining board representation allows VCs to gain a deeper understanding of the firm and its business. Rosenstein (1988) argues that VC-backed boards provide more resources (i.e., industry knowledge and experience) that make VC-owned firms better investment alternatives. Indeed, Fried et al. (1998) offer empirical evidence indicating that the boards of VC-backed firms are more involved in strategy formation and evaluation than other types of firms.

Research also has examined the power struggle between VCs and founders on boards and its implications for firm outcomes. For instance, Filatotchev (2006) finds opposing influence on board independence and capital by founders and VCs, whereas Wang and Song (2016) examine the interaction between the influence of such owners. These findings ultimately suggest that the presence of VCs on boards can decrease the negative performance effects associated with high founder control.

3.7 | Summary

Overall, extant corporate governance research has generated notable insights about how each of the ownership types could shape board governance and functional performance and affect the relationship between board governance and a wide range of firm outcomes. Our review uncovers that the six ownership types influence the structure, composition, processes, and functional performance of their boards, which has important implications for a variety of firm outcomes. However, we find that extant research continues to be unbalanced, with the bulk of studies primarily focusing on family owners and institutional investors. How these two ownership types affect board governance has been heavily studied; by comparison, the roles of lone founders, corporations, the state, and VCs in board governance have received considerably less attention.

Moreover, the influence of owners on board governance and outcomes is subject to the differences in theoretical perspectives used for understanding the relationships. Thus, depending on the perspective taken, the same element of board design can be attributed to different ownership motives. Furthermore, national institutions add another layer of complexity to the issue, demonstrating that owners may pursue different strategies when influencing boards in different institutional environments.

In addition, a few studies focusing on the interaction among multiple types of owners highlight that firms are seldomly owned by a single ownership type and are thus likely to be subject to collective bargaining and power struggle among the owners. Finally, although emerging literature also points to the interconnected nature of the elements of board governance, suggesting that these elements constitute a part of the board in its entirety rather than working in isolation, most of the studies in our sample examine these elements individually. In the next section, we summarize the insights derived from our systematic review and offer emerging themes that can guide future research development of the field.

4 | EMERGING THEMES IN OWNER–BOARD GOVERNANCE RESEARCH

Our review suggests that extant research on the role of ownership in board governance is currently unbalanced and at the stage of adolescence but with high potential for development and growth. In this section, we propose seven critical emerging themes that warrant attention for future research on the topic: developing a theory of owner–board governance, filling the gaps on the understudied role of owners in board governance, unpacking the black box of board processes, tackling the constellations of multiple owners, identifying owners' strategies in boards, investigating ownership in the international context, and examining other dimensions of ownership in addition to type.

4.1 | Toward a theory of owner–board governance

Our review uncovers the lack of a unified theory explaining the role of different types of owners in board governance. The reviewed articles have not generated a theoretical perspective that consistently explains the influence of ownership type on board governance, resulting in diverging theoretical predictions and some inconsistent empirical findings. The current dominance of agency theory, which implicitly assumes largely uniform preferences among different ownership types, has stalled the theoretical development of the field.

Recognizing the shortcomings of the traditional agency perspective, an increasing number of studies have begun to draw on other theoretical perspectives for understanding the owner–board relationship. For example, a behavioral agency model developed by Wiseman and Gomez-Mejia (1998) is gaining recognition within family business research, which can be particularly useful for examining the divergent risk preferences among different ownership types and can also be potentially extended to other types of ownership. Similarly, the integration of resource dependence and agency theory has also become more prevalent over the years, allowing researchers to identify how owners can fulfill the resource and monitoring needs of firms (e.g., Hillman & Dalziel, 2003; Zona, Gomez-Mejia, & Withers, 2018). Moreover, more recent studies apply social identity theory to understand the differences between family owners and lone founders (Cannella et al., 2015; Miller et al., 2011); however, it can also be used to uncover the motives and behaviors of other types of owners. Furthermore, the shift toward using a configurational approach to study the joint influence of different board governance features suggests a prospective configurational theorizing (e.g., Federo & Saz-Carranza, 2018; Schiehll, Lewellyn, & Muller-Kahle, 2018) to understand how the bundles of ownership types could reflect particular board configurations that are likely to influence firm outcomes.

Despite the more than 30 other nonagency perspectives used to understand such relationship, only less than a third of the articles included in this review do not use agency theory. In fact, over one third of the studies have integrated agency theory with other theories. Given the inherent limitations of agency theory, we encourage future research to integrate or compare other theoretical perspectives to conceptually or empirically study the owner–board relationship, particularly in the presence of multiple owners within the firm.

