

No Place to hide

A qualitative study on Nordic life-science organisations and their boards perception of risk

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Abstract

This thesis examines how board-level approaches to risk shape organisational operations in Nordic life-science organisations. Although boards are formally responsible for defining risk appetite and overseeing internal controls, little research explores how these responsibilities are enacted in practice within the sector's highly regulated and innovation-intensive environment. Using an interpretivist, abductive multiple-case study design, the study analyses ten organisations through twelve interviews with board members, executives and specialists, complemented by governance artefacts and a Weighted Risk–Life-Science Expertise (WRLSE) indicator. Findings show that boards influence operations primarily through how they receive, interpret and act on risk information rather than through direct involvement. Three board types emerge, each shaping attention architectures, escalation routines and interpretations of regulatory, M&A and cultural risks. The thesis concludes that board-level risk approaches determine which uncertainties become visible and actionable and introduces *risk translation mechanisms* as a conceptual link between board cognition, incentives and organisational practice.

Keywords

Risk, Boards, Nordics, UET, BAT

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Noak & Gustaf

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Executive Summary

This study examines how board-level approaches to risk shape organisational operations in Nordic life-science organisations. Amid increasing regulatory scrutiny, public expectations and complex Research & Development (R&D) environments, boards play a central role in determining how uncertainty is interpreted and acted upon. Existing research rarely explores this process in practice, creating a gap that this study addresses.

Using a qualitative multiple-case design, the study analyses ten Nordic organisations through interviews and governance artefacts. Drawing on Upper Echelons Theory and Behavioural Agency Theory, the analysis considers how board composition, expertise, cognitive framing and accountability structures influence risk oversight. A Weighted Risk–Life-Science Expertise (WRLSE) indicator provides additional context on board expertise profiles.

Three board types emerge. Type A boards, with high expertise and structured routines, create predictable escalation paths and integrated treatment of regulatory, M&A and cultural risks. Type B boards combine formal structures with situational judgement, producing variable responses shaped partly by managerial framing. Type C boards, with limited life-science expertise, rely heavily on financial heuristics, resulting in reactive oversight and narrower definitions of risk.

Across all cases, boards influence organisational operations indirectly - through expectations that shape how managers prepare information, escalate issues and interpret acceptable levels of uncertainty. Three mechanisms drive this influence: attention architecture, determining what reaches the board; risk framing, shaping what is viewed as strategically meaningful; and performance reference points, signalling which outcomes trigger scrutiny.

The study concludes that effective risk oversight depends not only on *who* sits on the board but on *how* boards translate uncertainty into operational expectations. While qualitative and context-bound, the findings highlight the importance of risk translation mechanisms in understanding how board-level perspectives shape organisational operations in Nordic life-science settings.

Key Terms	Descriptions
Organisational operations	The daily activities that turn strategy into work such as manufacturing, quality, R&D, and regulatory tasks.
Attention architecture	The system that decides what information reaches the board through reporting routines and committees.
Risk translation mechanisms	Processes that turn internal risk signals into issues the board notices, discusses, and acts on.
WRLSE	0–100 index summarising board life-science risk expertise using anchored director scores and documented evidence rules.
Escalation Thresholds	The point at which an issue becomes significant enough that management must report it upward to the board.
Board-Management Interface	The formal and informal interactions where management prepares, filters, and presents risk information to the board.
CDMO	Contract Development and Manufacturing Organisation - Company developing, scaling and manufacturing drugs or biologics on behalf of client organisations.
Risk register	Structured list of enterprise risks with owners, likelihood, impact and mitigation used for oversight.
Stage-gate	R&D governance process where projects pass evidence-based gates for go, kill or hold decisions.
ERM	Enterprise-wide approach to identifying, assessing and managing risks within a coherent governance framework.
Risk appetite	Board-approved level and type of risk an organisation is willing to accept.
Risk culture	Shared values and behaviours shaping how individuals perceive, discuss and respond to risk.

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1 Introduction

1.1 Background

Following the mid-2020s political backlash over pharmaceutical treatments for obesity, questions about pricing, public spending and corporate influence dominated Nordic headlines, and debates increasingly framed the boardroom as the locus of accountability (Satija & Fick, 2025). Corporate governance research mirrors this shift, moving beyond chief executive officers (CEOs) and top management teams (TMTs) and treating boards as actors in shaping corporate strategy and risk oversight (Banerjee et al., 2024). Boards set risk appetite and oversee internal control and compliance systems, while TMTs implement these decisions (Bezemer et al., 2018).

The board–management interface is where risks are selected for attention and framed as threats or opportunities (Bezemer et al., 2018; Bryce et al., 2024). In the Nordic region, this interface operates within a distinct governance model (Danish Committee on Corporate Governance, 2020; Hopt & Leyens, 2023). Large organisations have boards that combine shareholder-elected and employee representatives, with the chair and CEO separated; the CEO may sit on the board but not chair it (Danish Committee on Corporate Governance, 2020). Shareholder-led nomination committees tie boards closely to large, long-term owners such as pension funds, family owners and the state, while ownership is concentrated (Hopt & Leyens, 2023; Lekvall, 2014). Board work is consensus-driven and integrates stakeholder concerns early in deliberations (Banerjee et al., 2024).

Risk oversight is a core board responsibility under codes and regulations requiring accountability and systems for identifying, escalating and mitigating risks (Danish Committee on Corporate Governance, 2020). Expectations are high in life-science organisations, which combine long Research & Development (R&D) pipelines, stringent regulation and consequences for patient welfare (Freeman et al., 2016; SwedenBIO, 2023). Their risk landscape spans scientific failure, regulatory setbacks and reputational exposure, making board-level judgements about risk appetite, escalation and oversight consequential (Bryce et al., 2024). Against this backdrop, Nordic life-science boards sit at the intersection of long-horizon ownership, demanding regulation and high societal stakes.

This raises the question of how these boards organise and conduct risk oversight in practice. The present study explores how their approaches shape work across three risk domains that dominate life-science governance: regulatory oversight, investments in mergers and acquisitions (M&A) and culture risk.

1.2 Research Gap and Purpose

Emerging studies show that strong board oversight, transparent risk communication and relevant expertise are associated with greater organisational resilience and stronger innovation outcomes (Elamer et al., 2020; Freeman et al., 2016; Genin et al., 2023). Empirical research on boards and risk finds systematic links between board characteristics and organisations' risk profiles (Suetens, 2024). Large-sample studies show that board size, independence, gender diversity and the presence of risk or audit committees relate to outcome proxies such as credit, earnings and risk measures (Elamer et al., 2020). In innovation-intensive settings, a growing literature links board and ownership attributes to R&D investment, innovation output and productivity (Genin et al., 2023; Hsieh et al., 2022).

However, this research largely treats corporate governance as an explanatory variable for performance rather than examining board-level risk governance as a phenomenon in its own right, and it does not focus on Nordic life-science organisations (Elamer et al., 2020). As a result, there is a *black box* between board-level risk frames and the routines through which risks are surfaced and challenged. This gap is particularly consequential in Nordic life-science organisations, where governance codes place strong expectations on board risk governance (Danish Committee on Corporate Governance, 2020). Existing research offers no direct insight into how Nordic life-science boards organise and conduct risk oversight in practice.

The purpose of this study is to examine how board-level approaches to risk are translated into governance routines and decisions in Nordic life-science organisations. The following research question guides the study:

How do board-level approaches to risk shape organisational operations in Nordic life-science organisations?

In this study, board-level approaches to risk refers to how the board receives, evaluates and acts on risk information at the board–management interface. It comprises three interrelated elements: (i) the channels and routines through which risk signals reach the board, including committee structures, reporting lines, risk calendars and escalation thresholds; (ii) the interpretive lenses directors apply when assessing these signals, shaped by their regulatory, life-science and financial expertise and their incentive and ownership profiles; and (iii) the expectations and follow-up the board sends back into the organisation through decisions, requests for analysis and recurring oversight routines. This operationalisation builds on research that treats boards as active governors of risk and risk culture rather than merely structural monitors (Bryce et al., 2024). *Organisational operations* refers to the risk-sensitive domains in which these approaches are enacted, in particular regulatory and compliance oversight, major transactions and capital investments (including R&D portfolio governance), and culture-related practices in life-science organisations (Genin et al., 2023; Li & He, 2021).

The study draws on a risk-oversight perspective based on Upper Echelons Theory and Behavioural Agency Theory and employs a qualitative multiple-case design informed by semi-structured interviews.

1.3 Delimitations

This study focuses on board-level risk governance in Nordic life-science organisations, primarily publicly listed pharmaceutical, biotechnology and medical-device organisations. The empirical cases are drawn from Sweden and Denmark and operate under Nordic corporate-governance arrangements with concentrated, long-term owners, shareholder-based nomination committees and employee representation on boards (Danish Committee on Corporate Governance, 2020). These boundaries concentrate the analysis on high-R&D, highly regulated settings where formal board duties for risk oversight are particularly pronounced; a more detailed account of sampling choices and case selection is provided in Section 3.3.1, while methodological implications and limitations are discussed in Section 3.5 and revisited in Section 6.3.

2 Theory

2.1 What is Risk?

Risk is an inherent component of organisational life that shapes strategic decision-making (Waring, 2016) and is commonly defined as exposure to uncertainty that affects the probability of achieving an objective (Jedynak & Bąk, 2020). Early work treated risk mainly in financial and probabilistic terms as deviation from expected outcomes (McGoun, 1995), whereas contemporary research stresses its socially constructed character: *how* institutions interpret uncertainty within their context (Bryce et al., 2024).

Within corporate governance, risk is increasingly framed as a board-level responsibility rather than a technical exercise delegated to specialised teams (Gontarek, 2016). Directors are expected to define organisational risk appetite and ensure internal controls that monitor material threats. This shift is reinforced by updated governance codes and regulatory frameworks, including the EU Corporate Sustainability Reporting Directive (CSRD), which emphasises that risk oversight and sustainability governance reflect not only control and compliance but also organisational values and culture (Velte, 2023).

To identify potential risks, the study uses the fundamentals of the PESTLE framework in *Figure 2.1* based on Buye's (2021) interpretation of the framework.

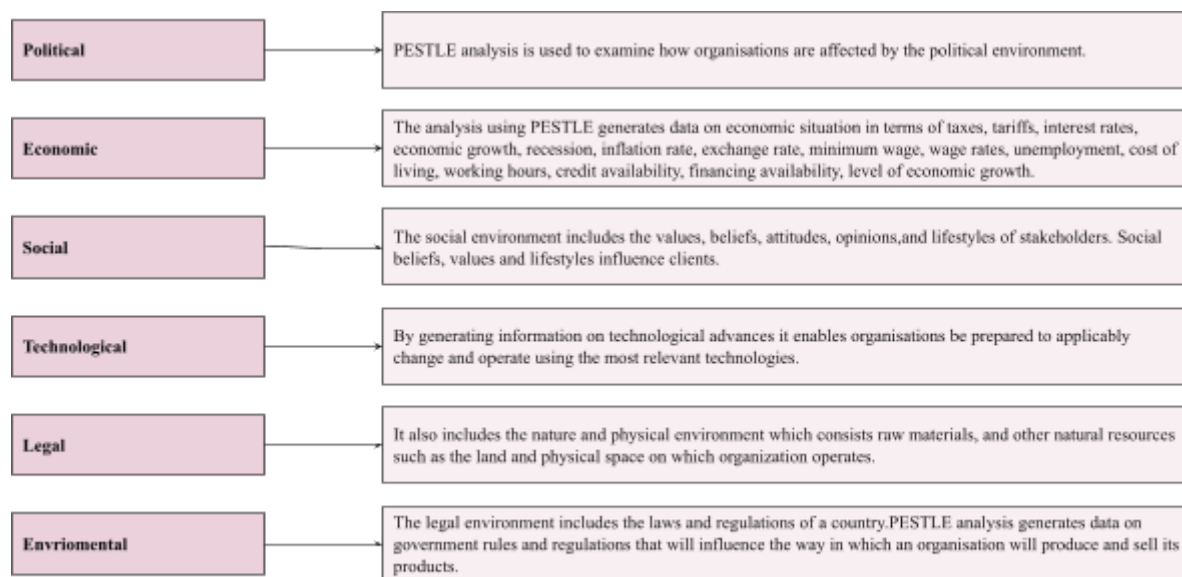


Figure 2.1 - Six main categories of risk based on findings by Buye (2021)

These six categories mirror long-standing distinctions in organisational and management research. While earlier studies often analysed such risk types in isolation, recent scholarship emphasises their interdependence and how they jointly shape organisational decision-making and governance structures (Hardy et al., 2020). While these risks are not universal for every industry, they serve as the building blocks for the following section that aims to answer which risk categories are present in the life-science industry.

2.2 Literature Review

2.2.1 The Evolution of Risk in Organisations

Research on risk within management and organisational studies has evolved through several stages (McGoun, 1995). Initial studies focused on risk-taking behaviour and decision-making under uncertainty, primarily at the managerial and entrepreneurial level (Cyert & March, 1992; Kahneman & Tversky, 1979). Later work integrated organisational processes to explore how structural routines helped organisations identify and respond to risk. In regulated industries such as banking and healthcare, risk has been assessed through the lens of resilience and accountability, with emphasis on systems that detect and mitigate failures (Boadi et al., 2023). However, risk management research often treats organisations as unified entities, overlooking complex interactions between governance culture and strategic judgement (Crawford & Jabbour, 2024).

