

**Visibilizing and managing paradox:
Redefining the role of non-executive directors¹**

Miguel Pina e Cunha

NOVA SBE

Universidade Nova de Lisboa, Lisboa, Portugal

miguel.cunha@novasbe.pt

António Nogueira Leite

Nova SBE

Universidade Nova de Lisboa, Lisboa, Portugal

anl@novasbe.pt

Arménio Rego

Universidade Católica Portuguesa, Católica Porto Business School, Porto, Portugal, *and*

Business Research Unit, ISCTE-IUL, Lisboa, Portugal

arego@ucp.pt

Remedios Hernández-Linares

Centro Univesritario de Mérida

Universidad de Extremadura, Mérida (Badajoz), Spain

remedioshl@gmail.com

¹ This work was funded by Fundação para a Ciência e a Tecnologia (UID/ECO/00124/2019, UIDB/00124/2020, UID/GES/00731/2020, UID/GES/00315/2020 and Social Sciences DataLab, PINFRA/22209/2016), POR Lisboa and POR Norte (Social Sciences DataLab, PINFRA/22209/2016)

Abstract

Purpose

We discuss the work of non-executive directors (NEDs) as inherently paradoxical. Paradox refers to the presence of persistent contradictions between interdependent forces. Those persistent tensions are explored, and approaches are indicated to stimulate the adaptive use of paradoxes as forces of innovation and renewal.

Approach

Our conceptual approach can be read as an invitation for corporate governance scholars to embrace the logic of paradox in order to expand our understanding of this topic. Paradox is not conceptualized as an alternative to dominant structural views, including board composition, but as a complementary conceptual perspective, a meta-theoretical lens to shed light on the tensions inherent to governance.

Findings

We propose that paradox theory offers a fresh conceptual lens to study the role of NEDs. Our approach may help NEDs to turn tensions and paradoxes visible to develop a rich understanding of their work, as well as helping them navigate the complexities of organizing, a process rich in inherent paradoxicality.

Originality

Organizational paradox theory is a burgeoning field of study, but the conceptual lens of paradox has still been underexplored in the study of corporate governance.

Keywords: Corporate governance, non-executive directors, paradox, contradiction.

INTRODUCTION

Emmanuel Faber was removed from his job as CEO and chairman of Danone because of what the board saw as lackluster performance (“chronic underperformance compared with larger rival Nestlé”; Abboud, 2021, p. 6). The reason was an excessive emphasis on social indicators, the board (more specifically, activist shareholders) considered, at the cost of economic indicators (Van Gansbeke, 2021). This imbalance was viewed as the use of progress indicators as a justification for the poor economic results². The case illustrates the paradoxical challenges confronting both executives and non-executives: they need to balance competing demands and manage contradictory expectations. As defended by organizational paradox theory (e.g., Smith and Lewis, 2011; Smith and Tracey, 2016), these tensions cannot be resolved, yet they need to be managed. However, managing these tensions, as will be discussed in the article, is a difficult endeavor. The fact that organizations are increasingly confronted with pressures to perform new social and environmental roles imposes new challenges (Henderson, 2021) that are not easy to equilibrate. Organizations are, in short, confronted with paradoxical challenges, i.e., with challenges involving opposite demands that are interdependent and persistent, such as tensions between profit and progress, or tensions of exploration-exploitation (Smith and Lewis, 2011).

Boards of directors, the team of leaders at the top of an organization (Fama and Jensen, 1983), the ultimate decision-making body (Cohen *et al.*, 2002; Torchia and Calabrò, 2016), play fundamental roles in organizations (Zahra and Pearce, 1989). Boards view their roles as a service to multiple

² One of our reviewers advanced the following explanation of this case, which we repeat almost *ipsis verbis*: This situation can also be interpreted not as a failure in navigating paradoxes but more simply in terms of a change in power dynamics among shareholders. Danone may have been ‘less performing’ in terms of short-term financial returns than Nestlé, but it did not experience economic hardship under Faber. It is only when the balance of power among shareholders changed to the advantage of investors interested mainly in short term returns that Faber was ousted. This example shows that the paradoxical pressure that the organization decision makers feel is socially constructed (at least in terms of saliency of the paradox). An inherent tension between short-term and long-term objectives and between economic and social impacts may potentially interest all organizations, but – in practice – it is only made salient by a particular alignment of interests, observation systems, practices (see Hahn and Knight 2021). Given this note’s importance to explain the paradoxical process, we repeat it here, with our Reviewer’s permission.

spheres, including the organization and profession, the business community and society at large (Boivie *et al.*, 2021). They have an independent role as governance agents with the responsibility to avoid numerous problems afflicting senior executives, including lack of control and accountability (Barber *et al.*, 2019), hubris (Brennan and Conroy, 2013), or groupthink (Esser, 1998). These and other causes led to corporate scandals that have rendered salient the importance of boards as well as its pivotal role in the organizations' governance (Chhillar and Lellapalli, 2015).

Yet, boards have a complex task: their commitment to profession, community and society coexists with working face to face with the senior executives they oversee. This necessarily creates tension and even some paradoxical obligations. Paradox has been defined as “persistent contradictions between interdependent elements” (Schad *et al.*, 2016, p. 10). Recently an element of undecidability has been considered as integral to the definition (Berti and Cunha, 2023). We move beyond the dominant input-output view (Bezemer *et al.*, 2023) to defend, with a process approach, that organizations need boards precisely to better handle paradoxical decisions: undecidable trade-offs. For such reason, the role of non-executive directors (NEDs) is rich in these tensions. Because of inherent tensions, scholars have noted that there are doubts about whether NEDs can actually perform their “watchdog role” effectively (Hooghiemstra and Van Manen, 2004). In fact, NEDs constitute a high legal authority, but their role performances have been criticized for passivity and the rubber stamping of managerial decisions (e.g., Agyemang and Castellini, 2015; Lorsch and MacIver, 1989; Mace, 1971; Mahadeo *et al.*, 2012).