4.2 | Research gaps on the role of ownership in board governance

The current state of the field with regard to the role of ownership type in board governance shows several gaps in the literature. Scholarly attention is unevenly distributed among different types of owners in our review sample. The bulk of the studies (more than 74%) focuses on family firms and institutional investors, whereas the remainder covers corporate, lone-founder, state, and VC owners. Although the field has begun to attract attention toward the latter, their influence on board governance remains largely understudied. For instance, corporate ownership is the least studied ownership type in the literature (with seven articles), followed by lone founders and VCs with 14 articles each. Furthermore, considering that 13% of the global market capitalization is represented by state ownership (OECD, 2019), the lack of attention to it in the Western context is surprising. Overall, there is a need for more conceptualization and empirical investigation of the effects of several understudied ownership types on board governance and their subsequent implications for firm outcomes.

More specifically, our review uncovers several features of board structure and composition that are yet to be further studied (as shown in Table SA3). The most evident ones with regard to board structure include the effects of ownership on board chair role, board committees, and special clauses, in which extant research only focused on the influence of institutional investors on such board governance features. With regard to board composition, director prestige and board cultural diversity are among those board governance features that were barely studied. Furthermore, other board governance features that did not emerge from the review include board secretary, one-/two-tier board structure, board chair tenure, demographic diversity (i.e., director age, race, and nationality), functional diversity (i.e., director skills), other director resources (i.e., informal network), director motivation (i.e., director social identity), director hierarchy, board representation apart from the owners (i.e., labor union), and power dynamics within the board.

In addition, we also find several missing pieces on the interaction effects of different ownership types on the relationship between the board governance features and firm outcomes (see Table SA4). For instance, the influence of corporate, lone-founder, and VC owners on such relationship has been sparsely studied. Future research could explore these gaps in the literature to have a more comprehensive picture of the role of ownership type in board governance, particularly expanding the ultimate effect of these relationships on other firm outcomes such as profitability, legitimacy, stakeholder perceptions, and social value in general.

4.3 | Unpacking the black box of board processes

Corporate governance research continues to focus on board structure and composition, and as our review reveals, only a handful of studies examine the black box of board processes and inner workings with respect to the presence of different ownership types. For instance, the limited research exploring this topic is primarily about how family owners influence board dynamics with regard to the board's effort norms, conflict relationships, and communication mechanisms among the directors (e.g., Martins, Schiehll, & Terra, 2017; Zattoni et al., 2015). On a similar note, how different owners influence the board's involvement in the strategic decision-making process is still at its infancy (e.g., Judge & Talaulicar, 2017). To our knowledge, no research has examined how corporate, state, and VC owners influence board processes such as board activities and meetings (c.f., Liu, Wang, & Wu, 2016), decision-making processes, and use of resources and skills.

Moreover, our review reveals that the field is yet to study how corporate and state owners influence the board's role of monitoring and involvement in strategy. Although there is a rapidly growing research on shareholder activism (Aguilera et al., 2020), which is expected to shed light on how shareholder activists (e.g., hedge funds) shape board structure and composition of their portfolio firms, extant research has largely disregarded the importance of board processes that involve board voting systems, power play among directors, board hierarchy, agenda setting, and influence strategies used by the board members. The few studies in our review that addressed this issue indicate that different types of owners may influence board processes to a different extent. For example, VC investors are described as highly involved in board decision making (Rosenstein et al., 1993), whereas directors appointed by the state tend to be passive observers, relegating the executives to the more dominant role during decision-making processes (Harrison, 1998). Furthermore, despite the existing research on the power dynamics within the board–CEO dyad, the power dynamics among the directors remain unexplored, particularly when such dynamics are exacerbated by the different types of ownership and other stakeholders' (e.g., labor unions) interests that are present in the boardroom.

In addition to these conceptual challenges, exploring owners' influence on board processes is also methodologically complex. The main impediments to the advancement of the field include the general difficulty for obtaining access to organizational upper echelons (Finkelstein, Hambrick, & Cannella, 2009) and the challenges for overcoming the stigmatization of qualitative research in management research (Bluhm, Harman, Lee, & Mitchell, 2011). Most of the studies included in our review relied on archival data on board structural features (Jones et al., 2008) and the percentage of firm ownership as proxies for owners' influence on the board (e.g., Hoskisson et al., 2002; Sur et al., 2013). Thus, qualitative research methods (i.e., interviews and ethnography), which are particularly useful for surfacing the depth, richness, and complexity of the phenomenon of interest (Arino, LeBaron, & Milliken, 2016), and survey questionnaires could reveal how owners or their representatives actually exert influence and push for their agenda in the boardroom. These approaches would help unpack the power play among different ownership types within the boardroom and the internal dynamics of board processes. As such, future research could shed light on divergent ownership strategies, if there are really any, in the boardroom.