In recent years, scholars have begun to question how organisational actors at different levels interpret and respond to risk (Hiebl, 2024). The concept of risk culture has emerged as a key area of study, describing how shared values and norms shape individuals' responses to potential risks (Bryce et al., 2024). Collectively, these developments have reframed risk from a technical or financial construct to a central component of corporate governance and strategic leadership (Dickinson, 2001). The following section will apply these risks to board research.

2.2.2 Boards as Risk Interpreters and Governors

As the locus of corporate control, boards of directors play a crucial role in defining how organisations perceive and manage risk (Gontarek, 2016). Traditionally, governance research drew on Agency Theory, which positioned directors as monitors who mitigate opportunism through oversight and incentive systems (Jensen & Meckling, 1976; Fama & Jensen, 1983). However, this control perspective captures only in part what a board's objective is. Later research introduced additional roles, stating that boards serve as advisors and boundary-spanning agents that connect the organisation to critical resources and legitimacy in its environment (Hillman & Dalziel, 2003; Gontarek, 2016).

These broader perspectives have generated three major research strands. First, research on board functions examines how boards balance control and resource provisions. Effective boards combine monitoring activities with strategic involvement, adapting their role to the organisation's context and level of uncertainty (Zahra & Pearce, 1989; Huse, 2005). In times of crisis or innovation, the advisory roles become particularly salient as directors contribute expertise that management may lack.

Second, studies on board processes and structures investigate how committees and reporting routines enable effective oversight (Cornforth, 2001). For instance, the creation of risk and sustainability committees is linked to stronger governance and more disciplined risk-taking (Suetens, 2024). How information is channeled to and from the board, referred to as an organisation's attention architecture, determines whether directors can make informed decisions about strategic risk (Ocasio, 1997).

Third, research on board composition examines how directors' demographic and professional characteristics shape governance outcomes (Rutherford & Buchholtz, 2007). Empirical evidence shows that diverse boards process information more effectively and avoid collective blind spots (Milliken & Martins, 1996; Carter et al., 2003). Gender-diverse boards, for example, are associated with stronger sustainability performance and sounder risk assessments (Elmagrhi et al., 2020; Glass et al., 2016). Likewise, boards that include members with industry-specific expertise are better positioned to interpret complex risks (Genin et al., 2023; Henry et al., 2019)

Despite these advances in recent years, the majority of empirical evidence on boards and risk remains concentrated in financial services, where governance structures and reporting requirements are formalised (Coles et al., 2007). Consequently, less is known about how boards in innovation-driven, heavily regulated sectors balance risks and compliance. Taking this limitation into consideration, Brown et al. (2009) and Venkata (2025) emphasised the need for further research in the life-sciences, where risk is multidimensional and risk oversight is critical to organisational operations.

2.2.3 Risk Governance in Life-Science Organisations

Life-science organisations operate in environments defined through long development cycles and intense regulation. Their risk landscape differs fundamentally from that of most other industries (Venkata, 2025). Combining R&D outcomes and regulatory scrutiny from agencies such as the Food and Drug Administration and European Medicines Agency creates what Hambrick, (2007) describes as *Strategic uncertainty under dual accountability*. Boards must simultaneously support innovation, safeguard patient safety, and remain aligned with regulations (Venkata, 2025).

The sector faces three main categories of risk that differentiate it from other sectors: Scientific, regulatory, and reputational. Scientific risk arises from the unpredictability of research outcomes and the high likelihood of R&D failure. Regulatory risk stems from stringent approval and compliance processes that can halt projects and delay revenue. Societal and reputational risks stem from public expectations of ethical standards, limiting how life-science companies can conduct their research (Bryce et al., 2024). These categories are interconnected; success in one area often increases exposure in another, requiring boards to view risk governance holistically.

Empirical studies show that governance failures in the life-science sector can have severe consequences, ranging from compliance penalties to loss of public trust (Epstein, 2012). Conversely, strong board oversight and effective risk management are associated with greater resilience and improved innovation outcomes (Armeanu et al., 2017). However, if the board becomes too involved in organisational processes, the organization risks losing its innovative drive (Faleye et al., 2013). The board's stance towards risk directly influences how organisations allocate resources and prioritise projects (Elmagrhi et al., 2020; Genin et al., 2023).

Within Europe, regulatory initiatives such as the CSRD further institutionalise board responsibility for risk (Velte, 2023). Nordic life-science boards, operating within this framework, often emphasise sustainability and accountability alongside financial performance. Their ability to integrate risk oversight into organisational operations determines how effectively these organisations can balance R&D with societal expectations (Saha & Khan, 2024).

2.2.4 The Missing Piece

The literature demonstrates that while risk has long been recognised as a central element of organisational decision-making, its meaning and management has evolved considerably over time (McGoun, 1995). Contemporary research highlights that risk is not merely technical but socially interpreted through organisational culture and institutional expectations (Bryce et al., 2024). This broader view has redirected attention toward governance structures, where boards increasingly hold formal responsibility for defining risk appetite, overseeing internal controls, and integrating strategic judgement into risk oversight (Gontarek, 2016). Studies on boards show that their effectiveness in managing risk is shaped by their functions, processes, and composition: diverse and well-structured boards tend to engage in sounder deliberation and avoid blind spots, especially under uncertainty (Hillman & Dalziel, 2003; Huse, 2005; Milliken & Martins, 1996; Elmagrhi et al., 2020).

These dynamics become particularly complex in life-science companies, where boards must navigate scientific unpredictability, stringent regulatory scrutiny, and societal expectations simultaneously (Venkata, 2025). The interaction of scientific, regulatory, and reputational pressures creates a multidimensional risk landscape in which board decisions have substantial operational consequences. (Epstein, 2012; Armeanu et al., 2017).

Yet despite extensive research on risk, governance, and life-science contexts individually, little is known about the intersection between board-level risk attitudes and organisational operations, leading to the central research question of this study:

How do board-level approaches to risk shape organizational operations in life-science organisations within the Nordics?

2.3 Theoretical position

2.3.1 Overview of the Theoretical Framework

This study draws on two complementary behavioural theories, Upper Echelons Theory (UET) and Behavioural Agency Theory (BAT), as developed by Hambrick & Mason (1984) and Wiseman & Gomez-Mejia (1998) (see *Appendix H*). These frameworks explain how boards' approaches to risk oversight shape organisational operations in life-science organisations. Both emphasise the role of human judgement in strategic decision-making, recognising that personal and social influences shape choices at the top of organisations. UET explains how directors' composition and characteristics shape their interpretation of strategic uncertainty, while BAT clarifies how incentives and accountability structures influence risk appetite.

Combined, UET and BAT will be used in the study to provide a behavioural lens on corporate governance. Rather than treating boards as rational decision-makers, they highlight how experience and perceived consequences shape strategic choices. In life sciences, where uncertainty is embedded in innovation processes and regulatory environments (see section 2.1.3), this perspective is particularly relevant for understanding board-level risk oversight.

2.3.2 Upper Echelons Theory

2.3.2.1 Theoretical foundation

Initially proposed by Hambrick & Mason (1984) and further refined by Hambrick (2007), UET argues that organisational operations reflect the values and experiences of TMTs. The theory challenges the notion that organisations act as rational entities by recognising that leaders interpret and simplify complex environments through their personal lenses. Observable characteristics such as age, education, and professional background serve as proxies for cognitive orientation and decision styles.

Contemporary research has expanded the scope of UET from individual CEOs to collective leadership bodies, such as boards of directors and TMTs (Van Doorn et al., 2022). Diverse boards, in terms of gender and expertise, bring a broader set of cognitive perspectives, thereby improving strategic adaptability under uncertainty (Genin et al., 2023; Elmagrhi et al., 2020). For example, Henry et al. (2019) demonstrate that directors with sustainability and R&D experience are more likely to integrate long-term considerations into decision-making. This aligns with the findings of Klarner et al. (2021), who argued that the effectiveness of board governance depends not only on its formal structures but also on directors' shared interpretations and learning processes.

2.3.2.2 Application to board risk and life-science governance

In life-science organisations, board members are required to evaluate risks from both ethical and technical perspectives (see section 2.1.3). The UET suggests that boards' perceptions of these risks depend primarily on their composition and experiential diversity. Boards with members who possess scientific or regulatory expertise will interpret uncertainty as a necessary element of innovation. In contrast, boards dominated by financial or legal professionals will adopt a more conservative stance. Likewise, gender diversity and international experience have been shown to promote broader deliberation and inclusive risk discussions (Elmagrhi et al., 2020; Glass et al., 2016).

From a Nordic standpoint, where corporate boards are often consensus-oriented and include employee representatives (Hopt & Leyens, 2023), the UET lens provides a valuable explanation for *why* risk attitudes tend to be more balanced. Directors' personal experiences and national institutional norms shape a collective preference for caution and sustainability. In this way, UET helps illuminate how the human and contextual characteristics of board members will influence the organisation's overall risk appetite.

2.3.2.3 Key Constructs from the UET Model

Within the context of this study, three UET-based constructs shape boards' interpretation of risk. These key constructs will be used in the study to evaluate the cases' attitudes towards risk, serving as fundamental building blocks for the theoretical model developed in section 2.3.4.

Board Composition refers to the demographic, experiential, and cognitive diversity present among directors, which influences how effectively the board processes complex information. (Sharma, 2016)

Cognitive Framing of Risk captures how directors' backgrounds shape the mental models they use to assess uncertainty, leading different boards to perceive the same situation as either an opportunity or a threat (Rost & Osterloh, 2010)

Industry-Specific Expertise reflects the degree to which the board needs deep knowledge of scientific, regulatory, or commercial aspects of the life-science sector, enabling more nuanced judgments under uncertainty (Hewa Heenipellage et al., 2022).

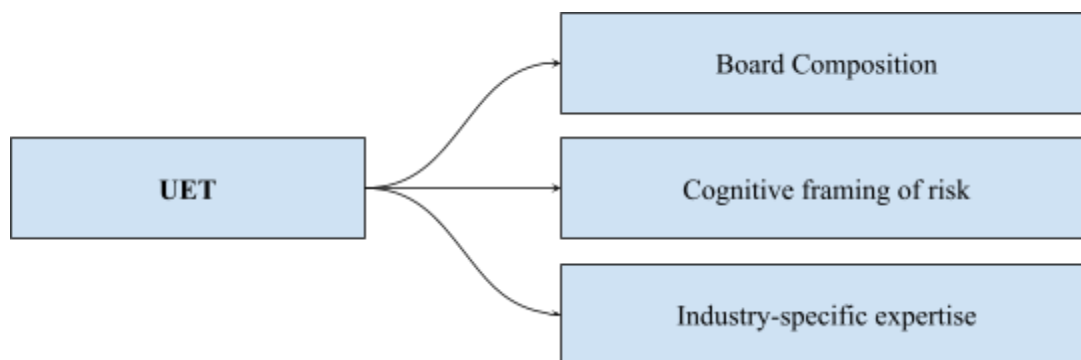


Figure 2.2 - UET key concepts based on studies by Sharma, (2016), Rost & Osterloh, (2010), and Hewa Heemipellage et al., (2022)

2.3.3 Behavioural Agency theory

2.3.3.1 Theoretical foundation

Behavioural Agency Theory emerged from Wiseman & Gomez-Mejia (1998) refinement of traditional agency theory. Classic agency theory assumes that managers act as rational agents seeking to maximise utility. At the same time, BAT introduced psychological realism by recognising that decision-makers are motivated through both the desire to avoid personal losses and economic incentives. The theory integrates prospect theory (Kahneman & Tversky', 1979) by focusing on how risk behaviour depends on perceived gains and losses relative to reference points, such as performance targets and reputation. A study by Payne & Petrenko (2019) suggests that BAT offers a more comprehensive understanding of principal-agent relationships than traditional Prospect Theory.

Contemporary research continues to develop BAT by exploring how context and cultural factors shape these reference points. Studies by Boadi et al. (2023) and Pepper & Gore (2015) show that governance mechanisms and accountability systems influence executives' willingness to take on risk. When boards face intense scrutiny from regulators and shareholders, they adopt a loss-averse orientation and prioritise compliance over exploration. Conversely, when incentives align with long-term innovation outcomes, boards and TMT are more inclined to tolerate risk (Nguyen, 2018).

2.3.3.2 Application to board risk and life-science governance

In the life sciences sector, BAT explains how boards balance innovation and risk-appetite. Directors are responsible not only for financial outcomes but for public and ethical accountability. If failures occur in these contexts, they will have a significant negative impact on the organisation. As a result, boards often operate under a dual accountability structure, managing both profit-related and societal expectations (Bryce et al., 2024)

BAT predicts that such conditions heighten boards' sensitivity to loss and encourage more conservative decision-making, especially when organisational performance is low. However, empirical findings suggest that when directors' reputation or legacy is linked to successful innovation, loss aversion is reframed as calculated risk-taking (Wiseman & Gomez-Mejia, 1998).

