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POINT — COUNTERPOINT

Crossing the Threshold from Founder Management to Professional Management: A Governance Perspective

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ABSTRACT We argue that the challenges faced by threshold firms are deeply rooted in governance characteristics (i.e. the incentives, authority and legitimacy) which imbue them with characteristic capabilities, disabilities and path dependencies. Whereas Zahra and Filatotchev (2004) reason the principal problem facing threshold firms relates to organizational learning and knowledge management, we posit resource acquisition and utilization to be equally important. Moreover, we argue governance theory is more able than a knowledge-based perspective to explain the *root causes* of the learning and resource issues faced by threshold firms as well as the complex set of processes involved in their effective management.

INTRODUCTION

Around the globe, over history, and across diverse social contexts, founder-managed firms (FMFs) have functioned as a primary engine of economic development and growth. While FMFs often fail at a relatively young age, many of those that survive seem to hit a juncture in their evolution at which stagnation sets in and their resources are no longer able to support their growth opportunities. Daily and Dalton (1992) refer to firms at this defining moment in their evolution as 'threshold firms'. They argue that in order to obtain the resources needed to surmount this threshold, founders must cede control to professional managers.

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They also suggest that most threshold FMFs are incapable of successfully negotiating this transition.

What is not well understood, however, is why these events occur. In a companion paper, Zahra and Filatotchev (2004) offer an explanation based on a knowledge-based perspective. We, on the other hand, use a variant of governance theory drawn from Carney and Gedajlovic (2003), which defines governance, not only in terms of incentives, as do agency theorists, but also in terms of authority structures and norms of legitimacy. We argue that such a theory of governance can shed important light on how knowledge and capabilities develop in FMFs. We also discuss how governance theory provides insights regarding the evolutionary processes by which FMFs are born, fit (or misfit) their environment, approach their threshold, and attempt to cross over to become a Professional-Managed Firm (PMF), as well as the path dependencies that inhibit this transformation.

Whereas Zahra and Filatotchev reason the principal problem facing threshold firms has to do with organizational learning and knowledge management, we posit resource acquisition and utilization to be at least as important a problem. Moreover, we argue that governance theory is more able than a knowledge-based perspective to explain the *root causes* of the learning and resource issues faced by threshold firms as well as the complex set of processes involved in their effective management.

We proceed by first describing how founder-management imbues FMFs with a particular blend of incentives, authority relations, and norms of legitimacy that makes this governance form particularly well-suited for growth and survival in nascent and/or fragmented and heterogeneous markets. Next, we discuss how this blend of incentives, authority and legitimacy interacts with the external environment to affect the nature and pace of learning and capability development within the FMF. Specifically, we reason that FMFs are more likely to be born and prosper when the environment they face is low in munificence and complexity, but high in dynamism. We then describe why successful FMFs tend to reach a knowledge and resource crisis as organizational and ecological evolutionary forces propel them into environments that become increasingly munificent, complex, and stable – conditions that FMF governance leaves them poorly equipped to deal with. We explain that to successfully surmount this crisis, underlying governance problems must first be addressed and then attention must turn to the legacies of founder-management that are embedded in the firm's resources, processes, values and culture (Christensen and Overdorf, 2000). We conclude by discussing our paper's theoretical and managerial implications, points of intersection with Zahra and Filatotchev's paper, and offer some general comments regarding the potential contribution of governance theory to organizational analysis.

GOVERNANCE AND THE PRE-THRESHOLD FOUNDER-MANAGED FIRM

Alchian and Demsetz (1972), Jensen and Meckling (1976) and Fama and Jensen (1983) each contributed seminal insights that put the economic incentives of FMFs under the microscope. That these agency theorists chose to ground their theory on the case of the FMF suggests the quintessential character of this governance form. However, their analysis of firm governance, which reduces relationships within firms to simple dyadic principal-agent relationships between economically rational and motivated actors, offers an arid and superficial portrayal of the FMF. And, while this reduction may be theoretically elegant and parsimonious, it seriously underspecifies what organizations and their actors are about. Although incentives may play a role in defining and motivating self-interested behaviour, not all conduct can be properly characterized as such (Becker, 1981; Kahneman and Tversky, 1979). Moreover, a singular focus on incentives ignores important sociopolitical factors that affect the probability that particular individuals, or groups of individuals will engage in self-interested pursuits (Granovetter, 1985; Lubatkin et al., 2004). Such limitations raise serious concerns regarding the usefulness of agency theory and its conceptualization of corporate governance for management theory and practice.