It is therefore crucial to understand why and how NEDs navigate them when performing their role. We ask: *how can NEDs perceive and cope with the paradoxical tensions of their work?* We discuss why and how NEDs may benefit from seeing their roles as a form of paradox work, which is a topic that has been under-researched. We introduce and define “paradox work”, based on Phillips and Lawrence (2012), as the practical engagement with reality as made of opposite yet interdependent

social and material forces. Instead of keeping tensions latent, NEDs may instead render them salient to better address the challenges resulting from being a board member. This insufficiently acknowledged effort of visibilizing can render coping mechanisms more explicit and effective. Such an orientation will face important challenges as organizational stakeholders may be more inclined to resort to non-paradoxical (either-or) rather than paradoxical (both-and) approaches. For instance, short-term oriented shareholders may promote the maximization of financial returns even if at the expense of the long-term viability of a company (Fluck, 1998; Groot, 1998); or, in the case of family firms, family shareholders may prioritize the family non-economic goals (e.g., the family harmony, the family's social status and identity, or keeping control of the company in the hands of the family), even when those objectives conflict with business interest (Chrisman *et al.*, 2012; Gómez-Mejía *et al.*, 2007; Zellweger *et al.*, 2013). If one goal is backed by a powerful coalition while an opposite goal is only represented by voiceless, disempowered actors, the tension is less likely to become salient. In this sense, this paper presents the work of NEDs as making paradox visible and thus manageable, contributing to theory enhancement via the transferring of the concept of paradox, which originated in logic (Berti, 2021), to corporate governance via its recent development in organization studies. We organize the paper in three core sections: we start by presenting the role of NEDs as paradox handlers, by reference to the paradox types identified by Smith and Lewis (2011). Next strategies to cope with paradox are identified. We conclude with implications for practice as well as for theory.

NEDs AS PARADOX HANDLERS

Paradox refers to the presence of opposites that need to be addressed simultaneously but that include an element of undecidability. In face of contradiction, several responses are possible, including denial (Jarzabkowski *et al.*, 2013). When these oppositions persist over time, they cannot be solved through splitting and choosing (Kokshagina and Schneider, 2023). They have been defined as

undecidable trade-off decisions (Berti and Cunha, 2023). Organizational paradox theory defends that paradoxes are not anomalous contradictions to be solved/removed, but an attribute of complex and plural systems where a variety of interests, languages, experiences, and interpretations coexist (Berti *et al.*, 2021; Gaim *et al.*, 2022). NEDs often face this type of decisions, which come with the job.

The fact that the job of board members is rife with paradox has not been sufficiently addressed in the corporate governance literature (Solomon and Huse, 2019; Sundaramurthy and Lewis, 2003). In this article we respond to this gap by studying how board members navigate the tensions inherent to the job. We follow Smith and Lewis' (2011) classification of paradoxes, given their scope and breadth: paradoxes of belonging, performing, organizing, and learning (definitions below). These paradoxes emerge when managers or board members, dealing with the situations they face, including choices between contradictory options, define the scope of coping mechanisms to their organizations. When these decisions entangle with other decisions, contexts may create circular dynamics that limit agency.

There are two categories of mechanisms that affect the experience of paradox (Berti and Cunha, 2023). The first, in line with paradox theory, refers to the *paradox mindset*, which explains why some people respond with flexible/adaptive responses, while other people receive tension with defensive approaches. The difference between these two kinds of responses may lie in the presence/absence of a paradox mindset that equips organizational members with the capacity to think about contradictions via “both-anding” (Smith and Lewis, 2022). The second mechanism, *power dynamics*, explains why some paradoxes are a source of innovation and dynamic adaptation whereas others cause organizational depletion. Power dynamics affect paradox by: (1) allowing the rendering of salient latent tensions or not, (2) enabling or impairing responses to paradox, and (3) shaping strategies to cope with paradox.

These two mechanisms, in turn, shape the way different types of paradoxes are approached. We next consider this combination of mindset with power dynamics (Figure 1). When key decision makers with a paradox mindset institute power dynamics that allow people to assume contradictions, the organization will be open to render paradoxes salient and treat them as inherent features of organizing that should be addressed as factors of organizational renewal. These organizations *embrace* paradoxes. People engage in paradox and discuss the contradictions they face, as seen from different observation points. When a paradox mindset is not supported by the appropriate power dynamics, actors might see oppositions without being able to voice their paradoxical condition. For these actors, the organization may be a source of pragmatic paradoxes (Berti and Simpson, 2021; Cunha *et al.*, 2022), defined as situations in which actors cannot negotiate contradictory demands (Cunha *et al.*, 2022). People feel the tension, but the paradox is suppressed from the public eye. In this situation, individuals may feel disempowered. Alternatively, they may have an environment of speaking up, or voice, but lack a paradox mindset. Paradoxes may emerge and be treated as such in some moments but not others, and in some parts of the organization but not others, as explained in Cunha, Simpson, *et al.*'s (2019) work on the diffusion of the value of speak up in a pharma company. Finally, organizations may lack both conditions, meaning that paradox is dismissed, absent from the language and practice of organization.

Figure 1 about here

We conceptually defend that the relationship between executives and the board is more fruitful when a cultivated paradox mindset meets power dynamics favorable to voice. This is more likely when actors are given space to discuss their interests as well as the contextual constraints, or in Mary Parker Follett's language, when power *with* prevails over other forms of understanding power dynamics, namely power *over* (see Bednarek and Smith, 2023). In this case, contradictions can be rendered salient and treated as central facets of organizations, namely when observed from different

angles. The role of these two groups, in this sense, consists not in dominating the other, but in the articulation of perspectives and conflicting points of view, so that the organization can use these tensions as levers for organizational renewal.

Regarding adaptive responses, when paradoxes are embraced and assumed, they may cover the four major paradox types considered by Smith and Lewis (2011): paradoxes of belonging, performing, organizing, and learning (see Table 1, at the end of the section). We turn to these next, not without considering three important notes of caution. First, these four types correspond to a stylized and conceptually useful although artificial forms of theorization. In fact, the form that paradoxical tensions gain may be specifically different from these major types. Second, paradoxes emerge in dynamic settings. They are entangled and nested and, for this reason, they do not – cannot – stay within ideal typical boundaries. Third, well defined polar types may reify paradoxes, which constitutes a conceptual problem considering that paradoxes are persistently unstable.

Paradoxes of belonging

Paradoxes of belonging refer to tensions around identity, namely between the quest to belong and the need to be unique, or to be interdependent and to be independent (Demb and Neubauer, 1992). These tensions are patently manifest in the condition of being a non-executive director: NEDs work with a company, but their (desirable) condition is independence (Kiliç *et al.*, 2015; Tricker, 2011). This creates obvious tensions which persist. Managing these tensions is difficult: “in practice (...) A-list bosses dominate their boards” (The Economist, 2022, p. 60). This paradoxical condition, in other words, is inescapable. When the balance fails, the board’s effectiveness is imperiled. If they become too close, they lose independence; in case they are excessively independent, they can become too distant from the organization’s reality or resistant to some actors’ influence. Hence the need to get the right balance between proximity and distance.