2.3.3.3 Key Constructs from the BAT Model

Three key constructs, stemming from previous BAT research, explain how boards balance caution and innovation. These three constructs will be used in conjunction with UET to determine board members' risk-appetite; see *Figure 2.4* in section 2.3.4.

Loss Aversion Sensitivity describes the extent to which directors place more weight on potential losses than on equivalent gains, shaping their tolerance for risk (Sawers et al., 2006).

Accountability and Incentive Structures refer to the formal and informal mechanisms that align board behaviour with organisational expectations, influencing whether directors prioritise compliance, innovation, or performance targets (Nguyen, 2018).

Perceived Organisational Performance represents how directors interpret current outcomes relative to expectations; underperformance typically heightens risk aversion, while strong performance encourages more exploratory decisions (Lim & McCann, 2014).

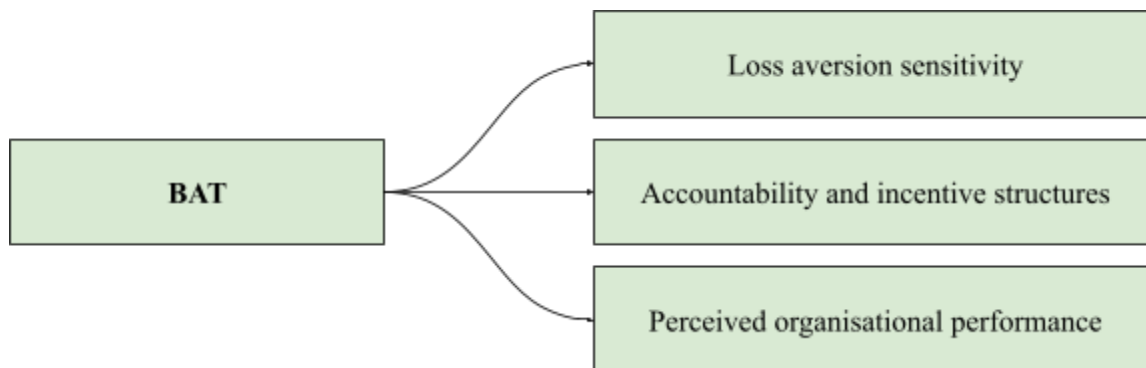


Figure 2.3 - BAT key concepts based on studies by Sawers et al. (2006), Nguyen (2018), and Lim & McCann (2014)

2.3.4 Integrating UET and BAT

Together, UET and BAT offer a framework for understanding how boards shape organisational risk oversight. UET emphasises the *who*: how directors' backgrounds influence their perceptions, whereas BAT focuses on the *why*: how incentives and accountability systems motivate leaders' risk-taking. Both theories converge on the idea that board behaviour is rooted in human factors rather than purely economic ones. When combined, the theories suggest a sequencing mechanism: *Cognitive filters (UET)* determine which uncertainties become salient while *motivational filters (BAT)* determine how boards respond to those uncertainties once salient.

In life-science organisations, this integration clarifies how governance structures and personal characteristics jointly determine risk appetite. For example, boards with strong scientific experience are willing to accept greater risk if its incentive system rewards long-term research success rather than short-term financial performance.

This combined lens underpins the theoretical model that illustrates how directorial characteristics and risk oversight influence organisational outcomes.

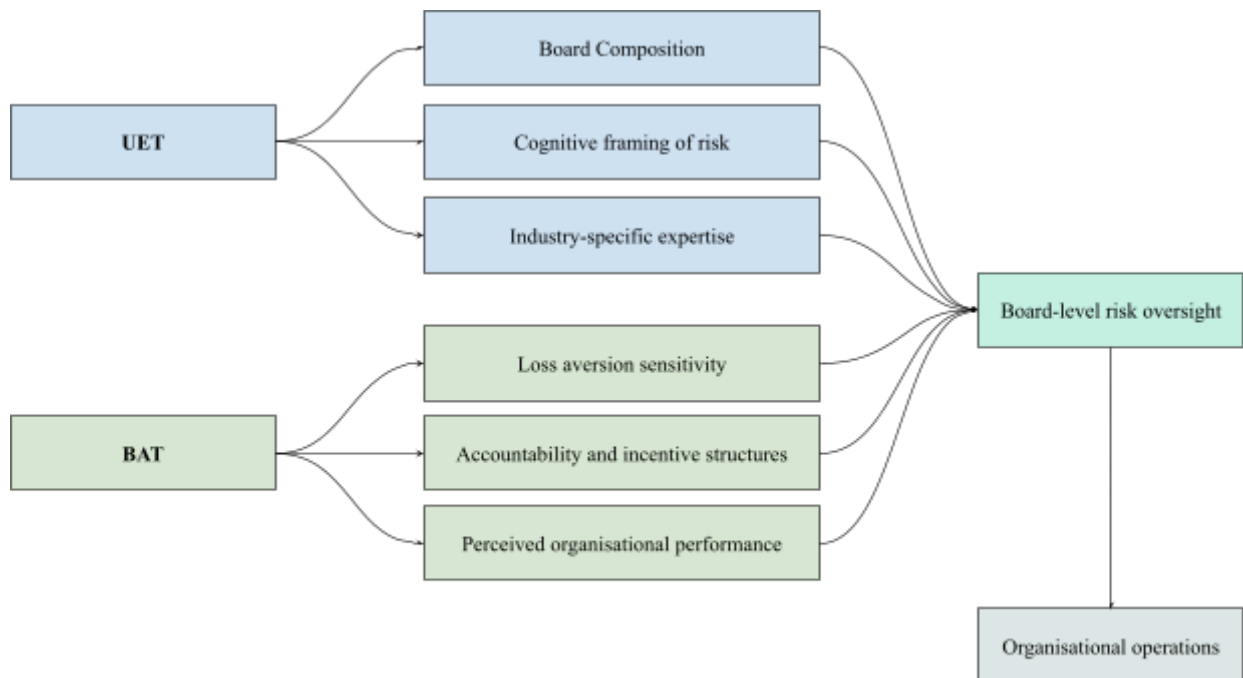


Figure 2.4 - How UET and BAT show the board's willingness to accept risk based on key concept findings in 2.3.2.3 and 2.3.3.3 (Labuda & Lindén, 2025)

2.3.5 Theoretical discussion

Although UET and BAT help explain *why* boards think and act the way they do, both theories leave out essential aspects of how real decisions are made. UET focuses heavily on the directors and assumes their backgrounds directly shape outcomes, a view disputed by Hertrampf et al. (2024) who argue that stringent regulations undermine the validity of UET. Hillman et al. (2000) further showed the shortcomings of UET by demonstrating that external pressures should be weighed equally against personal traits, proposing that both significantly affect board decisions. The study aims to mitigate this risk by incorporating BAT.

BAT also has limits. While it explains *how* incentives and loss aversion shape risk-taking, it treats directors as if they always respond in a stable, predictable manner (Wiseman & Gomez-Mejia, 1998). Bowles (2008) argued that while incentives are necessary, they will distort employees' views of their own self-interest. This argument directly opposes one of BAT's fundamental principles.

3 Methodology

This chapter outlines the methodological choices for examining how Nordic life-science boards govern risk and shape organisational operations. The study adopts an interpretivist, abductive, qualitative multiple-case design. Ten organisations are treated as separate cases, with the board of directors as the primary unit of analysis and key governance routines as embedded units. Semi-structured key-informant interviews are combined with governance artefacts, and the data are analysed thematically following Braun & Clarke (2006) framework. The aim is to develop a context-bound explanatory account of how board-level approaches to risk are translated into organisational operations, rather than statistically generalisable claims.

3.1 Research Approach

3.1.1 Research Paradigm

The study follows an interpretivist paradigm, assuming that governance practices and risk perceptions are socially constructed and interpreted through the meanings actors attribute to them (Thanh & Thanh, 2015). Rather than treating *the board* as a unitary decision-maker, the analysis focuses on how directors and executives narrate their roles, routines and interactions when risk is governed. At the same time, the study adopts a qualified realist stance: board structures and risk routines are treated as relatively stable organisational phenomena that can be traced through actors' accounts and governance artefacts. This combination supports an examination of how risk oversight is enacted in practice and how these enacted practices shape organisational operations.

The study thus involves a double hermeneutic: directors and executives interpret risk and governance in their organisational context, and the researchers in turn interpret these accounts when developing cross-case themes.

3.1.2 Abductive Logic of Inquiry

An abductive logic of inquiry structures the analysis (Eisenhardt & Graebner, 2007; Yin, 2018). Rather than starting from testable hypotheses or purely inductive coding, the study draws on sensitising concepts from corporate- and risk-governance research, Upper Echelons Theory and Behavioural Agency Theory. These provisional expectations informed the interview guide and initial coding, but were iteratively revised as recurring or surprising patterns appeared in the material. The analysis alternated between close reading of cases and engagement with theory, using empirical anomalies to refine concepts and elaborate context-sensitive mechanisms through which boards organise risk oversight in Nordic life-science organisations.

3.2 Research Design

3.2.1 Multiple-Case Study

An exploratory multiple-case design supports comparison across ownership forms, segments and risk profiles (Yin, 2018). Ten Nordic life-science organisations were purposively selected as distinct cases (see section 3.3.1). In each case, the board of directors constitutes the primary unit of analysis, while key governance routines and artefacts function as embedded units. This set-up allows examination of how different boards configure risk oversight under similar regulatory conditions and how this configuration shapes organisational operations. Ten corporate cases and twelve key-informant interviews balance breadth and depth by allowing recurring patterns to be observed across governance configurations while keeping within-case analysis and cross-case comparison manageable (Eisenhardt & Graebner, 2007).

3.2.2 Methodological Fit

The qualitative, key-informant, multiple-case design aligns with the intention to open the *black box* between board-level risk oversight and organisational operations. Board–management interactions around risk are often confidential and only partly visible in public documents, thus interviews with board members, senior executives and specialists provide access to practices and routines that formal charters or codes do not capture. The multiple-case set-up enables comparison across different board compositions and risk profiles, clarifying how similar risk domains are handled under different governance configurations. Alternative survey-based, single-case ethnographic and archival designs were judged less suitable because they would either produce surface-level accounts, sacrifice variation across boards or over-rely on formal disclosures. The chosen design instead prioritises rich, context-specific accounts of risk governance while retaining the ability to compare how different boards shape organisational operations; a structured summary of alternative designs and their trade-offs is provided in *Appendix D*.

3.3 Data

This section explains how cases were selected and how the empirical base for examining links between board-level risk oversight and organisational operations was constructed.

3.3.1 Sampling Strategy

Purposive sampling (Palinkas et al., 2015) was used to identify Nordic life-science organisations where board-level risk oversight is salient and observable. Cases had to (i) be listed or bond-issuing entities headquartered in Sweden, Denmark, Finland or Norway; (ii) operate in life-science segments; and (iii) have formal risk-oversight structures (e.g., risk or audit committees, risk policies, internal audit).

Because board-level risk oversight is enacted at the board–management interface rather than by directors in isolation, sampling targeted actors who both participate in board work and shape how risks are translated to and from the board. Across the ten cases, twelve interviews were conducted: six with current board members (some in dual roles as CEOs or investor representatives), three with former board members and three with senior executives or risk, legal and internal-audit specialists. One organisation is represented by three respondents, while the remaining cases have a single key-informant. This provides greater within-case depth in one setting while still allowing cross-case comparison across ten boards (Eisenhardt & Graebner, 2007; Yin, 2018). *Appendix C* summarises which core risk-governance routines are evidenced by artefacts across the cases, clarifying where the data provide strong, moderate or limited saturation for each analysed dimension

To avoid confusion between organisations and interviewees, the study uses a consistent identifier scheme. Case IDs (e.g., MD-01) refer to organisations and their boards, whereas interviewee IDs (e.g., MD-01-01) denote individual respondents linked to those cases. The full set of interviews, roles and segments is summarised in *Appendix F*.

3.3.2 Interview and Documentary Evidence

Semi-structured interviews constitute the primary data source, complemented by governance and reporting documents and public organisation information. Interviews were conducted by both authors via Microsoft Teams or telephone and typically lasted 45–75 minutes. The interview guide covered board roles and the division of responsibilities in risk, escalation thresholds and assurance flows, the treatment of key life-science risk categories (see section 2.3) and responses to performance feedback, incidents or external shocks. Variants of the guide were tailored for board members, executives and specialists, while retaining a shared core to support comparability across cases (*Appendix A*).

Governance and reporting artefacts, such as board and committee charters, risk reports, internal-audit plans and annual reports, together with public disclosures and organisation information, were collected where available and used to inform interviews and refine interpretations. Information on R&D portfolio governance, M&A processes and regulatory/compliance work was therefore accessed through respondents' accounts and reporting artefacts rather than direct observation, which shapes how organisational operations are discussed in chapters 4–6.

3.3.3 Case overview and WRLSE indicator

To characterise board composition in line with the theoretical focus on risk oversight, a Weighted Risk–Life-Science Expertise (WRLSE) indicator was constructed. Using public board biographies, corporate-governance disclosures and interview information, directors were scored on the presence and depth of life-science, regulatory, risk and financial expertise. These scores were aggregated into a 0–100 board-level measure used descriptively to situate cases and support construction of the board typology, rather than to estimate causal effects. Definitions, coding rules and sensitivity checks are documented in *Appendix B*.