In this section, we propose that a more fully specified treatment of FMF governance and its influence on organizational learning and capability development requires a consideration of not only incentives, but also the character of authority relationships and norms of legitimacy that prevail in FMFs (Carney and Gedajlovic, 2003).

Applying this governance view, our initial argument is that because authority in FMFs is largely conditioned by the coupling of ownership and control in the hands of the founder, it tends to be highly centralized and vested in that person. The founder, therefore, has the largely unchallenged discretion to share (or not share) authority with family members and a few trusted associates. Moreover, the strategic, organizational and resource allocation decisions of owner-managers in FMFs have the inherent legitimacy afforded the owners of private property. In contrast, authority in firms managed by professional, salaried managers is generally widely diffused across a managerial hierarchy and is vested in the position, or function, not the individual. Managers in such PMFs hold fiduciary powers 'in trust' and must justify decisions in terms of their impact on the welfare of others. In the remainder of this section, we describe how the system of incentives, authority relations and norms of legitimacy inherent to FMF governance provides these firms with advantages and disadvantages that are manifest in characteristic capabilities and disabilities.

FMF Governance and Capabilities

Founders are individuals who demonstrate the alertness, character and temperament needed to exploit a discovered opportunity (Kirzner, 1985). Founders are also the source of at least some of the firm's initial equity capital, typically provide labour and technical expertise, and hold the decision rights afforded top managers. The coupling of ownership and control grants founders the classic property rights of *usus* (the right to use one's property as one sees fit), *abusus* (the right to alter, modify, or destroy one's property) and *usus fructus* (the right to the profit generated by the asset). Because of the concentration of these rights in the hands of the founder, authority in FMFs tends to be highly centralized and vested in that person. The founder, therefore, has the largely unchallenged discretion to share (or not share) authority with family members and trusted associates. Moreover, the strategic, organizational and resource allocation decisions of owner-managers in FMFs have the inherent legitimacy afforded the owners of private property. In contrast, authority in PMFs is generally widely diffused across a managerial hierarchy and vested in the position, or function, not the individual. In this regard, managers in PMFs hold fiduciary powers 'in trust' and must justify their decisions in terms of their impact on the welfare of others.

A consequence of this concentration of power is that founders have the ability, and the incentive, to pursue options that they perceive as 'first best' in terms of their personal (subjective) utility. This helps explain why FMFs tend to strongly reflect the expertise and personality of their founder (Miller et al., 1982), which itself is the product of a multitude of background (informal) institutional influences, including their upbringing, education, social contacts, cultural heritage and work experience. In this regard, the nascent FMF is very much an incarnation of its founder and has the essential character of a 'tool', or 'goal-attainment' device for the advancement of the founder's particular goals (Selznick, 1957). The result is that the decisions reached and the strategies pursued by FMFs are often highly idiosyncratic.

Idiosyncratic strategies and their strong reliance on their founder for critical resources make FMFs highly prone to failure. On the other hand, such idiosyncrasy may spark the discovery of truly *de novo* opportunities and frame-breaking innovations. Moreover, the wide discretion afforded the founder facilitates deal-making and promotes the organizational agility necessary to exploit unrecognized niches and address unmet market needs. Said differently, the governance structure of nascent FMFs can facilitate their identification and pursuit of entrepreneurial opportunities (Shane and Venkataraman, 2000).

A second source of FMF advantage stems from the fact that its governance structure provides strong incentives for efficiency and parsimony (Brickley and Dark, 1987). In contrast to public corporations, which use widespread shareholding to diversify risk and raise capital, founders are generally unwilling, or at least highly reluctant to reduce their control (i.e., their ownership stake) in the firm. This constraint makes them highly reliant on retained earnings and organic growth for capital investment (Carney and Gedajlovic, 2002a). Founders thus have strong incentives to maintain efficiency in their operations and be parsimonious in their use of capital.