Getting the balance right, though, is a difficult endeavor. For instance, board members have been presented as friendly confidants of executives, seeking a positive environment in the boardroom (Boivie *et al.*, 2021). This is, to some extent, understandable, but the desire to ‘get along’ exists in opposition to the monitoring role of independent board members. This tension resonates with others that organizational members face. For example, in teams, people must be distant and close, the so-called hedgehog effect (Kets de Vries, 2011), because an excess of distance will explode the team, whereas an excess of proximity will implode it via conformity and groupthink. Board members also need to get the balance right, or they risk being too cozy or adversative. None of these polar extremes seems promising. Directors’ implicit view of their role is that the role is one of strategic partnership (Boivie *et al.*, 2021).

Paradoxes of performing

Paradoxes of performing are created by the nature of goals and organizational results. Organizations aim to reach their goals, and growth is normally a central goal. To grow, organizations benefit from the presence of clear goals (Locke and Latham, 1990) but goals come with a price (Ordóñez *et al.*, 2009). They can become so salient that their presence leads to a lesser consideration of important organizational dimensions not captured in the goal system. Salient goals face NEDs with important challenges. The case of Wells Fargo Community Bank is illustrative: difficult, stretch goals were emphasized to the point that they no longer contained the behavior of organizational members within appropriate ethical boundaries (Independent Directors of the Board of Wells Fargo and Company, 2017). A string of fines resulted in orders to pay 3.7 billion US dollars over illegal activities conducted between 2011 and 2022 (Franklin and Chávez, 2022). NEDs should thus be mindful about the presence of stretch goals as these confront members with paradoxical requirements that are difficult to address (Cunha *et al.*, 2017) and to moderate the organization’s ambitions.

In terms of the tensions around performance, NEDs should thus play a dual role: to support the effort to achieve high performance while knowing that excessive pressure in the direction of high performance can be destructive. These cases suggest that the core job of NEDs consists in the handling paradoxical tensions and sensitizing executives to the importance of managing with a paradox mindset. For this reason, NEDs have an important role in countering processes that make organizations stumble, such as risky growth strategies, compliance laxness, and poor management control (Barber *et al.*, 2019).

Paradoxes of organizing

Paradoxes of organizing refer to the tensions created around the different design components that organizations create to reach their goals. For example, organizational designs aim to differentiate and integrate, provide freedom and empowerment while also coordinating and controlling (Cunha *et al.*, 2022). Organizations thus need to empower people, namely their top executives, while knowing that power corrupts and disinhibits (Guinote, 2007), affecting goal directedness (Slabu and Guinote, 2010). These tensions apply for executives as well as for the rest of the organization.

Corporate governance mechanisms are paradoxical, control mechanisms that are supposed to act with a measure of distance and independence. This puts board members in a liminal design position: betwixt and between. This position constitutes a difficult place to be, considering that it confronts NEDs with ambiguity. NEDs' position in the organization implies a measure of trust because the information they obtain comes from external sources, while at the same time they need to be in touch with the organization's everyday life. An excess of trust is as problematic as is a lack of trust.

NEDs are thus in a liminal position. This explains why liminality has been associated with ethical lapses (Cunha *et al.*, 2010): knowing the context matters for the sensemaking process. Because NEDs are not embedded in the daily life of the organization, they may face interpretive challenges.

This is aggravated by the fact that even managers do not have a clear understanding of what happens at the lower organizational levels (Foss and Klein, 2022). For this reason, NEDs receive a stylized form of information that does not necessarily reflect the real organization. It is known that the formal organization may significantly diverge from the ‘organization behind the chart’ (Krackhardt and Hanson, 1993). The organization that NEDs have access to is often the charted organization. NEDs should make an effort to navigate the uncharted organization as well. On the contrary, “they are at risk of ending up in an insulated bubble, losing touch with their colleagues, the culture, and ultimately their clients” (Hougaard and Carter, 2018).

Paradoxes of learning

Paradoxes of learning refer to the acquisition of knowledge. This is a core challenge for NEDs: how to conduct their supervisory tasks when there are often difficulties in gaining access to relevant information. In other words, board members must be independent to conduct their supervisory job, but this work is based on information provided by the senior managers themselves. Hooghiemstra and Van Manen (2004) called this the independence paradox. There is always the fear that, as noted by one participant in Hooghiemstra and Van Manen’s study (2004), important decisions are being made without their knowledge. This is another reason to make efforts aimed at knowing what happens outside the charted organization. The case of Cees ‘t Hart, CEO and President at Carlsberg Group, is illustrative: just a couple of months after taking up the role, he switched from his corner office on the 20th floor, with a stunning view of Copenhagen, to an empty desk in an open-floor plan on a lower floor. He explained: “If I don’t meet people, I won’t get to know what they think. And if I don’t have a finger on the pulse of the organization, I can’t lead effectively” (Hougaard and Carter, 2018). Putting the finger on the pulse means that strategies must exist to make paradoxes visible in order to cope with them.

Table 1 about here

STRATEGIES TO VISIBILIZE AND COPE WITH PARADOXES

We next explain why it is potentially advantageous for NEDs to render paradoxes salient, in order to take them not as anomalies but as ‘the job’. Following Tuckermann (2019), visibilizing paradox is necessary to address it and to nurture an organizational capability to cope with them, for instance by ensuring communicative practices that provide agency (avoiding pragmatic paradoxes – Berti and Simpson, 2021) and that facilitate voice (avoiding stretch goals or the fake mastering of paradox; see Gaim *et al.*, 2021). When left dormant or latent, paradoxes may be easily dismissed. We defend that organizations need boards, to a great extent, because not every trade-off decision can be optimized, and some decisions imply difficult choices. Board members are especially important in this regard. NEDs may play a fundamental role in helping executives to manage the tensions and paradoxes of organizing. To better understand the complexities of their governance, NEDs may explicitly consider their work as paradox.

By making paradoxes visible, NEDs may be better prepared to nurture a paradoxical mindset, defined as the degree to which people are open to accept and be energized by the presence of tensions (Miron-Spektor *et al.*, 2018). By approaching their work as paradoxical, NEDs may be better equipped to consider the contradictions inherent to organizing as normal tensions to be navigated, rather than anomalies to be removed. This approach may constitute a more realistic understanding of the nature of the job than approaches less sensitive to the presence of tensions and contradictions. To consider how NEDs may address paradox we consider four strategies (see Table 2): (1) Consider the missing pole, (2) Zoom in and out, (3) Cultivate a paradox mindset, and (4) Communicate paradoxically with the senior management team.