Together, summarised in Table 3.1, the case overview and board-level WRLSE indicator provide the backdrop for the empirical chapters, which examine how boards with different expertise profiles structure risk oversight and how this shapes work across the key risk domains of regulation, major transactions and culture.

Case summary and Board composition			
Case	Segment	HQ	WRLSE Measure (0-100)
MD-01	MedTech	DK	60
BIO-01	BioTech	SE	68
GEN-01	Biogenerics	SE	82
MD-02	MedTech	SE	46
MD-03	MedTech	SE	43
BIO-02	BioTech/CDMO	SE	77
MD-04	MedTech	SE	46
BIO-03	BioTech	SE	56
PH-01	Pharma	SE	73
MD-05	MedTech	SE	56

Table 3.1 - Case Summary and Board Composition summarises the case set and board-level WRLSE scores for the ten focal organisations.

3.4 Data Analysis

This section explains how interview accounts and governance artefacts were transformed into the thematic patterns that structure Chapters 4 and 5 and into the three empirical board types. Data analysis followed Braun & Clarke (2006) six-phase reflexive thematic framework and is summarised in *Figure 3.2* (coding pipeline) and *Figure 3.3* (aggregate dimensions).

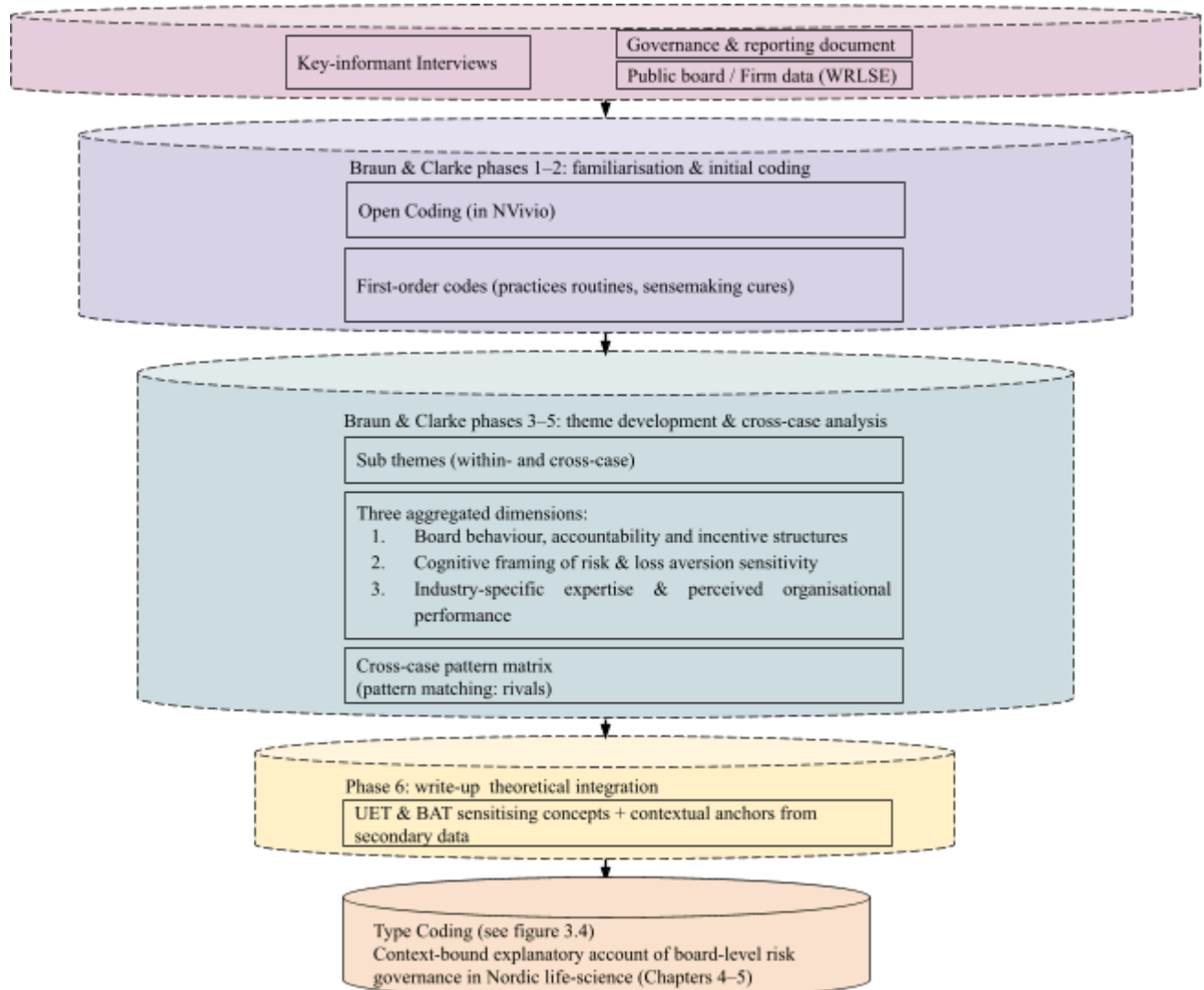


Figure 3.2 From excerpt to display funnel— coding pipeline and outputs.

Phases 1–2: familiarisation and initial coding.

As described in Section 3.3.2, interviews were transcribed and checked, and governance artefacts compiled for each case. Transcripts and documents were read iteratively to build familiarity with each case before all material was imported into NVivo (v14) and subjected to open, line-by-line coding. Initial first-order codes captured concrete practices, routines, role interactions, escalation thresholds and sensemaking cues related to board-level risk governance. Abductive coding was iteratively refined by merging similar codes, splitting overly broad codes and removing codes not relevant to the research question to maintain analytic sharpness.

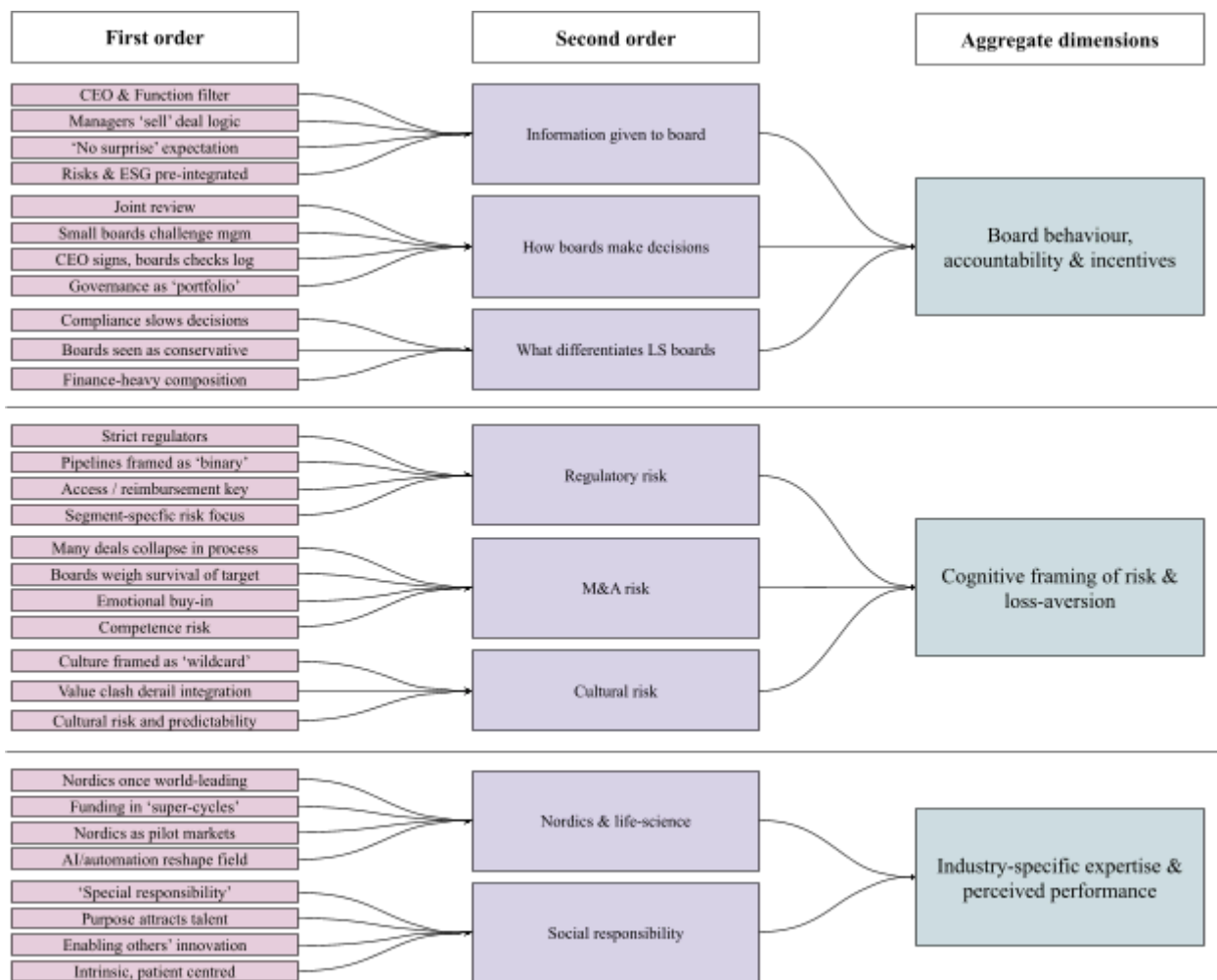


Figure 3.3 - Two-order coding structure of the aggregate dimensions

Phases 3–5: theme development and cross-case analysis

First-order codes were inductively clustered into sub-themes within and across cases (Braun & Clarke, 2006; Miles et al., 2014). These sub-themes described recurring patterns in how boards structure, resource and engage with risk, while preserving variation between organisations. Sub-themes were then synthesised into three aggregate dimensions that organise the empirical findings (*Figure 3.3*). These dimensions reflect the integrated UET–BAT theoretical framework. One adjustment is made relative to the theoretical model: board composition appears empirically within board behaviour, while WRLSE provides a separate descriptive indicator of expertise concentration rather than a standalone empirical category, reflecting that interviews speak more directly to how boards act than to who sits on them. Based on the three aggregate dimensions, a cross-case pattern matrix was constructed to compare how these dimensions manifested across the ten organisations and to consider rival explanations such as ownership structure, size and transaction intensity, consistent with multiple-case logic (Eisenhardt & Graebner, 2007; Yin, 2018).

Phase 6: theoretical integration and type coding

The aggregate dimensions and cross-case patterns were then interpreted through the theoretical lenses of Upper Echelons Theory and Behavioural Agency Theory. Sensitising concepts from these frameworks guided decisions about which interpretations were most plausible and internally consistent, while secondary material on organisation history, ownership and the regulatory context helped ensure coherence with each case's broader governance setting. Drawing on the cross-case matrix and WRLSE profiles as descriptive inputs, the ten corporate cases were grouped into three empirical board types (A, B and C). This type coding captures systematic differences in (i) concentrations of life-science and regulatory expertise; (ii) the design and formality of risk-oversight structures and attention architectures; and (iii) the depth of engagement with technical, regulatory and cultural risks in board work. The allocation of cases to Types A–C is shown in *Figure 3.4*, while *Table 3.1* and *Appendix B* provide the underlying WRLSE and composition data. These three types are then used in Chapter 4 to structure the empirical findings on how board-level risk approaches shape organisational operations.

Empirical categorisation of the ten corporate cases into three types based on WRLSE scores and observed governance routines.		
Type	Cases included	Rationale
Type A	BIO-01; BIO-02; GEN-01; PH-01	High WRLSE scores with diversified boards and strong governance artefacts
Type B	MD-01; MD-05; BIO-03	Medium WRLSE scores with hybrid oversight
Type C	MD-02; MD-03; MD-04	Low WRLSE scores and financially driven oversight emphasis

Figure 3.4 - Empirical categorisation of the ten cases into three board types (A, B and C) based on WRLSE profiles and observed risk-governance routines

3.5 Method Implications

This section explains how the methodological choices affect the trustworthiness and transferability of the findings and which safeguards support credible inferences about board-level risk oversight. It discusses ethical safeguards that enable candid industry evidence and lawful, responsible data handling and addresses procedural limitations and mitigations that shape how the findings in Chapters 4 and 5 should be interpreted (Levitt et al., 2018; Yin, 2018). Together, these considerations speak to the study's *credibility, dependability, transferability and confirmability*.

3.5.1 Ethical Considerations

Participants received study information in advance and provided informed consent; the right to withdraw, confidentiality and data-handling terms were made explicit. An anonymisation scheme preserves traceability while concealing identities by using segment-based case identifiers (e.g., MD-01), introduced in Section 3.3.1 and applied consistently across tables and interview excerpts in place of organisation names or individual identities. Data processing followed GDPR principles of lawfulness, purpose limitation and integrity/confidentiality, with restricted access and secure storage. Because interviews were conducted in English or Swedish, the originals were retained, with only the cited passages translated, and targeted back-checks were conducted to reduce meaning drift. These practices align with established qualitative reporting standards such as JARS-Qual (Levitt et al., 2018).