A third source of advantage is rooted in the veil of secrecy that FMF governance provides. While founders of nascent FMFs must bear the consequences of their actions, they rarely need to justify, or expose their decisions to the scrutiny of others, nor need they disclose the terms and conditions of the deals they make with business partners and suppliers and buyers of resources. This veil can be a benefit in circumstances where the terms of exchange are potentially controversial, such as when deals need to be cut with gatekeepers in emerging markets, or when decisions are made to shed and/or re-deploy firm resources from an existing activity to newer, and perhaps less legitimate economic pursuits. These properties also allow the FMF to operate effectively in environments where property rights and formal contacts are difficult to specify or enforce (Khanna and Palepu, 1997).

Viewed collectively, these three sources of advantage point to a relationship between governance (i.e., incentives, authority structure and norms of legitimacy) within FMFs, and the development of *interstitial capabilities* – the ability to generate rents by filling market and institutional niches left unrecognized and/or unexploited by other forms of business enterprise. Such interstitial capabilities can take a variety of forms. For instance, as described above, FMFs are effective at perceiving market opportunities others miss, and entering into relational contracts, for which firms conditioned by other forms of governance are ill suited. Their tendency towards parsimony and their personal character also allows FMFs to operate profitably in market niches and institutional contexts that are inhospitable to other types of firms.

FMF Governance and Disabilities

While the governance structure of FMFs may engender advantages that make them capable of entering and competing in marketplaces in ways that widely-held PMFs may find difficult, these advantages come bundled with offsetting and sometimes toxic disabilities that tend to accumulate over time. We say this for five reasons. First, the nascent FMF is overly dependent on its founder, which makes it highly prone to failure and can cause key stakeholders to discount the firm's legitimacy. Aldrich and Fiol (1994), for example, note that nascent ventures may lack both cognitive or sociopolitical legitimacy needed to secure cooperative ties with key stakeholders in the firm's factor (e.g., capable employees and resources), product (e.g., distribution channels), or capital markets. Legitimacy deficits, it follows, can engender resource deficits in FMFs and result in the types of strategic learning difficulties described by Zahra and Filatotchev (2004).

Second, these resource and learning problems are exacerbated by the fact that FMF equity shares are privately held. Private ownership not only makes capital more costly (due to liquidity and other risks of investment), but also isolates the FMF from the monitoring and disciplinary influence that external capital markets provide. This increases the odds that the founder may make decisions that inadvertently compromise the firm's long-term viability. Private ownership also promotes risk avoidance, because founders tend to have most of their wealth invested in the firm and so bear the full financial burden of failed investments.

Third, the governance structure of FMFs makes their founders vulnerable to self-control problems. These problems, which Thaler and Shefrin (1981) call 'agency problems with oneself,' are especially potent in FMFs because founders have the authority and legitimacy to pursue options they perceive to be 'first best' in terms of their subjective utility. The problem, of course, is that absent the need to justify their decisions in terms of their impact on the welfare of others, founders may occasionally do as they wish as opposed to doing what they should. The risk that the founder may make strategic decisions that promote their personal utility at the expense of others exposes both existing and potential stakeholders to risks of expropriation (Morck, 1996), or to what Perrow (1986) calls 'owner opportunism'. As suggested by Adams' (1963) equity theory, Barnard's (1938) theory of inducements-contributions and Rousseau's (1995) notion of psychological contracts, such actions may lead key stakeholders (e.g., employees, suppliers, financiers) to avoid making relationship-specific investments in resources and processes and can lead them to withhold required capital, effort and valued information. Such dynamics may result in FMFs being faced with serious resource constraints and can constitute a formidable impediment to broad-based organizational learning.

Fourth, private ownership and the threat of self-control problems may combine to make it difficult for the FMF to match the terms of employment offered by other types of firms. Founders tend to be possessive of their property rights and thus are hesitant or unwilling to dilute their control of the firm to outsiders. Consequently, they are less able and likely to use stock and stock options as compensation, a factor that limits the FMF's ability to compete in certain labour markets (Morck, 1996). FMFs may thus have difficulty hiring and retaining high quality employees and managers, which can result in a significant human resource deficit (Carney, 1998).

Finally, to the extent that founders value the veil of secrecy that their governance provides, it makes FMF's poorly suited to raise external capital through public equity markets. To participate in these markets, firms are required to disclose important financial and strategic aspects of their business, including the rationale for large-scale investments and the expected impact that these investments will have on shareholder wealth. These disclosures place the firm under the scrutiny of money managers, outside investors, and rivals.