Consider the missing pole

NEDs may render tensions salient by leveraging on polarities. For instance, if one element is emphasized by the executive team (e.g., organizational exploitation), NEDs may emphasize the polar opposite, namely exploration. This type of oscillatory move may be important to expand the scope of attention of senior executives. Considering that attention is an important resource (Ocasio, 2011), NEDs may promote oscillation as a way of nurturing a paradoxical mindset. Polarity management (Johnson, 1992) may help senior executives and their organizations deal with the important tensions that are often obscured by the propensity of organizations to favor a dominant logic and the consequent convergence and narrowness that limits strategic imagination (Bettis and Prahalad, 1995). The missing pole may counter tunnel vision. This move is, by itself, paradoxical: as the tunnel vision gets stronger, considering the missing pole becomes more and more necessary – although less accepted by those who reason from a tunnel perspective, mainly if they are powerful actors. It is therefore important to protect the generative paradox dynamics from the risk that vested interests of some powerful stakeholder might lead to an overemphasis on one pole, suppressing the other – as in the Faber case discussed above.

Zoom in and out

NEDs may play important roles by zooming in and out, complementing the work of executives and balancing the predominant approach of executives. If executives tend to *zoom in* (emphasizing detail), the board may favor *zoom out* (emphasizing a macroscopic view), and vice-versa. This will provide a counterpoint to predominant CEO and board style. Kets de Vries and Miller (1986) have explored how boards develop preferential orientations depending on the personalities of their members, especially the most senior ones, and NEDs may study these predominant styles, focusing of the organizational blind spots. These blind spots may refer both to decision making styles as well as to the definition of strategy. NEDs may counter a tendency to converge, which will normally create less attention to strategy's peripheral (Day and Schoemaker, 2005). NEDs may play important

roles in terms of stimulating peripheral vision, the exercise of conducting search in areas normally outside the organization's focus of attention. Considering their distance from the everyday organizational operation, board members are especially qualified to raise issues outside the scope of executive attention. Because attention is a crucial strategic factor (Ocasio, 2011), NEDs may be attention expanders and equilibrators, inviting executives to pay attention to what they normally do not. This will correspond to the essence of paradox as *paradoxa*: being against or beyond the common opinion, working as a tool to critically address important matters outside of focal attention.

Cultivate a paradox mindset

Demb and Neubauer (1992, p. 14) noted that NEDs face what they have called “schizophrenic situations”. These situations are intrinsic to the job; they cannot be willed away. Therefore, they may benefit from the development of a paradox mindset as a conceptual and behavioral tool to promote a healthy form of dual attention (to core and periphery). Organizations may create comfort with tensions by framing ambiguity and contradiction as normal. Given organizational complexity and pluralism, contradictions and tensions are inevitable facets of life in organizations. Therefore, instead of trying to remove, deny or solve contradictions, both non-executives and executives may instead learn about how to develop adaptive responses to paradoxes. Living with paradox may thus be promoted as a way of being in the world that will reveal organizations as rife with paradox. In this situation, the role of NEDs may be one of exposing tensions and inviting executives to tackle them, rather than favoring organizational narrowness built via an increasing emphasis on the dominant logic.

Stimulate metacommunication with the senior management team

NEDs may communicate with the senior management team formally and informally. Communication promotive of a paradoxical understanding of the world aims to expand awareness of the complexity

of the real. This may be nurtured via better communication practices, for instance through metacommunication to avoid pragmatic paradoxes (Watzlawick *et al.*, 1967) and to foster voice, which implies the power dynamics conducive to voice, considered before. This may lead to forms of thinking that stimulate senior executives to create organizational cultures geared towards the embrace of opposition as a resource to untapping the complexity of the world.

This may result in management practices such as cultivating voice (Bashshur and Oc, 2015) and, as noted above, scanning the periphery (Day and Schoemaker, 2005). NEDs themselves can play these roles and stimulate executives to do the same in their organizations as well create space for employees to do the same, a process that implies not only discourse but also corresponding action at several levels (Cunha, Simpson, *et al.*, 2019). The promotion of opposition and polyphony constitutes an important path to support the complex approach to reality that will avoid narrow worldviews and correspondingly simplistic strategies and management practices. NEDs may, in summary, avoid a propensity for exploitation and be active promoters of exploration, not via specific strategies, products or ideas, but through the cultivation of complex ways of thinking as scaffolds of complex ways of acting (Tsoukas and Hatch, 2001).

The fact that paradoxes are made visible does not mean that they will be easier to address. Because paradoxes have a dimension of undecidability (Berti and Cunha, 2023), some of these tensions cannot be treated as optimization problems. They impose hard choices that imply that both executives and non-executives be aware that paradoxes are difficult to manage and to sustained in a dynamically equilibrated form. The case of Emmanuel Faber, with which we have opened this paper, or that of the Volkswagen Dieselgate scandal (as well as, e.g., Wells Fargo, as discussed above, and Nissan when led by Carlos Ghosn: “Mr. Ghosn disliked having questions and/or opinions raised at meetings of the Board of Directors. [...] [M]eetings of the Board of Directors were not an environment for robust debate”, Nissan Motor Co. Ltd., 2019, p. 11), suggest that board decisions

can potentially be viewed in a critical way. It is possible that Faber was redirecting the strategy of Danone in a new direction and that the board impeded the fruits of that change to grow and become apparent. It is also possible that too intense pressures on performance at Volkswagen caused the organization to comply with a non-viable strategy that intensified a vicious circle that ultimately damaged the organization's reputation (Gaim *et al.*, 2021). The fact is that the case, as well as many others, are indicative of the dangers of tackling paradoxes.

Table 2 about here

IMPLICATIONS

Bezemer *et al.* (2023) established three central directions for future research in terms of the evolution of corporate governance research: untangling the complex relationships between stakeholders, embracing time and process, and exploring the importance of the social context. Paradox theory articulates these threads, with its focus on persistent tension and contradiction. In the face of tensions, NEDs have multiple options, namely via the consideration of tensions such as those captured in the four types of paradoxes. Considering tensions may promote the sort of both-and thinking necessary to manage a multiplicity of stakeholders and their respective demands, fundamental for operating in pluralistic contexts, where different actors bring different goals. In this context, embracing a paradox mindset (Miron-Spektor *et al.*, 2018) may be a critical competence for NEDs. NEDs may be able to bring tensions to a state of salience, or they may keep them latent through denial. They may approach the salient tensions via more (both-and) or less (either-or) synergistic strategies. Paradox scholars have defended the superiority of both-and (Smith and Lewis, 2022), when possible, as a better way to channel the complexities of organizations in productive directions, a call to action that we have embraced here.

Given pressures for diversity (Zattoni *et al.*, 2023) and the importance of a stakeholder view (Parmar *et al.*, 2010), plurality is becoming more rather than less central in organizational decision making at the top. NEDs may thus be fundamental actors in the process of balancing interests and perspectives, articulating the tension between opposite demands, to work as a form of dynamic balancing. In addition, the function may be well beyond the usual management disciplines (e.g., finance, operations, or marketing) and include further aspects key to the relationship between the company and their external stakeholders (Alshareef and Sandhu, 2015; Forbes and Milliken, 1999).