4.4 | Constellations of multiple owners

It is not uncommon for firms to be controlled by multiple types of owners (Connelly et al., 2010), in which each owner is characterized by a distinct social context that shapes their objectives and ways to influence the board (Miller et al., 2011). The current ownership structure of publicly held corporations has become more heterogeneous, particularly with the rise of institutional investors that now control more than 40% of ownership in listed corporations (OECD, 2019). This type of owners actively seeks to exert control and influence over firms (Fichtner, 2015), thereby resisting against family business groups with strong ties with governments, particularly in emerging markets (Shin et al., 2018; Tihanyi et al., 2019).

The constellation of owners is also constantly changing throughout the business lifecycle. For example, in exchange for equity, lone-founder firms often attract capital from VCs (Bonini et al., 2012) or corporate owners (Colpan & Yoshikawa, 2012), aimed at generating strategic advantages for scaling up the business. And as firms develop into those with proven business models and steady revenues, they eventually attract institutional investors—including shareholder activists (Aguilera et al., 2020). Taken as a whole, rather than being dominated by a single ownership type, firms become entangled within a web of several identifiable owners engaging in a political process of negotiations during strategic decision making.

Extending this phenomenon to the board level (i.e., board structure, composition, processes, and functions), the governance and roles of boards are more likely to represent the outcomes of bargaining among multiple owners. Yet, the extant literature on the role of ownership type in board governance is largely limited to a single ownership type, without accounting for the presence of other co-owners, and thus implicitly assuming that the dominant owner single-handedly influences firm governance and decision making. Considering how the interactions among multiple owners and how they complement or substitute each other—with respect to their incentives and capacity to exercise influence—can provide a more comprehensive understanding of the forces that shape board governance.

Although Connelly et al.'s (2010) review highlights that "understanding the criticality of the board in managing the competing demands of multiple stakeholders, including capital stakeholders, is a key issue for future research" (p. 1582), unfortunately, little has changed since then. Even though controlling for the presence of other types of owners has become a norm when modeling the owners' influence on the board, relatively few studies have explored the interaction among different ownership types. Only 20 studies (roughly 14%) in our review sample have simultaneously focused on two or more ownership types. For example, Crespi and Renneboog (2010) look at how boards respond to shareholders' demands under change of controlling ownership, whereas Wu and Hsu (2018) examine how the interaction between the founders and VCs shapes board independence. Collin et al. (2017) group multiple owners within two broad strategic domains where families, corporations, and individuals were assumed to pursue firm-oriented strategies, whereas institutional investors were argued to prioritize financial strategies. As shown in Figure 3, extant research considering multiple ownership types generally falls along the intersection among family, lone founders, institutional investors, and corporations. The state has not been examined jointly with other ownership types (with the exception of family owners), and so as VCs with corporations. With the increasing visibility of state ownership around the world (OECD, 2019), understanding the interactions between state owners and other investors in the board deserves further scholarly attention.

Moreover, with the growing interest toward analyzing corporate governance through a configurational approach (Misangyi et al., 2017; Parente & Federo, 2019), future research would do well to explore how different ownership types jointly influence board governance. Given the divergent interests of different owners, it is crucial to have a more comprehensive understanding of how the presence of one ownership type could influence the motives and behaviors of other co-owners. The configurational approach is particularly useful for empirically examining causal complexity, which we argue to be inherent in the owner–board relationship, as it allows researchers to theorize and empirically examine this complex phenomenon.

4.5 | Owners' strategies in boards

Our review also uncovers distinct governance strategies deployed through the board governance attributes and the roles associated with the six identified ownership types. These mechanisms reflect discernable governance strategies associated with each ownership type. Extant research emphasizes different owners' objectives with regard to both financial and nonfinancial firm outcomes, as well as capacity to influence corporate boards. Although there are studies that pointed out the differences among owners' objectives and actions (Crespi & Renneboog, 2010; Desender et al., 2013), only a few attempted to incorporate these differences into theoretical models. For instance, Collin et al. (2017) introduced the concept of governance strategy, distinguishing between company and financial governance strategies. They argue that families, lone founders, and corporations primarily pursue company-focused governance strategies characterized by high firm-specific investments and greater capacity to monitor and undertake strategic decisions, whereas institutional investors mainly focus on financial governance strategies implying low firm-specific investments and greater delegation of monitoring and decision-making functions. We nuance this distinction further by identifying board governance strategies associated with each ownership type. Apart from the owners' key objectives, we distinguish ownership strategies on board governance according to the owners' level of firm-specific investments and board role emphasis.

