GOVERNANCE AND STRATEGY: TOWARD A BETTER UNDERSTANDING OF THIS COMPLEX LINK THROUGH ANALYSIS OF THE IMPACT OF BOARDS OF DIRECTORS ON INNOVATION

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A question that has been of concern to organizations for several decades but perhaps more so in the last few years is the following: how can innovation be stimulated? This is all the more important given that innovation has been associated with a broad array of benefits, including economic growth (Hasan and Tucci, 2010; Schumpeter, 1934) and improved financial performance (Piening and Salge, 2015; Zahra and Das, 1993). Innovation may also lead to higher productivity (Baumann and Kritikos, 2016; Black and Lynch, 2004) and increased profits (Roberts, 1999). In addition, it may enable firms to capture greater market share (Banbury et Mitchell, 1995; Dangelico, 2016) and may facilitate international growth (Altomonte et al., 2013; Cassiman and Golovko, 2011). Following from this, it has been determined that innovation may even be closely linked to companies' survival (Cefis and Marsili, 2006) and in this sense helpful in ensuring a lasting future for organizations (Kor, 2006; Torchia et al., 2011; Zahra, 1996). These points provide a better understanding as to why innovative organizations may be in a better position to deal with competition (Aghion et al., 2005) and to gain a competitive advantage (Lengnick-Hall, 1992; Porter, 1990; Wu, 2008). By the same token, they make it pertinent and even necessary to look into the potential vectors of innovation.

A line of inquiry well worth pursuing has been inspired by the notion that innovation should not follow only a bottom-up approach but should also be top-down (Deschamps, 2009, p.102). In this regard, the inherently influential position that benefits the various governing bodies (Kor, 2006; Tang et al., 2011) suggests that corporate governance can play a central role in firms' quest for innovation. These findings have produced a rich literature that, among other things, has emphasized the influence of shareholders (Choi et al., 2011; Cucculelli and Peruzzi, 2020; Dachs and Peters, 2014; Hoskinsson et al., 2002) and of the management team (Alexiev et al., 2010; Bantel and Jackson, 1989; Hambrick et al., 2015; Kor, 2006; Nielsen and Nielsen, 2013; Talke et al., 2011) over innovation. However, special attention should be paid to boards of directors, given their strategic responsibility (Pearce and Zahra, 1992; Pugliese et al., 2009; Ruigrok et al., 2006; Zahra and Pearce, 1989) that may be reflected in particular in its resource allocation role (Hillman and Dalziel, 2003; Pfeffer and Salancik, 1978; Kim and Kim, 2015) and, ultimately, its tangible involvement in innovation (Hill and Davis, 2017; Klarner et al., 2020; Miller and Triana, 2009).

The respective importance of boards of directors and innovation suggests that a work at the confluence of these two concepts – crucial for any organization – is of great theoretical and practical interest. This link has received relatively little attention, however, and is therefore poorly understood (Balsmeier et al., 2017; Honoré et al., 2015; Klarner et al., 2020), especially compared to other relationships such as that between boards of directors and financial performance. Moreover, the sparse literature available on this theme is fragmented (Balsmeier et al., 2014; Matzler et al., 2015) and shows major deficiencies, especially in terms of analytical frameworks, theoretical foundations and methodologies (Belkacemi et al., 2021). The impact of boards of directors on innovation has thus remained a rather enigmatic phenomenon up to now. This is problematic, given the issues at stake. This doctoral thesis therefore sets out to demystify the relationship between boards of directors and innovation. Accordingly, it focuses on the following main research question: what is the impact of boards of directors on innovation?

More specifically, the doctoral thesis takes the form of three scientific articles. The first article is conceptual and consists of a systematic review of the literature from a contingency perspective dealing with the connection between boards of directors and innovation. Its two main goals are to distinguish between board-level concepts that are vectors of innovation and those that are inhibitors as well as to suggest a research agenda for guiding future research in this field. The second article is empirical and quantitative. It aims to investigate the potential impact of boards of directors in terms of their composition (looking at size and independence), their two main roles (those of control and strategy) and their capital (measured by human and social capital) in relation to innovation inputs (i.e., investment in research and development) and outputs (i.e., introduction of new products or services) in the context of small and mid-sized enterprises (SMEs). Finally, the third article takes up a fuzzy logic qualitative analysis to identify the governance structures that are optimal for innovation.

To sum up, the doctoral thesis encompasses several potential contributions. It will highlight innovation vectors and inhibitors as they relate to boards of directors while taking account of the complexity inherent to their interactions with their internal and external environments. These points will be especially valuable for organizations, because they will help nurture their thinking on processes for selecting and renewing members of governance structures when the aim is to increase the level of innovation. This doctoral thesis will also enrich the literature in the specific context of SMEs, which are underrepresented in governance literature even though they account for the overwhelming majority of the economic fabric in any part of the world. Furthermore, the approach that is advocated can be expected to support the argument that corporate governance is a promising avenue for improving the survival rate of SMEs, a major issue in many countries. In this same line of thinking, given that various reports have shown that many regions, including the key focus of this doctoral these (i.e., Canada), have fallen far behind in terms of innovation, the findings it contains could help move things forward. Finally, rather than governments limiting themselves to measures such as R&D tax credits, which we readily admit have sometimes been beneficial, there is every reason to believe that this research will support the notion that it would make very good sense for governments to add financial support aimed at enhancing governance practices.

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