For these reasons, sensitizing NEDs to the growing importance of paradoxical thinking seems necessary. It must be assumed, though, that not all paradoxes can be harnessed productively, and that the management of tensions is a delicate exercise: every attempt to tackle some tension from the perspective of one stakeholder risks opening new tensions with different stakeholders. As March (1994, p. 47) has pointed out, “some of the most obvious mechanisms of adaptation accentuate, rather than reduce, imbalances”. For example, when the chief of KLM, the Dutch airline, urges travelers to use the train, if possible (Wright and Hollinger, 2022), the suggestion can be perceived as positive by some constituencies (such as environmentalist groups) but negatively by others (including the shareholders), especially if competitors are not embracing the same approach. The fact that collaboration between multiple forms of transportation may represent a vision of the future constitutes no protection against criticism, as the opening vignette on Emmanuel Faber testified. Creating comfort with uncomfortable but meaningful possibilities may be a possibility for paradoxical thinking. In an interview with Novo Nordisk former CEO Lars Sørensen, when asked “What happens to your business if diabetes is eventually cured?”, he replied:

"After I became CEO, in 2000, I predicted we would cure diabetes in 15 years. We're still 15 years away. But that is the big goal. I tell my employees, 'If we wind up curing diabetes, and it destroys a big part of our business, we can be proud, and you can get a job anywhere. We'll

have worked on the greatest social service of any pharmaceutical company, and that would be a phenomenal thing'."

CONCLUSION

Senior leadership teams are not self-sufficient (Wageman *et al.*, 2008): their competences must be supplemented by the competences of others, namely insiders and NEDs. In this article, we have discussed why and how NEDs may assist executives in their jobs by visibilizing the tensions that both themselves and the executives face in their respective roles. We contribute to the field of corporate governance by articulating how making tension and paradox visible may be important to articulate the development of coping strategies which represent tension and contradiction not as anomalies to be removed but as signs of complexity that may be embraced to develop sophisticated governance views for operating in a complex world. As put by Denison *et al.* (1995, p. 526), "if paradox exists in the environment, then it must be reflected in behavior". We defend that NEDs will be best suited to deal with such a complex, yet often ambiguous and indeterminate context if they have a paradox mindset and behavioral repertoire.

References

- Financial Times (2021). Danone board ousts Emmanuel Faber as chief and chairman. March 15. Available at: <https://www.ft.com/content/8e7ae718-eb18-4d2f-bd18-59e6349540f2> [last accessed: 14 January 2023]
- Abboud, L. (2021), “Danone board ousts Emmanuel Faber as chief and chairman”, *Financial Times*, 16 March, 6.
- Agyemang, O. S. and Castellini, M. (2015), “Corporate governance in an emergent economy: A case of Ghana”, *Corporate Governance*, Vol. 15 No. 1, pp. 52-84.
- Alshareef, M. N. Z. and Sandhu, K. (2015), “Adoption of corporate social responsibility: Board competencies and roles”, *International Journal of Business and Management*, Vol. 10 No. 6, pp. 75-89.
- Bain, K., Kreps, T. A., Meikle, N. L., & Tenney, E. R. (2021). Amplifying voice in organizations. *Academy of Management Journal*, 64(4), 1288-1312.
- Barber, F., Whitehead, J. and Bistrova, J. (2019), “Why giants stumble”, *California Management Review*, Vol. 62 No. 1, pp. 5-30.
- Bashshur, M. R. and Oc, B. (2015), “When voice matters: A multilevel review of the impact of voice in organizations”, *Journal of Management*, Vol. 41 No. 5, pp. 1530-1554.
- Bednarek, R. and Smith, W. K. (2023), “‘What may be’: Inspiration from Mary Parker Follett for paradox theory”. *Strategic Organization*, 14761270231151734.
- Berti, M. (2021), “Logic(s) and paradox”, Bednarek, R., Cunha, M. P., Schad, J. and Smith, W. K. (Eds.), *Interdisciplinary Dialogues on Organizational Paradox: Investigating Social Structures and Human Expression, Part B*, Emerald, pp. 27-47.
- Berti, M. and Cunha, M. P. (2023), “Paradox, dialectics or trade-offs? A double loop model of paradox”. *Journal of Management Studies*, Vol. 60 No. 4, pp. 861-888.

- Berti, M. and Simpson, A. V. (2021), "The dark side of organizational paradoxes: The dynamics of disempowerment", *Academy of Management Review*, Vol. 46 No. 2, pp. 252-274.
- Berti, M., Simpson, A. V., Cunha, M. P. and Clegg, S. (2021), *Elgar Introduction to Organizational Paradox Theory*, Cheltenham: Edward Elgar.
- Bettis, R. A. and Prahalad, C. K. (1995), "The dominant logic: Retrospective and extension", *Strategic Management Journal*, Vol. 16 No. 1, pp. 5-14.
- Bettis, R. A., & Prahalad, C. K. (1995). The dominant logic: Retrospective and extension. *Strategic Management Journal*, 16(1), 5-14.
- Bezemer, P. J., Pugliese, A., Nicholson, G. and Zattoni, A. (2023), "Toward a synthesis of the board-strategy relationship: A literature review and future research agenda", *Corporate Governance: An International Review*, Vol. 31 No. 1, pp. 178-197.
- Boivie, S., Withers, M. C., Graffin, S. D. and Corley, K. G. (2021), "Corporate directors' implicit theories of the roles and duties of boards", *Strategic Management Journal*, Vol. 42 No. 9, pp. 1662-1695.
- Brennan, N. M. and Conroy, J. P. (2013), "Executive hubris: the case of a bank CEO", *Accounting, Auditing and Accountability Journal*, Vol. 26 No. 2, pp. 172-195.
- Chhillar, P. and Lellapalli, R. V. (2015), "Divergence or convergence: Paradoxes in corporate governance?", *Corporate Governance*, Vol. 15 No. 5, pp. 693-705.
- Chrisman, J. J., Chua, J. H., Pearson, A. W. and Barnett, T. (2012), "Family involvement, family influence, and family-centered non-economic goals in small firms". *Entrepreneurship Theory and Practice*, Vol. 36 No. 2, pp. 267-293.
- Cohen, J., Krishnamoorthy, G. and Wright, A. (2002), "Corporate governance and the audit process", *Contemporary Accounting Research*, Vol. 19 No. 4, pp. 573-94.