As illustrated in Table 4, there are key objectives and degrees of firm-specific investments reflected in board governance that can be attributed to specific ownership types. For example, a strong preference for control preservation of family owners and lone founders is manifested through several board governance features, such as less board independence, high director turnover, and greater owner board representation, which highlight resource provision and weak board control function. Meanwhile, corporations, institutional investors, and the state lean toward more board control. However, corporate owners have a higher tendency to have firm-specific investments while focusing on strategic control, whereas institutional investors and the state have a lower degree of firm-specific investments and focus on financial and political control, respectively. Lastly, VCs' competing interests for strategic development and maximization of financial returns result in a unique board governance highlighting a balance of board control and resource provision functions.

Recognizing the different board governance needs attributable to each ownership type challenges the one-size-fits-all best-practices approach to corporate governance often favored by regulators and activists. Our review resurfaces the long-standing emphasis on board independence as the most important criterion for board success because 51 out of 145 (35%) articles have primarily focused on board

TABLE 4 Owners' strategies in boards

Ownership type	Key objectives	Level of firm-specific investment	Board function emphasis	Identifying board governance features
Family	- Socioemotional wealth - Longevity - Control preservation - Passing the firm on to next generations	High	- Resource provision: ■ Advice and counsel ■ Legitimacy - Control function is suppressed	- Less independence - Greater presence of female directors - Fewer board committees - Smaller size - Higher director turnover
Lone founder	- Control preservation - Business longevity - Business growth and development	High	- Resource provision: ■ Advice and counsel ■ Legitimacy	- Board as an extension of the founder - Higher director turnover
Corporation	- Strategic investment - Business growth and development - Synergies	High	- Strategic control	- Less independence - Lower board compensation - Higher director turnover
Institutional investor	- Financial returns - Compliance - Shareholder value creation	Low	- Financial control	- Greater board independence - Larger board size - Presence of multiple committees - Greater board compensation - Higher director turnover
State	- Political agenda	Low	- Political control	- Fewer female directors - Lower board compensation - Higher board turnover
Venture capitalist	- Scale-up - Fast growth - Preparing for exit	High	- Balancing out resource provision (advise and counsel) and control functions	- Greater board independence - Smaller boards - Greater board capital

independence. We encourage, however, shifting toward understanding board governance as an interplay of different board attributes within a bundle. We concur with the growing number of scholars who advocate examining board governance strategies through a prism of multiple governance elements (Aguilera, Filatotchev, Gospel, & Jackson, 2008; Misangyi & Acharya, 2014). For example, despite the persisting debates regarding the role and contribution of female directors on board governance (Gabaldon, De Anca, Mateos de Cabo, & Gimeno, 2016), surprisingly little research investigates the contingency effects of firm ownership as a facilitator or inhibitor for board configurations to reflect gender balance in the upper echelons. Our review suggests that research is yet to focus on how female directorship would be associated with corporate and VC owners who are typically under the spotlight.

In addition, one path for future research could be empirically examining the different board configurations associated with each ownership type. Our review presents several board configurations with prominent features that characterize the boards of each owner. However, it would be interesting to identify how these board configurations would be associated with different firm outcomes. Another exciting path for the future development of the field is to perform a comparative approach by identifying which firms would generate better outcomes than others, with respect to the board configurations associated with each ownership type or among different owners. Ultimately, these research streams could help us understand the multiple, and often diverging, owners' interests within the boardroom.

4.6 | International evidence

Even though our review reveals the diverse empirical settings of the assessed studies, much of the current research on the topic of interest primarily has concentrated on a single country context, with only 15 out of 145 (around 10%) articles drawing on a multicountry sample. Despite the inherent variety of corporate governance mechanisms across national contexts (e.g., Aguilera & Jackson, 2010; Schiehll, Ahmadjian, & Filatotchev, 2014), the absence of a comparative approach explaining the differences among owners' motives and interests attributed to country context is particularly striking. None of the studies included in the review explored how national institutions influence the owners' motives and ways of affecting board governance.

There are several paths for understanding cross-country diversity when it comes to the role of ownership type in board governance. First, it would be interesting to identify how formal institutions across different national contexts would influence the preferences and behaviors of different ownership types. Aguilera et al. (2020) argue that institutional owners are more likely to modify their investment expectations according to the restrictions imposed by governments of their target firms. Similarly, Tihanyi et al. (2019) suggest that state owners are likely to have multiple strategies when internationalizing because of different barriers and enablers attributed to the target market. In this vein, future research could explore how multiple owners influence board governance as a strategic intent or response to the institutional differences across national jurisdictions—for instance, how the influence of strong ownership typically associated with firms owned by family groups, lone founders, and institutional owners could be affected by the difference in minority owners' protection in different contexts.