FMF GOVERNANCE AND ENVIRONMENTAL FIT

Up to this point, we have discussed FMF capabilities and disabilities without considering the role played by the firm's competitive environment; that is, the exogenous set of influences, embodying the separate dimensions of munificence, complexity and dynamism (Dess and Beard, 1984). In this section, we argue that whether FMF governance results in a net competitive advantage is contingent upon the attributes of the firm's competitive environment. Specifically, we reason that by virtue of their unique form of governance, FMFs are more likely to be born, grow, and thrive when the environment they face is characterized by low levels of munificence and complexity, but by high levels of dynamism.

Munificence refers to the degree of resource abundance and the richness of investment opportunities in the firm's environment, and therefore, its capacity to support growth and profitability (Miller and Friesen, 1984). We reason that due to its distinct blend of incentives, authority and legitimacy, the FMF organizational form is well suited for scarce environments. In this regard, the FMFs ability to operate effectively with a lean administration and to engage in informal contracting increases the probability that these firms will be able to operate profitably in small or highly fragmented markets, and in harsh, resource scarce and price-competitive markets like OEM manufacturing (Hobday, 2000) that professionally managed firms (PMFs) are likely to deem too unattractive to enter.

The rules of the competitive game, however, change in more munificent environments. The high expected internal rates of return associated with projects in these environments are likely to provide PMFs with the economic incentive to enter the marketplace. The governance characteristics of PMFs also make them better suited than FMFs for munificent environments, because they enjoy better access to capital and labour markets, and are consequently better able to make investments in, and leverage specialized and co-specialized assets (Chandler, 1990). FMFs may thus find themselves at a competitive disadvantage relative to PMFs as the economic value of economies of scale and scope rise.

Complexity refers to the heterogeneity and range of factors in various environmental segments (Dess and Beard, 1984), as well as 'differences in competitive tactics, customer tactics, customer tastes, product lines, and channels of distribution' across markets (Miller and Friesen, 1984, p. 277). As environments become more complex, so too must organizations by using more elaborate formal routines and coordinating mechanisms and by adding staff departments to buffer core activities.

We reason that more complex environments represent a double-edged sword for FMFs. On the one hand, FMF governance affords them unique abilities to *discover* opportunities, due to their advantages with regard to interstitial capabilities (i.e., their capabilities to discover *de novo* and frame breaking innovations and fill market and institutional opportunities left unrecognized and/or unexploited by other forms of business enterprises). On the other hand, FMFs are less well suited to *exploit* opportunities in complex environments since their form of governance inhibits the development of sophisticated organizational systems (Redding, 1990). The latter effect occurs largely because FMFs tend to disdain formal routine and resist delegation and decentralization of authority and responsibility (Schulze et al., 2001). In contrast, the PMF is a superior governance tool for the exploitation of complex environments because of its affinity for routines and its ability to delegate and monitor decision-making using sophisticated strategic controls (Hitt et al., 1990). Such exploitation advantages are often definitive in complex environments (Chandler, 1990). FMFs therefore tend to face a net disadvantage in complex environments, even when they may have been the first to discover market opportunities and pioneered the industry, or niche.

Dynamism can be broadly conceptualized as the rate of change and the degree of instability in the environment (Dess and Beard, 1984), and is reflected in the amount and unpredictability of change in 'customer tastes, production or service technologies, and the modes of competition in the firm's principal industries' (Miller and Friesen, 1984, p. 277). We reason that the more dynamic the environment, the better suited is the governance structures of the FMF, all else (i.e., munificence and complexity) being the same. In this regard, the authority, legitimacy, and incentives that accrue to the founder promote entrepreneurial alertness. More specifically, the wide discretion and legitimacy afforded owner-managers in FMFs and their incentive to use less specialized assets and processes as a means of reducing financial risk have positive implications regarding dynamic environments. This occurs because less specialized assets support a wider range of uses (Chatterjee and Wernefelt, 1991) and may promote the kind of organizational agility needed to respond quickly to ephemeral business opportunities (Chen, 1995). Furthermore, because FMFs operate under a veil of secrecy, they are advantaged in dynamic environments not only in terms of speed, but also in terms of surprise.