- Cunha, M. P. and Clegg, S. (2018), "Persistence in paradox", Farjoun, M., Smith, W. K., Langley, A. and Tsoukas, H. (Eds.), *Perspectives on Process Organization Studies: Dualities, Dialectics and Paradoxes in Organizational Life* (vol. 8). Oxford University Press, Oxford, pp. 14-34.
- Cunha, M. P., Clegg, S., Gaim, M. and Giustiniano, L. (2022), *Elgar Introduction to Designing Organizations*. Edward Elgar.
- Cunha, M. P., Giustiniano, L., Rego, A. and Clegg, S. (2017), "Mission impossible? The paradoxes of stretch goal setting", *Management Learning*, Vol. 48 No. 2, pp. 140-157.
- Cunha, M. P., Guimarães-Costa, N., Rego, A. and Clegg, S. R. (2010), "Leading and following (un)ethically in limen", *Journal of Business Ethics*, Vol. 97, pp. 189-206.
- Cunha, M. P., Neves, P., Clegg, S., Costa, S. and Rego, A. (2019), "Paradoxes of organizational change in a merger context", *Qualitative Research in Organizations and Management: An International Journal*, Vol. 14 No. 3, pp. 217-240.
- Cunha, M. P., Rego, A., Berti, M. and Simpson, A. (2022), "Understanding pragmatic paradoxes: When contradictions become paralyzing and what to do about it", *Business Horizons*, Vol. 66 No. 4, pp. 453-462.
- Cunha, M. P., Simpson, A.V., Clegg, S. and Rego, A. (2019), "Speak! Paradoxical effects of a managerial culture of "speaking up"", *British Journal of Management*, Vol. 30 No. 4, pp. 829-846.
- Day, G. S. and Schoemaker, P. J. (2005), "Scanning the periphery", *Harvard Business Review*, Vol. 83 No. 11, p. 135.
- Demb, A. and Neubauer, F. F. (1992), "The corporate board: Confronting the paradoxes", *Long Range Planning*, Vol. 25 No. 3, pp. 9-20.
- Denison, D. R., Hooijberg, R., & Quinn, R. E. (1995). Paradox and performance: Toward a theory of behavioral complexity in managerial leadership. *Organization Science*, 6(5), 524-540.

- Edmondson, A. C. (2018), *The Fearless Organization: Creating Psychological Safety in the Workplace for Learning, Innovation, and Growth*. John Wiley & Sons.
- Esser, J. K. (1998), "Alive and well after 25 years: A review of groupthink research", *Organizational Behavior and Human Decision Processes*, Vol. 73 No. 2-3, pp. 116-141.
- Fama, E. F. and Jensen, M. C. (1983), "Separation of ownership and control", *The Journal of Law and Economics*, Vol. 26 No. 2, pp. 301-325.
- Fluck, Z. (1998), *The dynamics of management-shareholder conflict*, NYU Stern Working Paper Series FIN 98-037.
- Forbes, D. P. and Milliken, F.J. (1999), "Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups", *Academy of Management Review*, Vol. 24 No. 3, pp. 489-505.
- Foss, N. and Klein, P. (2022), *Why Managers Matter: The Perils of the Bossless Company*. Public Affairs.
- Franklin, J. and Chávez, S. (2022), "Wells Fargo to pay \$3.7bn for 'rinse-repeat' lawbreaking", *Financial Times*, 21 December, 5.
- Gaim, M., Clegg, S. and Cunha, M. P. (2021), "Managing impressions rather than emissions: Volkswagen and the false mastery of paradox", *Organization Studies*, Vol. 42 No. 6, pp. 949-970.
- Gaim, M., Clegg, S., Cunha, M. P. and Berti, M. (2022), *Organizational Paradox*. Cambridge: Cambridge University Press.
- Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J. and Moyano-Fuentes, J. (2007), "Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills", *Administrative Science Quarterly*, Vol. 52 No. 1, pp. 106-137.
- Groot, T. L. C. M. (1998), "Determinants of shareholders' short-term pressures: Empirical evidence from Dutch companies", *The European Journal of Finance*, Vol. 4 No. 3, pp. 212-232.

- Guinote, A. (2007), "Power affects basic cognition: Increased attentional inhibition and flexibility", *Journal of Experimental Social Psychology*, Vol. 43 No. 5, pp. 685-697.
- Hahn, T. and Knight, E. (2021), "The ontology of organizational paradox: A quantum approach", *Academy of Management Review*, Vol. 46 No. 2, pp. 362-384.
- Henderson, R. (2021), "Innovation in the 21st century: architectural change, purpose, and the challenges of our time", *Management Science*, Vol. 67 No. 9, pp. 5479-5488.
- Hooghiemstra, R. and Van Manen, J. (2004), "The Independence paradox: (Im)possibilities facing non-executive directors in The Netherlands", *Corporate Governance: An International Review*, Vol. 12 No. 3, pp. 314-324.
- Hougaard, R. and Carter, J. (2018), "Ego is the enemy of good leadership", *Harvard Business Review*, November 6. Available at <https://hbr.org/2018/11/ego-is-the-enemy-of-good-leadership> [last accessed: 17 December 2023].
- Ignatious, A. & McGin, D. (2015). Novo Nordisk CEO Lars Sørensen on what propelled him to the top. *Harvard Business Review*, November, 60-63
- Independent Directors of the Board of Wells Fargo and Company (2017). *Sales practice investigation report*. Available at <https://lowellmilkeninstitute.law.ucla.edu/wp-content/uploads/2018/01/WF-Board-Report.pdf>
- Jarzabkowski, P., Lê, J. K. and Van de Ven, A. H. (2013), "Responding to competing strategic demands: How organizing, belonging, and performing paradoxes coevolve", *Strategic Organization*, Vol. 11 No. 3, pp. 245-280.
- Johnson, B. (1992), *Polarity Management: Identifying and Managing Unsolvable Problems*. Human Resource Development Press.
- Kanter, R. M. (2011). Managing yourself: Zoom in, zoom out. *Harvard Business Review*, 89(3), 112-116.

