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INDEPENDENT DIRECTORS AND MANAGERIAL DISCRETION: A DOCUMENTARY SYNTHESIS OF LEGITIMACY, CONTROL, AND DEPENDENCE IN CORPORATE GOVERNANCE

ADMINISTRATEURS INDÉPENDANTS ET DISCRÉTION MANAGÉRIALE : UNE SYNTHÈSE DOCUMENTAIRE DE LA LÉGITIMITÉ, DU CÔNTROLE ET DE LA DÉPENDANCE EN GOUVERNANCE D'ENTREPRISE

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Abstract:
This article interrogates the legitimacy of independent directors by examining the relational dynamics that structure their interaction with executives, beyond the statutory criteria established by governance codes. It takes the form of a narrative integrative review of foundational governance theories, regulatory instruments, and empirical literature published between 1932 and 2026, and it draws on institutional theory to distinguish symbolic from substantive independence. The synthesis traces the evolution of representations of managerial behavior, from the passive agent of early agency theory to the entrenched executive holding critical strategic resources. The reviewed literature suggests that the relationship between directors and managers remains shaped by power imbalances, information asymmetries, and persistent tensions between control and collaboration that formal compliance criteria do not capture.
On this basis, the article proposes to reconsider the independent director not as a static status conferred once and for all by compliance with negative criteria, but as a dynamic position whose legitimacy is continually constructed, and potentially eroded, within the very relationships it is designed to oversee.

Keywords: independent directors; managerial discretion; corporate governance legitimacy; board of directors; documentary analysis.

Résumé:
Cet article interroge la légitimité des administrateurs indépendants à partir des dynamiques relationnelles qui structurent leurs interactions avec les dirigeants, au-delà des critères statutaires fixés par les différents codes de gouvernance. Il prend la forme d'une revue de littérature narrative et intégrative portant sur les théories fondatrices de la gouvernance, les textes réglementaires et la littérature empirique publiés entre 1932 et 2026, et mobilise la théorie institutionnelle pour distinguer l'indépendance symbolique de l'indépendance substantielle. La synthèse retrace l'évolution des représentations du comportement managérial, de l'agent passif de la théorie de l'agence originelle au dirigeant enraciné qui détient des ressources stratégiques critiques. La littérature examinée suggère que la relation entre administrateurs et dirigeants demeure marquée par des déséquilibres de pouvoir, des asymétries d'information et des tensions persistantes entre contrôle et collaboration que les critères formels de conformité ne saisissent pas.
Sur cette base, l'article propose de ne plus considérer l'administrateur indépendant comme un statut statique conféré une fois pour toutes par le respect de critères négatifs, mais comme une position dynamique dont la légitimité se construit en continu, et peut s'éroder, au sein même des relations qu'elle est chargée de surveiller.

Mots-clés : administrateurs indépendants, discrétion managériale, légitimité en gouvernance, conseil d'administration, analyse documentaire

Introduction

The board of directors occupies a central position in corporate governance, combining an incentive function and a control function over executives with an orientation function for the firm's strategic decisions (Jensen & Meckling, 1976; Fama & Jensen, 1983). Among the mechanisms held to strengthen the board's effectiveness, the presence of independent directors (members with no financial, capital, or personal ties to the executive team) has occupied a growing place in governance codes since the concept first emerged in the United States in the 1940s. Nevertheless, this diffusion has not been a neutral or purely technical process. A recent configurational analysis of banks across OECD countries shows that firms' conformity to the global board-independence norm is shaped by domestic power struggles among shareholders, blockholders, and labor, resulting in systematic patterns of both over- and under-conformity rather than uniform adoption (Witt et al., 2022). Independent directors have thus become a widely accepted governance institution whose local implementation remains shaped by political and institutional

contexts. This suggests that formal compliance with independence requirements may diverge from its practical exercise.