In more stable environments, however, the balance of relative advantage favours PMFs. Here, speed to market and strategic flexibility are less vital. Environmental stability also allows firms to benefit from the superior efficiency of specialized assets and increases the probability that their development costs will be recovered. Finally, less dynamic environments are better suited to the types of complex organizational processes that characterize PMFs. For example, formal information technology systems that engage in deliberate search for specific information may allow PMFs to gather and leverage market information in ways that FMFs cannot (Leonard-Barton, 1992).

EVOLVING TOWARDS THE THRESHOLD

Like the mythical figure Icarus whose wax wings led him to fly so high that his wings melted, successful firms often possess capabilities which at first lead to success, but which invariably sow the seeds of their own decline (Miller, 1990). In this section, we describe how successful FMFs follow an evolutionary trajectory that propels them towards a threshold where the capabilities that brought them success in the past are insufficient to carry them forward.

Organizational forces drive one aspect of this evolutionary process. Successful FMFs – that is, those firms with founders possessing capabilities well suited for their competitive environments – are generally presented with opportunities for continued growth through, for example, expansion of their geographic coverage and by offering closely related products and services. Pursuing these opportunities, however, expands the scale and scope of the firm's operations, which in turn, taxes the founder's ability to exercise effective control and also their ability to acquire the necessary additional human and financial resources. Pursuing these opportunities also forces the successful FMF to deal with a progressively more complex environment, in terms of the heterogeneity and range of environmental factors, for which its form of governance leaves the firm ill-equipped to address.

Ecological forces drive the second aspect of the evolutionary process. The governance attributes of FMFs, which empower and embolden their founders to be alert to entrepreneurial opportunities, make them particularly well suited to be first movers in new industries or in previously undiscovered market niches (Kirzner, 1997). In this regard, the threat of others entering such a niche is initially deterred because the population lacks legitimate solutions; i.e., suppliers need to be educated, employees are hard to find, capital sources are wary, and institutional rules may need to be changed (Carroll, 1985). This allows the FMF a brief window of opportunity to exploit its discovered opportunity, free from direct competition.

To the extent that the FMF is successful during this window, however, it attracts second movers, some imitators, others innovators, and some coming from the professional-managed ranks, with their own distinctive set of governance-engendered capabilities and strategies. Some firms may enter with a generalist adaptation strategy, whereby they expand its scope in non-overlapping, or unrelated, resource spaces. Others may enter via a specialist adaptation strategy, whereby they extend its scope by diversifying into overlapping resource niches that facilitate the sharing of value activities and the transferring of knowledge. With a rise in niche density, however, legitimate solutions are discovered that reduce uncertainty about taken-for-granted solutions (Aldrich and Fiol, 1994). At the same time, institutional support emerges and evolves for newly selected organizational forms (Carney and Gedajlovic, 2002b), which further develops the market and enhances its attractiveness. Said differently, as density rises, environments tend to become more munificent, more complex, and less dynamic – the very environmental features that we proposed to be unfavourable to FMFs due to limitations stemming for their form of governance as well as the relative advantages of PMFs.

OVERCOMING THE THRESHOLD

In the prior section, we argued that organizational and ecological evolutionary forces can propel the successful FMF on a trajectory towards a threshold point where their resources are no longer able to support their growth opportunities. Daily and Dalton (1992) noted that the successful resolution of these problems usually requires that the founder cede control to professional managers. And, while crossing the threshold to becoming a PMF is possible, we argue in this section that the legacy of FMF governance makes such a transition difficult.

An important obstacle to a successful transformation stems from the fact that founders derive both economic and non-economic benefits from ownership and leadership of their firms. Crossing the threshold invariably means that some of these benefits will be compromised or disappear altogether. For example, by delegating decision authority to a management team, the scope of the founder's property rights is compromised. Transformation also means that the FMF's personalized and idiosyncratic nature is likely to be diluted. In this regard, crossing the threshold to become more 'professional' may involve substantial opportunity cost for the founder, especially since the perquisites and privileges afforded owner-managers often yield benefits that resist quantification and may be derived from activities (e.g., parental altruism or nepotism) not perceived as legitimate in the context of a PMF.

As a result, the founder's opportunity costs may remain uncompensated by new owners, thus giving founders a real incentive to resist the transformation, even when the financial or operational necessity for the transformation is apparent (Burkart et al., 2003). This may explain why control battles between founders and professional managers are commonplace in threshold firms, and why venture capital firms are generally reluctant to invest in them, unless they are granted the right to replace the founder should conditions warrant.