- Kets de Vries, M. F. (2011), *The Hedgehog Effect: The Secrets of Building High Performance Teams*. John Wiley and Sons.
- Kets de Vries, M. F. and Miller, D. (1986), "Personality, culture, and organization", *Academy of Management Review*, Vol. 11 No. 2, pp. 266-279.
- Kiliç, M., Kuzey, C. and Uyar, A. (2015), "The impact of ownership and board structure on Corporate Social Responsibility (CSR) reporting in the Turkish banking industry", *Corporate Governance*, Vol. 15 No. 3, pp. 357-374.
- Kokshagina, O. and Schneider, S. (2023), "The digital workplace: Navigating in a jungle of paradoxical tensions", *California Management Review*, Vol. 65 No. 2, pp. 129-155.
- Kornberger, M., Clegg, S. R., & Carter, C. (2006). Rethinking the polyphonic organization: Managing as discursive practice. *Scandinavian journal of Management*, 22(1), 3-30.
- Krackhardt, D. and Hanson, J. R. (1993), "Informal networks: The company behind the chart", *Harvard Business Review*, Vol. 71 No. 4, pp. 104-111.
- Locke, E. A. and Latham, G. P. (1990), *A Theory of Goal Setting and Task Performance*. Prentice-Hall.
- Lorsch, J. W. and MacIver, E. (1989), *Pawns or Potentates: The Reality of Americas's Corporate Boards*. Boston, MA: Harvard University Graduate School of Business Administration.
- Luger, J., Raisch, S. and Schimmer, M (2018), "Dynamic balancing of exploration and exploitation: The contingent benefits of ambidexterity", *Organization Science*, Vol 29, no. 3, pp.449-470.
- Mace, M. L. (1971), *Directors: Myth and Reality*. Boston: Harvard University Graduate School of Business Administration.
- Mahadeo, J. D., Soobaroyen, T. and Hanuman, V. O. (2012), "Board composition and financial performance: Uncovering the effects of diversity in an emerging economy", *Journal of Business Ethics*, Vol. 105 No. 3, pp. 375-388.

- March, J. G. (1994), "The evolution of evolution", Baum, J. A. C. and Singh, J. V. (Eds.), *Evolutionary Dynamics of Organizations*. Oxford University Press, pp. 39-49.
- Miron-Spektor, E., Ingram, A., Keller, J., Smith, W. K. and Lewis, M. W. (2018), "Microfoundations of organizational paradox: The problem is how we think about the problem", *Academy of Management Journal*, Vol. 61 No. 1, pp. 26-45.
- Nicolini, D. (2009). Zooming in and out: Studying practices by switching theoretical lenses and trailing connections. *Organization Studies*, 30(12), 1391-1418.
- Nissan Motor Co. Ltd. (2019). *Special committee for improving governance report*. March 27. Available at https://www.nissan-global.com/PDF/190327-01_179.pdf [last accessed: 17 December 2023].
- Ocasio, W. (2011), "Attention to attention", *Organization Science*, Vol. 22 No. 5, pp. 1286-1296.
- Ordóñez, L. D., Schweitzer, M. E., Galinsky, A. D. and Bazerman, M. H. (2009), "Goals gone wild: The systematic side effects of overprescribing goal setting", *Academy of Management Perspectives*, Vol. 23 No. 1, pp. 6-16.
- Parmar, B. L., Freeman, R. E., Harrison, J. S., Wicks, A. C., Purnell, L. and De Colle, S. (2010), "Stakeholder theory: The state of the art", *Academy of Management Annals*, Vol. 4 No. 1, 403-445.
- Phillips, N. and Lawrence, T. B. (2012), "The turn to work in organization and management theory: Some implications for strategic organization", *Strategic Organization*, Vol. 10 No. 3, pp. 223-230.
- Raisch, S., Birkinshaw, J., Probst, G., & Tushman, M. L. (2009). Organizational ambidexterity: Balancing exploitation and exploration for sustained performance. *Organization science*, 20(4), 685-695.

- Schad, J., Lewis, M. W., Raisch, S. and Smith, W. K. (2016), “Paradox research in management science: Looking back to move forward”, *Academy of Management Annals*, Vol. 10 No. 1, pp. 5-64.
- Slabu, L. and Guinote, A. (2010), “Getting what you want: Power increases the accessibility of active goals”, *Journal of Experimental Social Psychology*, Vol. 46 No. 2, pp. 344-349.
- Smith, W. K. and Lewis, M. W. (2011), “Toward a theory of paradox: A dynamic equilibrium model of organizing”, *Academy of Management Review*, Vol. 36 No. 2, pp. 381-403.
- Smith, W. K. and Lewis, M. W. (2022), *Both-and Thinking*. Harvard Business Review Press.
- Smith, W. K. and Tracey, P. (2016), “Institutional complexity and paradox theory: Complementarities of competing demands”, *Strategic Organization*, Vol. 14 No. 4, pp. 455-466.
- Solomon, E. and Huse, M. (2019), “Corporate governance and paradoxical tensions: Leadership dynamics through Facet theory”, *International Studies of Management & Organization*, Vol. 49 No. 3, pp. 320-339.
- Sundaramurthy, C. and Lewis, M. (2003). "Control and collaboration: Paradoxes of governance." *Academy of Management Review* 28, no. 3, 397-415.
- The Economist (2022), “The impossible to replace CEO”. November 26, 60.
- Torchia, M. and Calabrò, A. (2016), “Board of directors and financial transparency and disclosure. Evidence from Italy”, *Corporate Governance*, Vol. 16 No. 3, pp. 593-608.
- Tricker, B. (2011), “Re-inventing the Limited Liability Company”, *Corporate Governance: An International Review*, Vol 9, No. 4, pp. 384–393.
- Tsoukas, H. and Hatch, M. J. (2001), “Complex thinking, complex practice: The case for a narrative approach to organizational complexity”, *Human Relations*, Vol. 54 No. 8, pp. 979-1013.
- Tuckermann, H. (2019), “Visibilizing and invisibilizing paradox: A process study of interactions in a hospital executive board”, *Organization Studies*, Vol. 40 No. 12, pp. 1851-1872.

- Van Gansbeke, F. (2021), “Sustainability and the downfall of Danone CEO Faber”, *Forbes*, March 20. Available at <https://www.forbes.com/sites/frankvangansbeke/2021/03/20/sustainability-and-the-downfall-of-danone-ceo-faber-12/> [last accessed: 17 December 2023].
- Wageman, R., Nunes, D. A., Burruss, J. A. and Hackman, J. R. (2008), *Senior Leadership Teams: What It Takes to Make Them Great*. Harvard Business School Press.
- Watzlawick, P., Jackson, D. D. and Bavelas, J. B. (1967). *Pragmatics of Human Communication: A Study of Interactional Patterns, Pathologies, and Paradoxes*. New York: Norton.
- Wright, R. and Hollinger, P. (2022), “KLM urges travellers to take the train”, *Financial Times*, 6 December, 8.
- Zahra, S. A. and Pearce, J. A. (1989), “Boards of directors and corporate financial performance: A review and integrative model”, *Journal of Management*, Vol. 15 No. 2, pp. 291-334.
- Zattoni, A., Leventis, S., Van Ees, H. and De Masi, S. (2023), “Board diversity’s antecedents and consequences: A review and research agenda”, *The Leadership Quarterly*, Vol. 34 No. 1, p. 101659.
- Zellweger, T. M., Nason, R. S., Nordqvist, M. and Brush, C. G. (2013), “Why do family firms strive for nonfinancial goals? An organizational identity perspective”, *Entrepreneurship Theory and Practice*, Vol. 37 No. 2, pp. 229-248.