The logic behind this distinction is relatively simple. An inside director, close to the executive team, is presumed to lack the distance required to challenge managerial decisions. By contrast, an independent director is expected to bring an external, objective judgment (Vanappelghem & Nguyen, 2021). This expectation has received substantial empirical support across a broad body of research. In a recent cross-national meta-analysis covering 135 studies and more than 80,000 firms, Neville et al. (2019) find that board independence is, on average, associated with lower levels of corporate misconduct. The association is particularly strong when independence characterizes the audit committee, although this protective effect weakens considerably in institutional environments where corruption is normalized.

In practice, however, this assumption does not always hold. Several well-documented governance failures illustrate the problem. The Vivendi Universal affair, for instance, revealed that several French independent directors shared the same elite academic pedigree as the company's chief executive (Vanappelghem & Nguyen, 2021). In another case, James R. Craigie, a director of Church & Dwight, was charged by the U.S. Securities and Exchange Commission for concealing a close personal friendship with a senior executive while standing as an independent director (Securities and Exchange Commission, 2024). The episode showed that an undisclosed personal relationship can compromise a director's independence despite apparent compliance with formal listing criteria. These episodes, as many others, suggest that legal independence and effective independence are not the same thing.

The problem this article addresses is therefore not simply whether independent directors meet the formal requirements set by governance codes. These codes generally define independence through negative and verifiable criteria (e.g., absence of remuneration ties, ownership, or family ties with the company or its executives). While such criteria help identify clear conflicts of interest, they say much less about the informal relationships and power dynamics that may shape board behavior. Executives may still retain considerable managerial discretion and use it to influence, neutralize, or bypass directors who are formally responsible for monitoring them (Cuñat et al., 2025).

This raises a broader question about the meaning of independence in practice, and about the legitimacy that independent directors derive from it. The article brings together theoretical, regulatory, and empirical contributions on corporate governance to examine the tension between formal and practical independence. It considers what these different strands of literature reveal about the limits of formal independence and, more importantly, what they imply for understanding and assessing the legitimacy of independent directors.

The remainder of the article is organized as follows. Section 1 (Literature review) defines legitimacy and the distinction between symbolic and substantive independence, then reviews the theoretical foundations of director independence, drawing on agency, entrenchment, resource dependence, stewardship, and cognitive perspectives, as well as the regulatory developments that have institutionalized the concept. Section 2 (Research design) reformulates the research question, sets out three thematic axes, and describes the scope and documentary methodology used to examine them. Section 3 (Findings) presents the results of the analysis for each of the three thematic axes in turn, and then for the Moroccan configuration. Section 4 (Discussion) considers their theoretical and practical implications for governance codes. Finally, Section 5 (Conclusion) brings the main argument together, discusses the study's limitations, and outlines directions for future research.

1. Literature review

1.1. Legitimacy, decoupling, and the symbolic-substantive distinction

Understanding the legitimacy of independent directors first requires clarifying what legitimacy means in theoretical terms. Drawing on Suchman (1995), legitimacy is understood as a generalized perception that an entity's actions are desirable, proper, or appropriate within a socially constructed system of norms, values, beliefs, and definitions. Suchman distinguishes between pragmatic, moral, and cognitive legitimacy, and he further identifies, within moral legitimacy, the procedural, structural, consequential, and personal bases on which audiences evaluate an organization.

Applied to independent directors, this typology helps distinguish between two sources of legitimacy that governance codes tend to conflate. The first, which can be termed formal legitimacy, is conferred by conformity to codified criteria. It corresponds mainly to what Suchman describes as structural and procedural legitimacy, since the board includes members who satisfy the definition, and the appointment process follows the prescribed rules. The second, termed practical legitimacy in this article, depends on whether the

audiences who rely on board oversight (e.g., shareholders, regulators, markets) can credibly believe that directors exercise judgment independently of management. It therefore engages the pragmatic and consequential evaluations in Suchman's typology rather than the mere presence of a compliant structure.