3.5.2 Method Criticism, Limitations & Mitigations

This subsection addresses procedural limitations in data collection and analysis and how they were mitigated. Both authors are final-year business students with prior exposure to corporate governance and, in one case, to the life-science industry. This positionality offers domain familiarity but also risks blind spots and confirmatory interpretation. To counter this, coding and theme development were grounded in explicit evidence, rival explanations were explored during cross-case analysis and coding decisions were documented in NVivo memos, with preliminary interpretations checked against the data and against one another's readings.

Access constraints result in uneven interview coverage: one organisation is represented by three respondents, whereas the remaining cases have a single key informant, typically a current or former board member or a senior executive with regular board contact. This asymmetry increases within-case depth in one setting but also creates dependence on individual vantage points, may under-represent dissent within some boards and risks over-weighting that organisation's experiences in the analysis. To mitigate this, triangulation with governance artefacts, public disclosures and cross-case pattern comparison was used, cross-case themes were only treated as robust when they appeared across multiple cases, and quotations from the more densely covered organisation were balanced against evidence from other boards.

Retrospective accounts of risk events and board discussions are also vulnerable to recall bias and post-hoc rationalisation. Using dated artefacts and focusing on concrete routines, escalation patterns and decision processes, rather than solely on narrative evaluations, helps contain this limitation.

Overall, these procedures strengthen credibility through triangulation and documented coding decisions and support dependability and transferability by combining contextual description of the Nordic life-science setting with reflexive consideration of the researchers' position (Levitt et al., 2018; Yin, 2018).

3.6 Use of Artificial Intelligence

AI tools were used only for mechanical and editorial support, not for data generation, coding or interpretation. Klang AI produced draft interview transcripts that were manually checked and corrected before analysis. Literature tools such as Elicit helped identify relevant articles, which were then screened and read by the authors. Large language models, including ChatGPT and Grammarly, were used selectively for language polishing and consistency checks on author-written text, with all edits reviewed against the originals to ensure that meaning and claims remained unchanged. Only non-identifying text was processed, in line with the GDPR principles outlined in Section 3.6.1, so that AI support strengthens rather than undermines the trustworthiness of the inquiry.

4 Empirics

4.1 Empirical overview

This chapter is presented according to the typology (A,B,C) described in phase six of chapter 3.4. It aims to answer the studies central research question: *How do board-level approaches to risk shape organisational operations in Nordic life-science organisations?*

4.2 Board Behaviour, Accountability and Incentive Structures

4.2.1 Information given to the board

Across the cases, interviewees describe that boards receive information primarily through material prepared by CEOs and TMT's, with risk content embedded before reaching directors. In Type A cases this preparation appears formalised, while Type B and C cases describe more situational briefings:

“In practice I’m the one convincing the board whether to make an acquisition or not — it’s my job to show that it creates synergy and value.” – MD-03-01

“Our board demands transparency — no surprises, no last-minute risk escalations. The board expects that risk and sustainability are integrated, not separate check-boxes.” – MD-01-01

Subsidiaries in multinational groups describe how global-level decisions influence which topics reach Nordic boards:

“The global board decides the big plays — countries are implementers. Strategy trickles down. The Swedish subsidiary reports to a global board; locally we execute once decisions are aligned at headquarters.” – MD-05-01

Across these accounts, directors are portrayed as depending on how executives structure and present incoming risk information, which continues the pattern described earlier of boards relying on management-led preparation of materials.

4.2.2 How the boards make decisions

Interviewees explain that risk decisions involve boards and CEOs reviewing proposals together, with the level of formality differing across board types. Type A cases describe structured routines, whereas Type C boards rely more on directors' personal experience:

“When management or the board reviews risk lists, they go through them one by one and make judgments. It’s systematic.” – **BIO-02-01**

“We always start by asking: where are we truly world-leading? That’s what we bring to the board when deciding acquisitions.” – **MD-02-02**

Directors also emphasise the board’s role in testing management’s reasoning during decision preparation:

“Our board is small but experienced. Their role is to challenge, not to control every operational detail.” – **BIO-03-01**

“Formally the CEO signs, but the board wants to see that the logic holds — that there’s a clear value story.” – **MD-03-01**

Some respondents further describe governance design itself as part of board-level decision-making:

“Good governance is like portfolio management — allocating capital, competence, and timing in the right balance.” – **MD-02-01**

“Governance itself is a strategic decision. How you set prioritization and project rules — that’s the board’s real power.” – **BIO-01-01**

Overall, the material depicts decision processes as continuing the pattern already seen in the previous section: boards depend on management’s preparation but engage directly in how proposals are assessed.

4.2.3 What differentiates life-science boards?

Interviewees describe life-science boards as operating with slower processes and higher compliance expectations due to regulatory obligations:

“Boards in pharma are more conservative than in tech — decisions move slower because compliance dominates everything.” – **PH-01-01**

Some respondents note that many boards rely heavily on financial and legal expertise, with a perceived need for more scientific representation:

“Most boards in life science are still dominated by people from finance. We could use more scientists at that table.” – **BIO-02-01**

Across accounts, life-science boards are portrayed as carrying a dual responsibility toward patient safety and financial performance, reflecting and extending the risk-focused decision patterns described earlier.

4.3 Cognitive Framing of Risk & Loss-Aversion Sensitivity

4.3.1 Regulatory risk

Respondents describe regulatory requirements as a constant and high-impact domain, shaping how boards view early-stage research and commercial decisions:

“The regulatory system is extremely tough. Very little passes through, so it’s not only a risk — it’s almost a fact that most things never make it.” – **BIO-02-01**

“Strategic risk comes from choosing the wrong priorities. Governance defines risk appetite— if you set the wrong metrics, you drive the wrong behaviour.” – **BIO-01-01**

“In life science it’s almost binary — thousands of projects are started, and only around one percent reach the market. The closer you are to early R&D, the higher the risk premium you must attach.” – **MD-02-03**

Interviewees also highlight the impact of access and reimbursement:

“The main risk in our business isn’t financial, it’s access. Even if a drug is approved, only half of them are reimbursed because countries can’t afford them.” – **BIO-02-01**

Regulatory framing differs across business models:

“Our risk profile differs because we work with generics. We don’t risk billions on discovery — our risks are legal and regulatory: when does the patent really expire, and who challenges it?” – **GEN-01-01**

“For small biotech the biggest risk is time — every delay means investors get nervous, and your science might be outdated before you reach the clinic.” – **BIO-03-01**

“Operational risk is about efficiency — if you’re not efficient, you simply won’t sell, no matter how good your scientists are.” – **BIO-01-01**

These descriptions collectively show that boards across types treat regulatory exposure as a constant reference point, following the earlier pattern of structured versus informal approaches depending on board type.

4.3.2 M&A risk

Interviewees describe M&A as a domain with high uncertainty and frequent failure:

“Ninety percent of all deals collapse somewhere along the road. You have to be optimistic but also thick-skinned when working in M&A.” – **MD-03-01**

“I look at whether the company we might buy can actually survive in the long term. That’s an existential risk, not just financial.” – **MD-04-01**

Directors also discuss emotional involvement as a risk:

“Every acquisition has an inherent bias: the internal team wants it to succeed. That’s a risk in itself - emotional risk.” – **MD-02-01**

Acquisitions in life science are further shaped by dependence on specialised knowledge:

“When you buy smaller companies, it’s often the professor or inventor behind the idea. That’s a huge competence risk — invention and commercialization are two very different skills.” – **BIO-02-01**

Across the material, M&A is portrayed as a continuation of the earlier themes: cases with more formalised routines describe more structured countermeasures, while smaller boards rely more on financial logic and director experience.

4.3.3 Cultural risk

Respondents describe culture as a factor influencing how risks surface and how safety norms are upheld:

“Cultural risk is one of the most underestimated ones in acquisitions. If the culture doesn’t match, everything else can look perfect on paper and still fail.” – MD-02-02

“Cultural debt compounds faster than financial debt after an acquisition. If the new unit doesn’t recognise the same ‘stop-the-line’ moments as the core business, your CAPA log becomes a parking lot.” – BIO-03-01

Directors also link culture directly to escalation behaviour:

“In life science, culture shows up in how people escalate: do they surface weak signals early or explain them away? If the reflex is silence or rationalisation, that’s where patient-safety risk begins.” – BIO-03-01

Boards themselves are described as contributing to cultural expectations:

“An active board is a cultural instrument. When directors open with safety and quality before EBITDA, the whole room recalibrates. You get fewer surprises and faster remediation.” – MD-03-01

“We stopped a deal at the culture gate, not the numbers gate. Financials checked out, but their incident-review ritual didn’t assign owners or dates. That’s a future recall waiting to happen.” – MD-05-01

These cases show that cultural risk is treated as a reinforcing factor in the same way earlier sections described structured or informal approaches to other risk domains.

4.4 Industry-Specific Expertise & Perceived Organisational Performance

4.4.1 Nordics and life science

Interviewees describe the Nordic region as historically strong in data and research but note increasing competition globally:

“Sweden was world-leading in health data and research, but other countries have caught up. We need to reclaim our life-science edge.” – **BIO-02-01**

Respondents also describe cyclical capital availability:

“The life-science industry is cyclical. Venture capital moves in super-cycles — one year it’s overflowing, the next it’s dry.” – **BIO-01-01**

The Nordic region is further described as suitable for testing innovations:

“Nordic countries are often pilots for global launches — small markets but advanced healthcare, ideal for life-science testing.” – **MD-05-01**

Some respondents highlight technology and automation as emerging priorities:

“Automation and AI will reshape life science. Those who can adopt technology fast will win; others will disappear.” – **BIO-01-01**

Across the material, this regional description builds on earlier themes: boards differ in how they interpret such environmental shifts depending on their level of industry experience.

4.4.2 Social responsibility

Interviewees consistently describe life-science organisations as carrying broader societal expectations:

“For me, life-science companies have a special responsibility. We deal with people’s lives, not just profits.” – MD-01-01

“The life-science industry still attracts talent because it has a purpose — curing diseases, not just producing gadgets.” – BIO-02-01

“Vaccines are the purest form of life science — they’re about collective benefit, not individual therapy.” – MD-05-01

Some respondents extend this to enabling roles in the ecosystem:

“(Company) role in life science is enabling others’ innovation — sterilization, lab systems, process equipment. We’re the infrastructure.” – MD-03-01

Overall, the descriptions show that boards interpret performance in multiple dimensions, reinforcing earlier patterns where board types differed in how systematically these aspects were incorporated.

4.5 Conclusion

The empirical material describes three recurring areas in which boards approach risk: how they organise risk-related work with management, how they discuss key downside domains, and how industry-specific expectations shape their view of performance. Interviewees portray risk governance as co-produced by boards and executives, in which information design, decision routines, and governance structures determine what is handled at the board level. Regulatory, M&A, and cultural risks are consistently highlighted across the cases, although the degree of formalisation varies.

The three board types described earlier reappear in respondents' depictions of expertise, routines, and expectations, forming patterns that summarise the descriptive differences observed throughout the chapter, as shown in *Figure 4.1*.

Categorisation to Empirical board types and risk-governance logics		
Type	Cases included	Empirical board profile
Type A	BIO-01; BIO-02; GEN-01; PH-01	High WRLSE and formal governance. Standing risk/quality committees, calendars and clear escalation thresholds structure information flows. Directors use stage-gates and explicit downside cases, channelling loss aversion into analytical challenge. Performance is judged on scientific credibility, regulatory trust and financial return, producing an integrated, expert-led risk-governance logic.
Type B	MD-05; MD-01; BIO-03	Mixed expertise and mid-range WRLSE with hybrid oversight. Some risk routines exist, but boards depend heavily on CEOs/CFOs to frame issues. Regulatory and cultural risks are recognised yet only intermittently formalised; decisions often lean on financial heuristics and experience. Performance is read through both financial and societal lenses, yielding a partly structured, partly management-led risk governance.
Type C	MD-02; MD-03; MD-04	Lower WRLSE and financially dominated oversight. Formal risk structures are limited, with focus on earnings, cash flow and deal economics. Risk registers and technical dashboards are used selectively. Regulatory and cultural exposures are treated as external hurdles or shocks. Loss-averse directors rely on management narratives, escalating issues mainly when short-term financial performance appears threatened.

Figure 4.1 - Empirical categorisation of the ten cases based on board types in 3.4, based on recurring patterns in governance routines, interpretive frames, and board expertise

5 Analysis

This chapter assesses how the three empirical board types compare with expectations from Upper Echelons Theory (UET) and Behavioural Agency Theory (BAT) as summarised in *Figure 2.4*, UET explains board behaviour through directors' composition, cognitive framing and industry-specific expertise, while BAT examines how loss-aversion sensitivity, accountability structures and perceived organisational performance shape risk responses. By comparing these constructs with the empirical findings described by Types A, B and C in chapter 4 and summarised in *Figure 4.1*, the chapter evaluates whether the theoretical model strongly, moderately or weakly explains the observed behaviour.