Figure 1. Managing paradox: Mindset and power dynamics

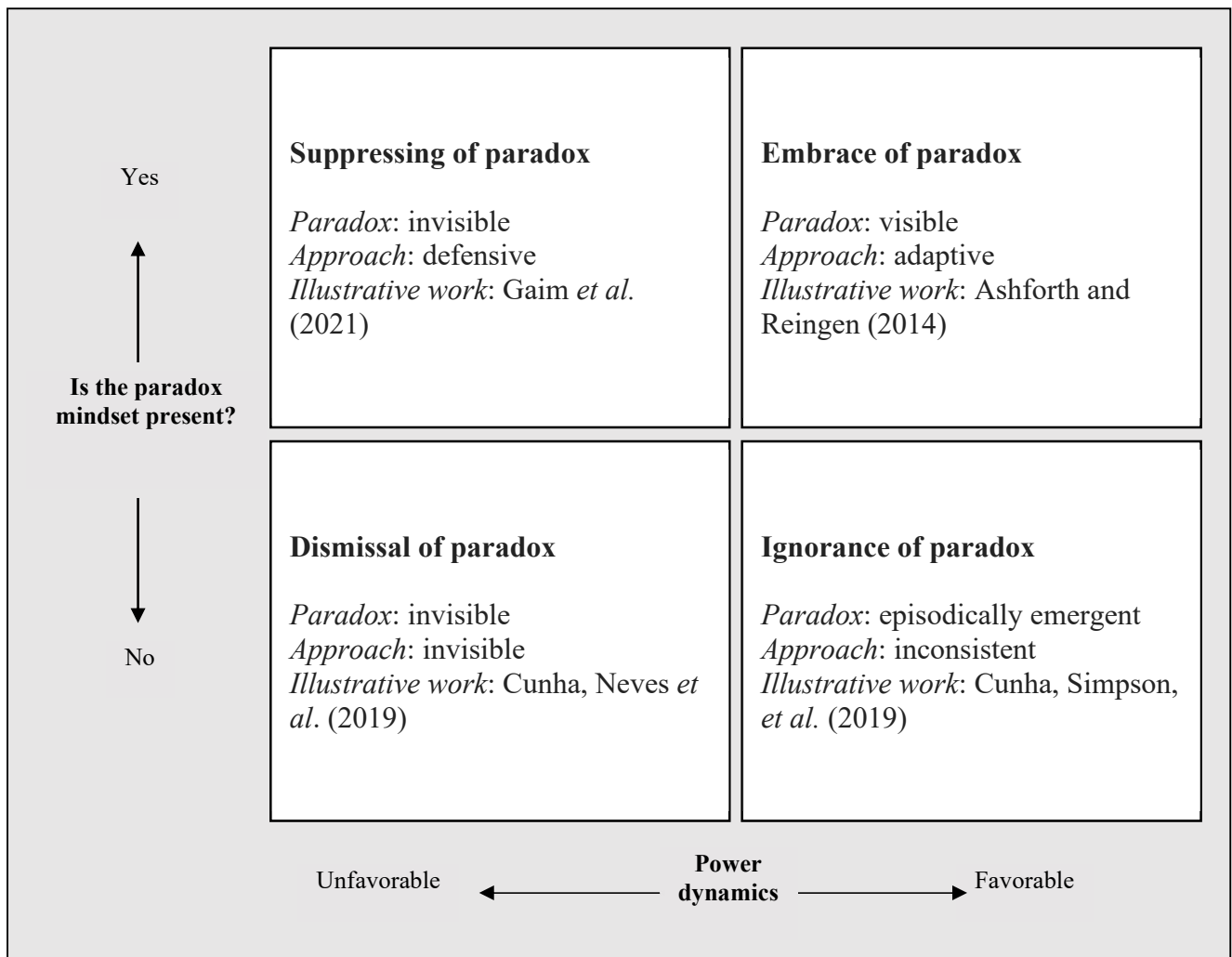


Table 1. Types of paradoxes (following Smith and Lewis, 2011), and their management

Type of paradox	Pole (illustrative)	Pole (illustrative)	Strategies for navigating paradox	Indicative literature
Belonging paradoxes	Independent	Dependent	NEDS may find a position of interdependence, both avoiding independent avoidance and dependent “coziness”.	Kets de Vries (2011)
Performing paradoxes	High performance	Complacency	NEDS may be alert to stretch goals; cultivate awareness of satisfaction with low performance.	Cunha et al. (2017)
Organizing paradoxes	Control	Freedom	NEDS may find a space of collaborative vigilance – trusting but checking, providing psychological safety with accountability.	Edmondson (2018)
Learning paradoxes	Exploration	Exploitation	NEDS may find a space of ambidexterity where old practices and new coexist.	Luger et al. (2018)

Table 2. Strategies to visibilize and cope with paradoxes

Strategy	Explanation	Why is the strategy important	Indicative literature
Considering the missing pole	Because executives often favor one element in a tension over another (e.g. exploitation over exploration), NEDs may deliberately consider the other, missing, pole.	<ul style="list-style-type: none"> • To expand the scope of attention of senior executives • To help dealing with the important tensions that are often obscured by the propensity of organizations to favor a dominant logic • To counter tunnel vision 	Bettis & Prahalad (1995); Raisch et al. (2009)
Zooming in and out	Executives often express a preference for one style over another: some are more comfortable with the detail of zooming in, others with the breadth of zooming out. NEDs may emphasize the least used option, thus providing a counterpoint to predominant CEO and board style.	<ul style="list-style-type: none"> • To provide a counterpoint to predominant CEO and board style • To conduct search in areas normally outside the organization's (usual) focus of attention • To counter a tendency to converge, which will normally create less attention to strategy's peripheral 	Kanter (2011); Nicolini (2009)
Cultivating a paradox mindset	NEDs may promote paradoxical competences via stimulating a <i>both-and</i> way of thinking.	<ul style="list-style-type: none"> • To promote a healthy form of dual attention (to core and periphery) • To frame the inevitable ambiguity and contradiction as normal • To expose tensions and inviting executives to tackle them 	Miron-Spektor et al. (2018); Smith & Lewis (2011)
Communicating paradoxically with the senior management team	NEDs may promote a paradoxical type of communication, oscillating from one pole to another, seeing the strength in weakness and the weakness in strength, for example.	<ul style="list-style-type: none"> • To expand awareness of the complexity of the real • To be more effective in scanning the periphery • To cultivate voice and embrace opposition and polyphony as valuable resources to untapping the complexity of the world 	Bain et al. (2021); Kornberger et al. (2006)