The gap between the two is the object of the literature on decoupling. Meyer and Rowan (1977) argued that organizations adopt structures valued by their institutional environment while keeping them loosely connected to day-to-day activities, thereby preserving legitimacy without the cost of full implementation. In the corporate governance context, Westphal and Zajac (1998) documented the symbolic adoption of governance reforms, announced but only weakly implemented, in a setting where adoption itself drew favorable reactions from shareholders. These contributions ground the distinction used throughout this article. Independence is symbolic when the formal structure exists and secures legitimacy but does not constrain managerial behavior, and it is substantive when directors have the information, the authority, and the position to challenge management in practice. The two are treated as the poles of a continuum rather than as discrete categories, and managerial discretion is examined as one of the conditions that may locate a board along it.

1.2. Theoretical support for director independence

Agency theory provides the classical justification for director independence. Building on Berle and Means's (1932) account of the separation between ownership and control, Jensen and Meckling (1976) and Fama and Jensen (1983) portray executives as self-interested agents whose interests must be aligned with those of shareholders through monitoring mechanisms, of which the board is the foremost. Independent directors are, in this framework, the operational arm of shareholder control (Alexandre & Paquerot, 2000).

Entrenchment theory (Shleifer & Vishny, 1989) complicates this picture by showing that executives are not simply subject to board control but active agents who use information asymmetry, tenure, and structural power to make their replacement costly and to weaken the effective independence of their monitors (Pigé, 1998; Pichard-Stamford, 2000). Charreaux (2015) points out that the early governance literature was largely silent on this managerial agency. It often treated executives as if they submitted to whatever mechanisms shareholders imposed, an assumption that Charreaux (2015) considers untenable once one accounts for contractual incompleteness and the executive's capacity for strategic action.

Resource dependence theory introduces another consideration that is less prominent in both agency and entrenchment accounts. Boards fulfill not only a monitoring function but also a resource-provision function, granting the firm access to expertise, legitimacy, and external networks (Hillman & Dalziel, 2003). This perspective matters for the present analysis because relationships that appear problematic from an agency perspective, such as shared educational backgrounds, overlapping directorships, and long-standing relationships with executives, are potential channels of valuable social and human capital rather than pure evidence of capture. They cannot, therefore, be treated automatically as evidence of capture. The same relational ties that resource dependence theory perceives as an organizational asset are, from an agency and entrenchment perspective, the very mechanisms through which managerial discretion weakens board oversight. How these two interpretations can be reconciled is central to the argument developed in this article.

Stewardship theory pushes the argument further by assigning a positive role to managerial discretion. Davis et al. (1997) view executives as committed stewards whose latitude can support, rather than undermine, effective decision-making. Cognitive approaches to governance reach a related conclusion from a different starting point. Discretion may allow executives to invest in firm-specific human capital and develop tacit knowledge that boards, including independent directors, ultimately need to access (Zona & Zattoni, 2007; Wirtz, 2011; Charreaux, 2015).

A recent causal analysis by Bowen and Taillard (2025), exploiting regulatory compliance to the 2002 U.S. board independence mandate, provides a useful explanation for these divergent findings. The mandate allowed certain companies to comply by reclassifying long-serving directors as independent, while others had to replace them outright. The study reveals that firms that replaced directors performed worse afterward, driven by the loss of firm-specific operational knowledge. The result suggests that a legally imposed increase in independence does not necessarily produce a comparable increase in economically meaningful independence.

1.3. Regulatory, normative, and legal construction of independence

From a regulatory perspective, the concept of the independent director has developed along a different, but related, path. Its origins can be traced back to the 1940s recommendations of the U.S. Securities and Exchange Commission, continuing through the Cadbury Report (1992) in the United Kingdom, the Viénot Reports (1995,1999) and

the Bouton Report (2002) in France, and eventually the Sarbanes-Oxley Act of 2002, enacted in the wake of the Enron and WorldCom scandals. Morocco followed a slower path, beginning with the 2008 Code of Good Governance Practices, which first referred to the notion without actually defining it. This was followed by the 2014 Banking Law No. 103-12, which made independent directors mandatory for credit institutions. That gap was filled only in 2016, when Bank Al-Maghrib's Directive No. 5/W/2016 introduced a negative, cumulative definition of independence, an approach later extended to listed companies through the 2015 and 2019 amendments of Law No. 17-95 by Law No. 78-12 (2015) and Law No. 20-19 (2019).