Changing the formal governance structure from FMF to PMF is one thing; changing the artefacts engendered by founder-managed governance is quite another. Difficulties in such a transformation arise because firms possess organizational attributes and capabilities that reflect their founding conditions (Stinchcombe, 1965) and develop patterns of interacting with stakeholders and their task environments that become deeply rooted in their organizational memories and repertoires (Nelson and Winter, 1982). In this regard, the idea that the firm belongs to the founder often becomes deeply ingrained in the values (goals, performance targets) and culture of most FMFs, resulting in taken-for-granted and sometimes fatalistic behaviours on the part of the firm's other actors (e.g., 'if that's what the boss wants . . . it's his/her firm'). As a consequence, FMFs may fail to learn even when presented with the data and opportunity to do so. Moreover, the transition to professional management introduces a new set of values and culture that are often incompatible with the firm's founding values and culture, and are therefore likely to be resisted.

In this sense, FMF governance may put in place intractable path dependencies and learning disabilities that hamper a firm's ability to successfully cross the threshold, even if the founders perceive the need for such change and are willing to relinquish control of their company. These path dependencies constitute a legacy of founder-management that needs to be successfully managed if the organization is to take advantage of its new governance and alter its resources, processes, values and culture to forms more consistent with its age, size and environmental conditions. Such a gauntlet of inhibiting factors mean that the effective transition from FMF to PMF will seldom be easy, and in the majority of cases, will not be undertaken or successfully completed.

CONCLUSION

Like Zahra and Filatotchev, we explore the challenges faced by threshold firms, which Daily and Dalton (1992) describe as FMFs faced with resource constraints requiring founders to cede control to professional management. While Zahra and Filatotchev present a knowledge-based theory, this paper presents a governance theory of FMFs and their evolution towards the critical threshold described by Dalton and Daily. Despite the disparate theoretical perspectives, the two papers offer quite similar portrayals of the organizational problems FMFs encounter as they approach the threshold. For instance, both papers indicate that FMFs rely heavily on their founder's abilities for their early success, have tendencies to exhibit intuitive decision making processes and have a narrow range of capabilities reflecting their nascent conditions and early niche selection. Importantly, both papers also emphasize that the environments of successful FMFs tend to evolve in ways that present them with new organizational challenges and which require fundamental change to their organizational processes.

The two papers differ, however, with respect to the underlying causes and consequences of these organizational issues. We argue that the organizational challenges faced by threshold firms are deeply rooted in governance characteristics (i.e., the incentives, authority and legitimacy), which imbue them with characteristic capabilities, disabilities and path dependencies. In contrast, Zahra and Filatotchev focus primarily on the management of learning and knowledge issues. While their analysis suggests that path dependent processes play an important role, they do not directly addresses the origins of those path dependencies. In this regard, we believe that Zahra and Filatotchev's underspecification of the governance antecedents of these knowledge and learning problems may have led them to underestimate the tractability of the issues that must be addressed by threshold firms for their successful resolution. Our thesis has been that the management of these problems involve more than functional, techno-economic considerations since they are deeply rooted in the legacy of founder management and require fundamental changes to an organization's resources, processes, values and culture.

In closing, we note that governance theory holds much promise with regard to many issues of theoretical and practical importance to management scholars, because it encompasses issues pertaining to human agency, power-dependence relations and normative claims regarding the role and purpose of an organization (Carney and Gedajlovic, 2003). At the same time, we think that this potential has been unrealized, largely because most management scholars have borrowed narrow conceptualizations of governance from the fields of economics and finance. For years, such conceptualizations have been criticized for their stark and unrealistic depictions of human and organizational character as well as their failure to pay sufficient attention to contextual issues (e.g., Granovetter, 1985; Lubatkin et al., 2004; Perrow, 1986).

Rather than ignoring such factors, or treating them as *ceteris paribus* conditions, we have made them central to our governance theory by describing how the governance of an organizational form can be usefully conceptualized as a coherent system of incentives, authority relations and norms of legitimacy. We believe that the result is a richer and more realistic treatment of governance and one that provides the basis for generating practical and theoretical insights regarding the character and capabilities of FMFs and other types of organizations as well. In this regard, we firmly believe that a governance perspective need not entail a stark and arid portrayal of organizations and actors and that both management theory and practice would benefit greatly from richer and more realistic conceptualisations of governance in management research.

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