Second, apart from the different formal institutions across national contexts, informal institutions (i.e., culture, trust, and norms) could also significantly affect the role of ownership type in board governance. Informal institutions typically become substitutes for institutional voids or lack of developed regulatory mechanisms in various contexts (Khanna & Palepu, 2000), particularly in emerging economies (e.g., Estrin & Prevezer, 2011). Understanding the influence of ownership type on board governance is more crucial in such contexts where informal institutions matter the most because the principal–principal conflict is most likely to be more salient (Young, Peng, Ahlstrom, Bruton, & Jiang, 2008). Hence, an interesting topic would be exploring how informal institutions alter board governance preferences and the respective ramifications for firm outcomes, attributed to the differences in behaviors and interest of multiple ownership types in different or multiple contexts.

Lastly, true to the comparative approach, understanding the role of ownership type in board governance could be performed by comparing how the influence of a single ownership type would vary across different countries. For instance, the influence of family, business group, and state ownership is argued to be greater in emerging economies (e.g., Aguilera et al., 2020; Tihanyi et al., 2019). Exploring how this effect radiates into board governance would be interesting for future research. Alternatively, although prior research already examined the interplay between ownership concentration and country-level governance mechanisms (e.g., Martins et al., 2017), the intersection between multiple owners and different governance mechanisms across national contexts would also be another possible research endeavor. In particular, how do the motives and preferences of different owners reflect on board governance and behaviors in different countries?

4.7 | Other dimensions of ownership influence on board governance

Despite focusing on the type of ownership in this review, the influence of ownership on board governance also emanates from ownership concentration and control rights. There is considerable research regarding the influence of ownership concentration on board governance, primarily because of the dominance of concentrated ownership in publicly listed firms worldwide (OECD, 2019). For instance, Garcia-Meca and Sanchez-Ballesta (2010) conducted a meta-analysis of 27 empirical studies to identify the association of board independence and ownership concentration with voluntary disclosure, where they found a positive joint effect that only occurs in those countries with high investor protection rights. Similarly, Desender et al. (2013) studied how concentrated ownership, apart from ownership type, becomes a substitute for board monitoring.

Meanwhile, there is also a nascent research interest regarding how control rights affect board governance, because unbalanced control rights within the firm may result in a misalignment of interests of the controlling and minority shareholders (e.g., Bebchuk, Kraakman, & Triantis, 2000). Yoshikawa, Zhu and Wang (2014) propose how ownership control by families and the state in different contexts could influence board roles. For example, Yeh and Woidtke (2005) find that firms tend to have poor governance (i.e., less independent boards and lower board monitoring) if the firm is dominated by shareholders with significant control rights (i.e., family group). In a similar vein, Chou, Hamill and Yeh (2018) and Schiehll and Santos (2004) show evidence of how shareholders with significant control rights are associated with diminished board quality because they prefer to have directors who represent them.

Taking the ownership dimensions together, an interesting path for future research is to expand our understanding of the joint effects of multiple dimensions of ownership on board governance and firm outcomes. Much of the research on this topic studies how ownership concentration and control rights independently influence board governance features, such as board independence and monitoring roles, and the implications of such for firm outcomes. In those studies, the type of ownership generally serves as a context (i.e., family firms). What is missing in the literature, though, is about how different types of owners with varying levels of control rights and/or concentrated ownership affect board governance and, ultimately, firm outcomes. Combining the joint effects of the different dimensions of ownership could provide not only the power play among multiple owners within a firm but also how the possible power imbalance among the owners could influence board structure, composition, and processes.

5 | CONCLUSION

Our review illustrates the important differences in the influence of distinct ownership types on board governance and the implications of such influence for firm outcomes. However, research on the role of ownership in board governance continues to be unbalanced in the literature. As we synthesized the current state of the art in this comprehensive literature review, we have presented several important research gaps that could help future research expand our understanding of the topic. We find that different types of owners indeed influence board governance and functional performance in numerous crucial ways, and such influence has significant implications for firm outcomes. We contend that board governance is likely contingent on different owners' behaviors and interests that are present in a firm, and they vary in different national contexts. Thus, we hope that this review would inspire future research agenda of the field, as it paints a more holistic picture of board governance by bringing owners back on board.

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NOTE

[1] See the list at: https://www.ft.com/content/3405a512-5cbb-11e1-8f1f-00144feabdc0.

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SUPPORTING INFORMATION

Additional supporting information may be found online in the Supporting Information section at the end of this article.

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