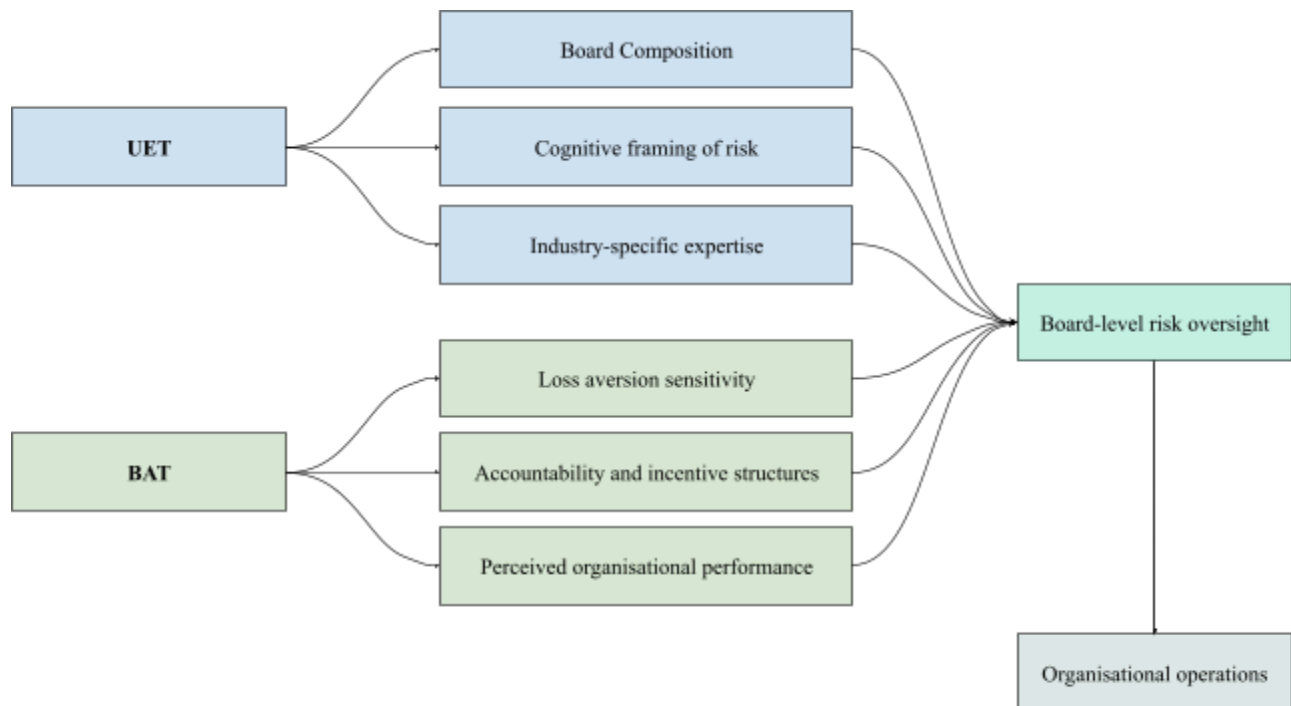


Figure 2.1 in Chapter 2 summarises the integrated UET–BAT framework that underpins this analysis.

5.1 Board behaviour, accountability and incentive structures

To assess how these dynamics manifest in practice, the analysis first turns to the routines and structural conditions shaping board behaviour.

Type A boards describe structured, formal governance systems with recurring committees, calendars, and clear escalation thresholds, reflecting boards with strong experiential diversity and deep sector expertise. This fits UET strongly, as boards with such composition tend to form stable shared interpretations and manage uncertainty through coherent routines (Hambrick, 2007; Klarner et al., 2021). BAT also strongly supports this behaviour: clear accountability channels reduce defensive loss aversion and enable methodical risk oversight, matching Type A's systematic escalation logic and reliance on explicit downside criteria (Boadi et al., 2023; Nguyen, 2018).

Type B boards combine regular interaction with management and partially structured routines but rely more heavily on executives' framing. UET moderately supports this pattern: boards with uneven levels of expertise and partial cognitive alignment often develop hybrid oversight styles, alternating between structured and ad hoc practices (Elmagrhi et al., 2020). BAT also provides moderate support: uneven accountability and shifting reference points correspond with the variability seen in Type B's decision processes, in which judgment sometimes rests with management and sometimes with the board.

Type C boards exhibit limited formal oversight, focusing heavily on financial indicators and relying on management for issue framing. UET only weakly supports this behaviour: while low domain expertise predicts narrower framing, UET still anticipates some stable interpretive logic, which Type C does not consistently display. BAT, however, strongly fits this pattern: when boards have limited familiarity with technical domains and lack robust accountability systems, loss-aversion sensitivity increases, leading to managerial dependence and reactive escalation primarily when short-term financial performance appears at risk (Lim & McCann, 2014; Wiseman & Gomez-Mejia, 1998).

The theories suggest clear differences: Type A behaves as expected with structured routines and clear responsibility. Type B fits only partly, since their behaviour shifts between organised and ad hoc. Type C does not match UET well but fits BAT strongly, as their limited expertise and weak accountability lead to reactive, financially focused behaviour.

5.2 Cognitive framing of risk and loss-aversion sensitivity

Building on these behavioural routines, the next step is to consider how the three board types interpret and frame different kinds of risks.

Type A boards frame regulatory, M&A and cultural risks through structured analytical processes, using thresholds, stage-gates and formal evaluation criteria. UET strongly predicts this approach, as boards with high expertise and shared cognitive framing develop clearer and more deliberate interpretations of strategic uncertainty (Hambrick, 2007; Hewa Heenipellage et al., 2022). BAT also aligns strongly with the empirical data, as clear accountability and strong confidence in domain expertise reduce defensive reactions and channel loss aversion into calculated analysis rather than avoidance (Nguyen, 2018).

Type B boards recognise core risks but translate them into action inconsistently, addressing some issues methodically and others reactively. UET explains this variability only moderately: when director expertise is mixed and shared, interpretive patterns remain only partially formed, and boards develop uneven cognitive frames that shift across situations (Van Doorn et al., 2022). BAT also provides moderate support, as shifting internal reference points and partially defined accountability structures tend to produce fluctuating responses to potential losses, reflecting Type B's alternating patterns.

Type C boards frame risk primarily in financial terms and treat regulatory and cultural exposures as external disruptions rather than embedded features of the sector. UET offers only weak support, as even financially dominant boards typically develop a stable framework for non-financial risks, which was not evident here. BAT fits much more closely: limited familiarity with sector-specific uncertainties heightens loss-aversion sensitivity, and weak accountability systems reinforce reactive, short-term oriented framing, leading Type C boards to escalate issues mainly when financial performance appears threatened (Pepper & Gore, 2015; Sawers et al., 2006).

According to theory, Type A frames risk consistently and analytically. Type B shows only partial alignment, because their mixed expertise leads to uneven interpretations. Type C fits UET poorly but BAT well, since their low familiarity and high loss sensitivity push them toward narrow, finance-driven risk views. The three types therefore differ mainly in how consistently theory predicts their framing.

5.3 Industry-specific expertise and perceived organisational performance

After assessing their risk framing, it is necessary to understand the broader evaluative logic that guides the three board types' strategic expectations.

Type A boards view organisational performance as a combination of scientific strength, regulatory trust and financial results. This aligns strongly with UET, as industry-specific expertise enables boards to connect technical, strategic and societal dimensions into a coherent understanding of performance (Henry et al., 2019). BAT also supports this: multiple reference points and a long-term orientation, lower defensive loss aversion, and the encouragement of integrative evaluation of success (Wiseman & Gomez-Mejia, 1998).

Type B boards recognise the sector's purpose and constraints but do not consistently incorporate them into their performance evaluations. UET partially explains this integration: boards with mid-level expertise often hold incomplete yet somewhat structured interpretations of sectoral expectations (Sharma, 2016). BAT also fits moderately, as performance is interpreted through both financial and non-financial reference points, but inconsistently, resulting in fluctuating risk tolerance.

Type C boards primarily assess performance through short-term financial metrics, giving little weight to scientific credibility or societal responsibility. UET offers only weak support, as even boards with limited expertise generally form some consistent performance logic beyond finance alone. BAT strongly supports this pattern: strong loss aversion, combined with unclear accountability structures, leads boards to anchor performance expectations on short-term financial outcomes, limiting their willingness to engage with broader sectoral demands (Lim & McCann, 2014; Pepper & Gore, 2015).

Theory predicts that Type A should use a broad view of performance, which they do. Type B partly matches theory, since they recognise multiple goals but apply them inconsistently. Type C again aligns poorly with UET but strongly with BAT, as their loss focus and weak structures lead them to rely almost only on short-term financial results.

5.4 Analytical Conclusion

Across the three board types, UET and BAT explain behaviour to different degrees. Type A aligns strongly with both frameworks, demonstrating how diverse composition, deep expertise and stable accountability structures generate structured, integrative risk governance. Type B aligns moderately reflecting partial expertise, uneven cognitive framing and mixed accountability. Type C aligns weakly with UET but strongly with BAT, highlighting how limited expertise and heightened loss aversion lead defensive, management-dependent oversight.

Yet the differences observed suggest that expertise and accountability alone do not fully explain how boards translate broad uncertainty into expectations and routines for risk oversight. What most clearly distinguishes the types is how they translate raw uncertainty into workable oversight routines. This indicates a need for an additional theoretical element: risk translation mechanisms, which mediate how UET's cognitive constructs interact with BAT's motivational dynamics in practice as shown in *Figure 5.1*.

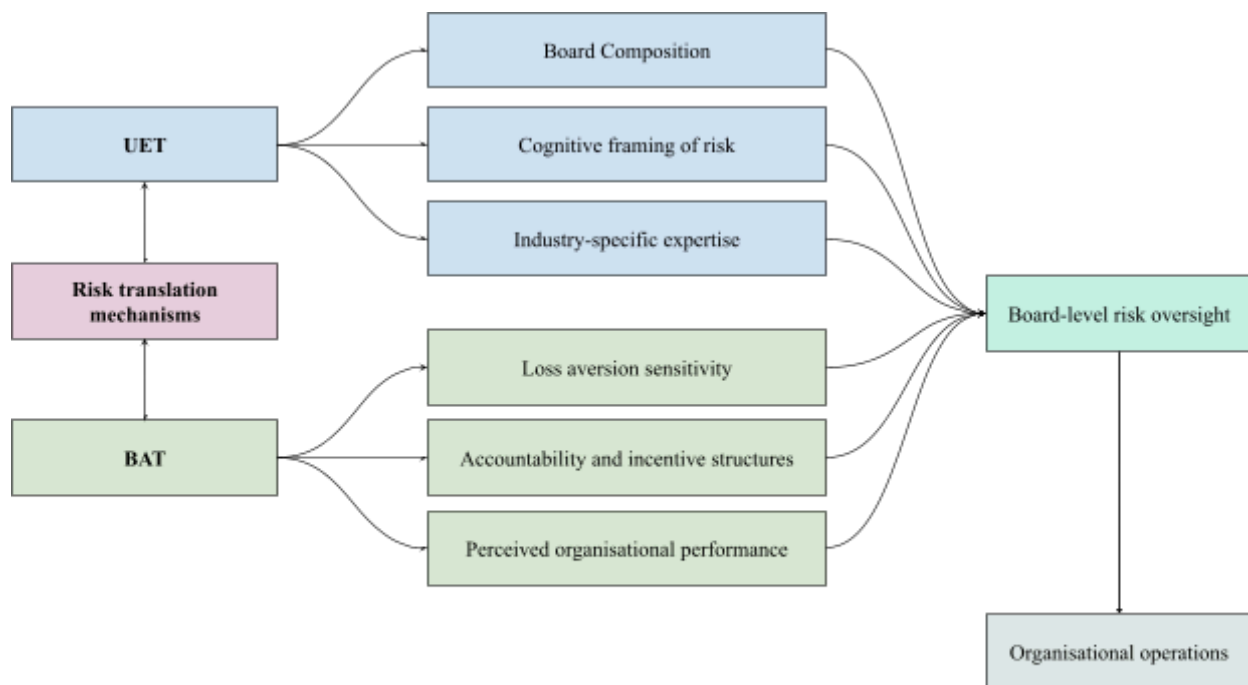


Figure 5.1: Extended theory based on UET and BAT (Labuda & Lindén, 2025)

6 Discussion & Conclusion

6.1 Answering the Research Question

The study set out to answer:

How board-level approaches to risk shape organisational operations in Nordic life-science organisations.

In short, the findings show that boards shape organisational operations through how they receive, evaluate and act on risk information, rather than through detailed involvement in day-to-day activities. In this study, board-level approaches to risk refer to the combination of expertise composition, accountability conditions and interpretations of organisational performance that set the conditions under which operational boards identify, evaluate and escalate risks.

Across the three types identified in the analysis, boards differ in their capacity to process and interpret uncertainty. Type A boards display structured practices and a broad base of relevant expertise. They examine uncertainty holistically and request analytical preparation from management. This leads operational units to document risks clearly and approach escalation with grounded analysis. Type B boards combine partial structure with selective emphasis on particular forms of uncertainty, producing organisational responses that are more variable and dependent on managerial framing. Type C boards rely heavily on informal reasoning and financial heuristics, which narrows how risk is defined and limits the depth of organisational risk assessment.

The study therefore shows that board-level approaches to risk shape organisational operations by influencing how risk oversight is established, how uncertainty is interpreted, and how expectations for risk management are communicated. These patterns vary with board composition and accountability structures, which determine the degree of emphasis placed on scientific, regulatory, financial, or cultural uncertainty. Organisations respond by aligning their documentation practices, escalation routines, and analytical preparation to the expectations that board characteristics create. In this way, the operational consequences of board-level risk approaches arise from consistent organisational responses to the expectations and interpretations boards express.

In sum, the study shows that board-level approaches to risk shape organisational operations primarily through defining attention architectures, risk framings and performance reference points that guide how operational actors document, escalate and address uncertainty, rather than through direct involvement in day-to-day activities (see Sections 5.1–5.3).

6.2 Theoretical Extension

The analysis shows that although board types differ in expertise and structure, what ultimately shapes *how* organisations respond to uncertainty is not these attributes on their own but the way boards *translate* risk into expectations that guide managerial action. Across the cases three translation mechanisms became visible: *attention architecture*, which determines how risk signals are filtered and escalated; *risk framing*, which shapes which uncertainties are treated as strategically meaningful; and *performance reference points*, which signal what outcomes will trigger scrutiny or follow-up. These mechanisms appeared in different forms across Types A–C. Type A boards relied on formal and predictable structures, Type B displayed a mix of structured and situational practices, and Type C showed weak or inconsistent translation that leaned heavily on financial cues. Together these patterns demonstrate that the effectiveness of risk oversight depends less on *who* sits on the board and more on *how* boards convert uncertainty into organisational operations.

When viewed through Upper Echelons Theory and Behavioural Agency Theory the need for this extension becomes clearer. Both theories acknowledge that risk matters. UET through the interpretation of Hambrick (2007) and Van Doorn et al. (2022) explains how directors' backgrounds and experiences shape the way they perceive uncertainty and BAT shows through Wiseman & Gomez-Mejia (1998) and Pepper & Gore (2015) how incentives and loss aversion influence risk-appetite. Yet neither theory describes how these orientations actually travel through organisational layers. They outline where perceptions come from but not how they are communicated, reinforced or weakened in board–management interactions as especially seen in Type C boards. Their financial framing and limited life-science expertise result in poor translation. Important signals are not escalated in time and board influence becomes reactive rather than developmental. Types A and B show more robust translation structures and it is plausible that these help connect cognitive and motivational orientations to organisational operations, although due to empirical limitations this statement cannot be confirmed.

The theoretical discussion also points to gaps that risk translation helps address. UET has been criticised for overstating the direct impact of director characteristics in settings where regulatory and institutional constraints can limit their influence (Hillman et al., 2000). BAT faces similar constraints because incentives do not always produce stable or predictable effects (Bowles, 2008). Both theories therefore lack an explanation of *how* board-level orientations become enacted in practice, where the risk translation mechanism contributes. It adds a process-focused layer that shows how existing theoretical elements gain organisational relevance. In the life-science context, the risk translation mechanism is essential for contextualising how board-level approaches to risk shape organisational operations in Nordic life-science organisations, it however should not be viewed as a theoretical extension due to the limitations of the study.

6.3 Concluding Remarks, Limitations and Future Research

The findings demonstrate that board-level approaches to risk shape organisational operations as reflected in interview accounts in Nordic life-science organisations by influencing how uncertainty is recognised, interpreted and acted upon across organisational levels. Boards do so by establishing expectations through expertise, accountability and performance interpretation. These expectations shape how operational units prepare information, escalate concerns and define acceptable responses to uncertainty. The study therefore clarifies that risk oversight is not only a matter of formal governance, but also of how boards translate uncertainty into organisational operations.

The study is subject to several limitations. The sample is restricted to Nordic life-science organisations that share governance traditions and operate in similar regulatory environments. The findings are therefore specific to a context characterised by stakeholder-oriented governance and well-established board structures. The qualitative data consist of interviews and governance documents. These sources provide depth but do not offer direct observation of boardroom interaction. The Weighted Risk–Life-Science Expertise indicator supports comparison but involves judgment in its construction and is descriptive rather than predictive. As a result, the study does not estimate causal effects and should be read as an exploratory, qualitative analysis of associations and mechanisms rather than a causal assessment of outcomes.

These limitations highlight opportunities for further work. Future studies could examine whether risk translation mechanisms appear in other sectors or in governance systems with different ownership structures and regulatory demands. Longitudinal research could explore how board characteristics influence risk translation processes over time, especially during periods of organisational change. Quantitative designs could assess whether specific patterns identified here correlate with measurable organisational performance or risk outcomes. Such work would clarify the conditions under which boards are most effective in shaping organisational responses to risk.

8 References

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9 Appendix

Appendix A - Interview Guide: Boards and Risk in Life-Science

This appendix reproduces the core interview guide used in the study. The guide was applied in semi-structured interviews with board members, C-suite executives, risk/legal/internal-audit specialists. Questions were adapted slightly to respondent role (e.g. more board-level focus for non-executive directors and more operational focus for executives and specialists), while retaining the same core themes described in Section 3.3.2.

A.1 Introduction (2–3 minutes)

- Thank the participant for taking part.
- Briefly explain the purpose of the study: to understand how boards in Nordic life-science organisations oversee risk and how this shapes key organisational decisions.
- Explain confidentiality and anonymisation:
 - No individuals or companies will be named.
 - Quotes will be anonymised and combined with other material.
- Explain the interview format: semi-structured, approximately 45–75 minutes, open for examples and follow-up questions.
- Ask for consent to record the interview (audio only) for transcription and analysis.

A.2 Part 1 – Background and role (≈ 5 minutes)

- “Could you briefly describe your current role and your responsibilities in relation to the board and to risk-related decisions?”
- “How long have you been involved in board-level or senior-executive decision-making in the life-science sector?”
- “In what types of situations do you most often interact with the board on risk issues?”

A.3 Part 2 – Board roles and division of responsibilities in risk (≈ 10–15 minutes)

- “How would you describe the board’s overall role in risk oversight in your organisation?”
- “How are responsibilities for risk divided between the full board, board committees, and management?”
- “Are there specific committees or roles (e.g. audit/risk, quality, sustainability) that play a central part in risk governance? How do they work in practice?”
- “Can you walk me through how a major risk issue typically moves from management into the board agenda?”

Probes (if needed):

- Formal risk policies, risk appetite statements, or frameworks.
- Role of the chair vs CEO in risk discussions.
- Interaction between board, internal audit, risk/ERM and legal/compliance.

A.4 Part 3 – Risk categories, escalation thresholds and assurance flows (≈ 15–20 minutes)

- “When you think about the main risks that the board focuses on, which categories are most salient in this company?”
 - *Probe for:* regulatory, financial, operational, cultural, ESG, strategic/market risks.
- “How are thresholds defined for when an issue needs to be escalated to the board or a committee?”
- “Could you give an example of a recent situation where a risk was escalated to the board? What triggered that escalation?”
- “What kind of information and assurance does the board typically receive on these risks?”

Probes:

- Regular risk reports, dashboards, internal-audit plans, incident reports, external reviews.
- Differences between planned (annual cycle) and ad-hoc escalation.
- How uncertainty in R&D pipelines or regulatory processes is reported and discussed.

A.5 Part 4 – Responses to incidents, performance feedback and external shocks (≈ 15–20 minutes)

- “Can you recall a specific incident, setback or external shock (for example an inspection finding, trial result, reimbursement decision, major integration issue) where the board became actively involved? What happened?”
- “How did the board’s approach to risk change – if at all – as a result of this event?”
- “In your experience, how does the board react when performance deviates from plan in a major project or portfolio?”

Probes:

- Concrete board actions: re-prioritisation of R&D portfolio, changes in oversight, leadership changes, adjustments to risk appetite.
- Use of follow-up reviews, ‘lessons learned’ exercises, or changes to escalation routines.
- Differences between how financial under-performance vs regulatory/compliance issues are handled.

A.6 Part 5 – Board composition, expertise and decision dynamics (≈ 10–15 minutes)

- “How, in your view, does the composition of the board – for example life-science, regulatory and financial expertise, ownership representation, diversity – influence how risks are discussed?”
- “Are there situations where particular board members (for example with scientific, regulatory or investor backgrounds) have a strong influence on how risks are framed or prioritised?”
- “Have you observed examples where biases such as overconfidence, loss aversion or strong emotions shaped how the board dealt with risk?”

Probes:

- Differences between boards with strong life-science/regulatory expertise and those with more financial profiles.
- Use of external experts (advisory boards, consultants) when the board lacks specific expertise.
- How challenge and dissent are handled in the boardroom.

A.7 Wrap-up (≈ 5 minutes)

- “If you look across your experience, what would you most like to change in how boards in life-science companies govern risk?”
- “Is there a board, committee or specific practice you would point to as a particularly good example of risk governance?”
- “Is there anything important about how risk is governed here that we have not discussed?”
- Ask if they would like to receive a short summary of the study’s findings when it is completed.
- Thank the participant for their time.

Appendix B - WRLSE – formula + rule + sensitivity check

This appendix summarises how the WRLSE indicator was constructed and used. The measure is reported at board level (0–100) and is used descriptively to characterise risk-salient expertise across cases.

B.1 Purpose and domains

WRLSE is designed to capture the extent to which a board collectively holds expertise that is relevant for governing risk in Nordic life-science organisations. Four domains are distinguished:

1. **Life-science (LS)** – scientific, clinical or R&D experience in pharma, biotech or medtech.
2. **Regulatory (REG)** – experience with health authorities, HTA, inspections, compliance or quality.
3. **Risk (RISK)** – professional exposure to ERM, internal audit or risk oversight at board/executive level.
4. **Financial (FIN)** – capital markets, corporate finance or CFO-level experience relevant to risk and capital allocation.

The indicator does not measure overall board quality; it focuses narrowly on expertise that is theoretically linked to risk attention and loss aversion.

B.2 Board-member coding

Each board member (director) was coded in each domain $k \in [LS, REG, RISK, FIN]$ based on board biographies, governance reports and, where needed, interview information:

- **0 – No relevant expertise**
- **1 – Relevant exposure** (non-dominant but clearly present)
- **2 – Deep/core expertise** (central to the board member’s career profile)

Borderline cases were resolved using a “dominant role” principle: if a domain clearly dominates the professional narrative, it is coded 2; if it is a significant but secondary component, it is coded 1.

B.3 Board-level score

Domain scores were combined into a board-member–level score ω_i using fixed weights α_k that sum to 1 and give highest weight to LS and REG, moderate weight to RISK and lower, but non-zero, weight to FIN:

$$\omega_i = \alpha_{LS} e_{i,LS} + \alpha_{REG} e_{i,REG} + \alpha_{RISK} e_{i,RISK} + \alpha_{FIN} e_{i,FIN}$$

For a board with B members, the scores are summed and normalised to a 0–100 scale:

$$WRLSE = \frac{100}{MB} \sum_{i=1}^B \omega_i \in [0, 100]$$

(Cross-references: §3.4 integrates these indicators within within-case narratives and the cross-case matrix; §3.5 notes methodological implications.)

where M_B is the maximum possible score for that board size (all members having the maximum category scores in all domains). This allows boards of different sizes to be compared on a common scale.

B.4 Sensitivity and illustrative example

Two simple checks were performed:

- **Equal-weight check:** assigning equal weights to all four domains and recalculating scores left the relative ordering of boards and the Type A/B/C classification unchanged.
- **Conservative recoding:** downgrading ambiguous “2” scores to “1” for borderline profiles moved WRLSE values slightly in absolute terms but did not change which boards clustered at the top, middle or lower end of the range.

As a simple illustration, consider a hypothetical three-member board with equal weights across domains:

<i>Board Member</i>	<i>LS</i>	<i>REG</i>	<i>RISK</i>	<i>FIN</i>
<i>BM1</i>	2	1	0	1
<i>BM2</i>	1	0	1	2
<i>BM3</i>	0	0	0	2

With equal weights, BM1 and BM2 each obtain a score of 1.0, and BM3 a score of 0.5, giving a total of 2.5. The maximum possible score for a three-member board under this scheme is 6.0, so:

$$WRLSE = \frac{100}{6.0} * 2.5 \approx 42$$

In the thesis, the same logic is applied using the study’s chosen weighting scheme and the actual profiles of each case board. WRLSE is used to situate cases and support the three-type board typology, not to estimate causal effects.

Appendix C - Saturation Matrix

This appendix summarises whether key risk-governance routines are evidenced by dated artefacts (e.g. board/committee minutes, stage-gate templates, risk reports, internal-audit plans) in the case material for each segment. A check mark (✓) indicates that the routine is documented in at least one organisation in the segment; a dash (–) indicates that no such artefact was identified in the available material.

C1 - Overview of Segements

Routine	Example of dated artefact (evidence)	MedTech	CDMO	Biogenics
Stage-gate decision	Stage-gate template and go/hold/kill decision note with owner and date	✓	✓	-
Escalation of emerging issues	Board/committee agenda or extra session plus minute documenting escalation and outcome	✓	✓	✓
ERM and internal-audit planning	ERM long-list, ExCom materiality filtering, and December internal-audit plan approved at board/committee level	✓	✓	✓

This matrix is used in Chapter 4 to support claims that the main risk-governance routines identified in the interviews are also anchored in formal, dated governance artefacts across the different life-science segments.

Appendix D - Alternative Research Designs and Methodological Trade-offs

This appendix summarises alternative research designs considered for the study and the main reasons for selecting a qualitative multiple-case design.

D.1 Overview of design alternatives

Design	Main strengths	Main limitations	Fit with this study's research question
Qualitative multiple-case study (chosen design)	Enables comparison across different boards, ownership forms and segments; supports rich, context-specific accounts of board–management interaction and risk routines; suitable for abductive theory elaboration.	Time-intensive; small-N limits statistical generalisation; access constraints may create uneven depth across cases.	Good fit: allows examination of how board-level approaches to risk are enacted in R&D portfolio governance and regulatory/compliance work across several Nordic organisations.
Single-case ethnography	Very deep process insight into one organisation; strong potential to capture informal dynamics and sensemaking in and around the boardroom.	Limited variation across governance architectures and risk profiles; high dependence on access to one focal organisation; low external comparability.	Partial fit: would illuminate mechanisms in one setting but not support cross-case comparison of different board types or ownership structures.
Large-N survey / index study	Enables statistical analysis and broader coverage; allows tests of associations between board characteristics and risk or performance measures.	Likely to produce surface-level, self-reported accounts of risk oversight; poorly suited to capture confidential boardroom dynamics and concrete routines.	Limited fit: suitable for studying correlations between board traits and risk proxies, but not for opening the “black box” of how risk oversight is organised in practice.
Archival-only design (reports, filings)	High external validity and replicability;	Formal disclosures under-report informal	Limited fit: useful for documenting

	avoids access constraints; can cover many organisations and years.	routines, escalation practices and board–management interactions; difficult to infer how risk is actually governed.	formal structures, but would miss the practices, routines and sensemaking that are central to the research question.
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Appendix E - Recruitment Message to Participants

Below is the standard message used to recruit interview participants. The text was adapted slightly for email or LinkedIn, but the core content and framing remained the same.

E.1 - Message Sent

Subject: Bachelor thesis on board-level risk governance in Nordic life-science organisations

Dear [Name],

My name is Noak, and together with my thesis partner Gustaf, I am studying at the Stockholm School of Economics. We are currently writing our bachelor thesis on how boards in Nordic life-science companies oversee risk, particularly in relation to R&D portfolios and regulatory/compliance work.

As part of this study, we are conducting interviews with experienced board members, executives and specialists in the life-science sector. We would greatly appreciate the opportunity to speak with you for 30–45 minutes to learn from your experiences and reflections.

All information will be treated confidentially and anonymised in our work. No individuals or companies will be named in the thesis, and quotes will be combined with material from other interviews.

If you would be open to sharing your reflections in a short interview, we would be very grateful. We are happy to schedule the conversation at a time that suits you and can meet via Teams or phone.

Best regards,
Gustaf Linden & Noak Labuda
Bachelor students
Stockholm School of Economics

Appendix F - Interview Specifications

F1 - Overview of Interviewees

No.	Code	Role	Segment	Date	Duration	Mode
1	MD-01-01	Board member	MedTech	2025-10-15	01:15	Teams
2	MD-02-01	C-suite executive	MedTech	2025-10-16	00:56	Teams
3	MD-02-02	Board member	MedTech	2025-10-16	00:45	Teams
4	MD-02-03	C-suite executive	MedTech	2025-10-16	00:53	Phone
5	BIO-01-01	Board member	BioTech	2025-10-10	00:44	Teams
6	GEN-01-01	ERM / Legal / IA specialist	BioGenerics	2025-10-01	01:13	Phone
7	MD-03-01	Board member	MedTech	2025-10-30	01:01	Teams
8	BIO-03-01	Former board member	BioTech	2025-10-22	00:32	Team
9	PH-01-01	Former board member	Pharma	2025-10-25	00:41	Phone
10	MD-04-01	Former board member	MedTech	2025-10-25	01:02	Teams
11	MD-05-01	C-suite executive	MedTech	2025-10-26	00:39	Teams
12	BIO-02-01	Board member	BioTech/CDMO	2025-10-29	01:05	Teams

Minimum duration: 00:32

Maximum duration: 01:15

Average duration: 00:54

Appendix H - Choice of Theory

How UET and BAT were chosen as theories.

H1 - Overview of Theories

Theory	What it Emphasises	What it misses compared to UET & BAT	How it would shift interpretation
Agency Theory	Monitoring, incentives, control, information asymmetry	Cognitive framing, expertise differences, behavioural loss aversion	Focus on compliance structures and CEO–board alignment rather than board-level judgment under uncertainty.
Stewardship Theory	Intrinsic motivation, trust consensus	Variations in expertise, incentive-driven behaviour, risk trade-offs	Emphasises Nordic consensus culture but underplays regulatory risk and loss aversion.
Institutional Theory	External norms, regulation, legitimacy pressures	Individual cognition, board-level behavioural mechanisms	Frames risk oversight as shaped by governance codes rather than board interpretation.
Resource Dependence Theory	Board expertise as resource; environmental linkages	Incentives, loss aversion, cognitive biases	Highlights why scientific/regulatory expertise matters but not how it shapes risk appetite.
Attention-Based View	How structures channel attention; information flows	Individual-level motivations and incentives	Would deepen insight into attention architecture but miss drivers behind different board attention patterns.
Behavioural Governance Theory	Biases, heuristics, social dynamics	Sector-specific expertise, formal governance routines	Adds behavioural nuance but lacks integrative link between cognition and incentives found

			in UET + BAT.
Contingency Theory	Fit between governance structures and context	Mechanisms of interpretation and risk-taking	Explains variation between board types but not how directors <i>frame</i> risk.

Appendix G - PowerPoint - Implication for practice slides

No Place to Hide.

*How do board-level approaches to risk
shape organisational operations in
Nordic life-science organisations?*

Gustaf Lindén (25990)

Noak Labuda (25979)

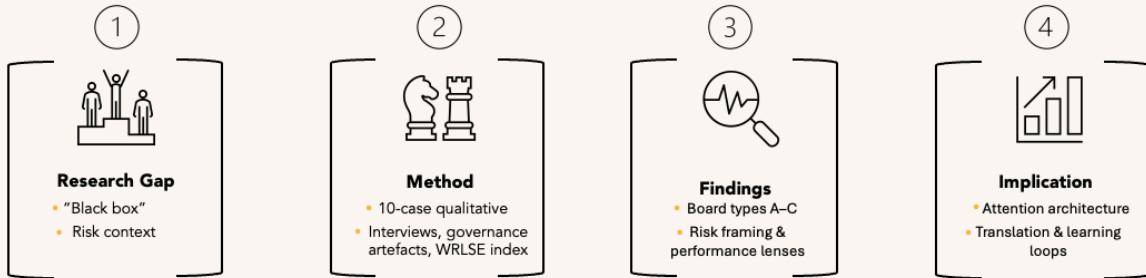
*Bachelor's Thesis – Department of
Management and Organisation – Stockholm
School of Economics*



Board-level risk governance in Nordic life-science firms shapes how uncertainty becomes organisational action

This presentation distils a qualitative multiple-case study of ten Nordic life-science boards into practical implications for risk oversight, showing how board-level approaches to risk influence regulatory, transactional and culture-related work across the firm

Agenda



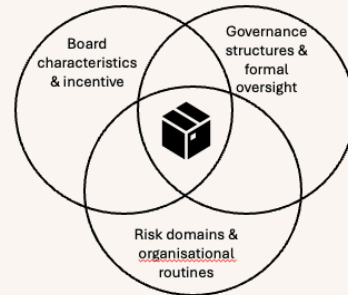
Research gap

How boards actually govern risk remains poorly understood

Governance research explains *who* boards are and which outcomes they correlate with, but offers limited insight into *how* boards in practice translate uncertainty into organisational operations in life-science settings

Prior research

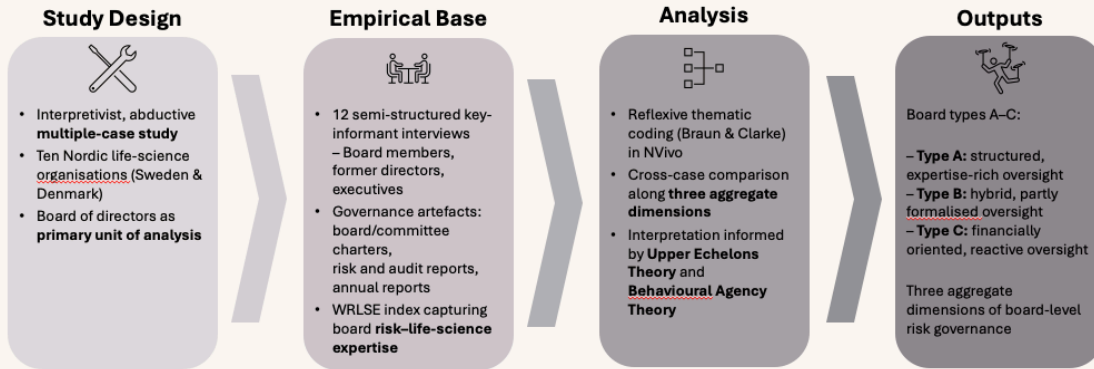
- Board characteristics are linked to risk-taking, performance and oversight structures — **but not to the underlying practices**
- The *process* of board-level risk governance remains a **black box** in empirical research
- In life-science organisations, risk is shaped by **high regulation, long R&D cycles and dual accountability**, yet board-level processes remain understudied
- Limited qualitative evidence shows **how uncertainty is surfaced, framed and escalated** at the board–management interface



How do board-level approaches to risk shape organisational operations in Nordic life-science organisations?

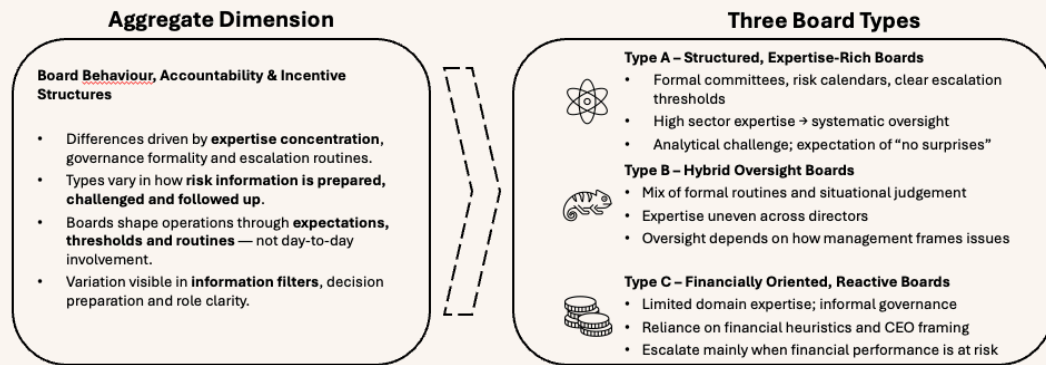
A qualitative multiple-case study of Nordic life-science boards examines how they govern risk in practice

The study adopts an interpretivist, abductive design across ten Swedish and Danish life-science organisations, using interviews, governance artefacts and a board expertise index to open the black box of board-level risk oversight



Board types structure and conduct risk work in systematically different ways

Empirical cases show three board types whose expertise mix, governance formality and escalation routines create distinct patterns in how risk information is prepared, challenged and followed up



Boards reduce blind spots when they deliberately design their attention architecture

Structures and routines that determine which risks reach the board, how they are framed and when escalation is expected shape the effectiveness of risk oversight

Boards influence risk not mainly through individual decisions, but through what they require to be brought forward, how it must be framed and when escalation is expected.

Practice levers




-  **Formalise risk channels**
Clear committee mandates, risk calendars and standard risk-report templates.
-  **Define escalation thresholds**
Agreed triggers for board involvement in regulatory, M&A and cultural risks.
-  **Standardise "board-ready" material**
Require integrated regulatory, financial and people lenses in all risk papers.
-  **Use structured pre-boards**
Dedicated sessions to test downside cases, options and assumptions before meetings.
-  **Clarify accountability for follow-up**
Explicit owners, timelines and feedback loops for risk-related actions

Tight attention architecture reduces blind spots and makes risk oversight more predictable for the organisation

Findings

Board types frame key risks and performance through different lenses

Board types differ in how they understand regulatory, transactional and cultural risks and in what they count as "good performance"

	 Type A	 Type B	 Type C
Regulatory risk	Built-in constraints	Issues-by-issue	Financial-impact lens
M&A risk	Structured challenge	Mixed scrutiny	Price & uplift focus
Cultural risk	Safety & Escalation lens	Recognised but diffuse	Seen when it hurts

Across all cases, the critical difference is not which risks boards face, but how they interpret them.

- Type A boards apply consistent, multi-domain risk lenses.
- Type B boards vary their framing with context.
- Type C boards reduce risk primarily to financial impact.

These framings shape where attention, challenge and follow-up occur.

Boards strengthen risk translation and learning loops to improve oversight quality

Differences in risk oversight outcomes stem less from which risks boards face and more from how they interpret them; strengthening translation mechanisms reduces variability in challenge, escalation and follow-up



Framing

Integrated regulatory, financial and cultural lenses in decisions



Expertise

Greater domain depth reduces framing bias and CEO dependence



Learning

Structured post-deal and post-incident review routines

Consistent risk translation builds a more predictable oversight culture and reduces dependence on individual judgement

Thank You.

Questions reach out to:
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