What this regulatory trajectory has in common across jurisdictions is that it defines independence exclusively through the absence of formal contracts, financial dependence, and family ties, leaving the informal architecture of proximity (shared educational networks, cross-directorships, executive involvement in director appointments) entirely unaddressed (Vanappelghem et al., 2017).

Legal scholarship has recently reached the same conclusion from a doctrinal angle. Hill and Nili (2024), reviewing decades of U.S. case law and rulemaking, argue that the mere absence of ties has never been an adequate proxy for the purpose of independence. What matters ultimately is whether directors are willing and able to challenge management in good faith. They therefore advocate criteria that give greater weight to demonstrated behavior rather than formal status alone.

Finally, the literature specific to the Middle East and North Africa (MENA) region, directly relevant to the present study, has grown substantially in recent years. Farah et al. (2021), in a systematic review of this body of research, identify family and state ownership as dominant ownership structures across MENA jurisdictions. They also highlight the role of religious and cultural norms in shaping how governance mechanisms, including board independence, are understood and enforced locally. In firms with concentrated ownership, the appointment of independent directors may depend more directly on controlling shareholders than on a dispersed shareholder base. This ownership structure may, therefore, introduce additional forms of dependence that complement the executive-centered relationships examined in Sections 3.3 and 3.4.

2. Research design

2.1 Research question and thematic axes

The guiding question of this study is the following: How does managerial discretion shape, beyond the formal legal criteria of independence, the conditions under which independent directors construct and exercise their practical legitimacy within the board?

To address this question, the analysis brings together three thematic axes distilled from the literature. The first concerns the normative and theoretical foundations of the legitimacy of independent directors. The second examines how managerial behavior is understood across different governance theories, ranging from passive or discretionary behavior to more opportunistic or value-creating forms. The third focuses on the relationship between directors and executives, with particular attention to its different forms, including control, collaboration, domination, and dependence.

2.2 Scope of the research

This synthesis is thematically confined to the literature on board independence, managerial discretion and entrenchment, and director-executive relations in listed and regulated companies. Family-firm governance is not considered as a distinct field, nor are non-profit and public-sector boards. Temporally, the corpus spans foundational contributions from Berle and Means (1932) to empirical and regulatory publications available through 2026. This time span makes it possible to capture both the historical development of the concept and the most recent empirical evidence available. Geographically, the corpus is dominated by American, British, and French sources, complemented by the Moroccan regulatory corpus and by a growing body of recent empirical studies (Bousetta, 2021; Ibrahimi et al., 2025; Chemmaa et al., 2026).

2.3 Documentary corpus, selection procedure, and analytical framework

This article is designed as a narrative integrative review. It does not rely on statistical or experimental methods, and it does not claim the exhaustiveness or the replicability of a systematic review. It draws on a qualitative documentary analysis of three main types of sources. The first comprises foundational and more recent theoretical works in corporate governance. The second covers the regulatory and normative texts that institutionalized director independence, from the United States to Morocco. The third consists of peer-reviewed empirical studies on the relationship between board independence, managerial behavior, and firm performance, complemented by well-documented cases of governance failure used as illustrative cases.

Source selection was purposive and iterative. Documents were identified through searches in electronic databases like Google Scholar, Scopus and Cairn, using combinations of keywords related to director independence, managerial discretion, entrenchment, and director-executive relations (‘Board of directors’ ; ‘Independent director’ ; ‘Outsiders’ ; ‘Board independence’ ; ‘Managerial discretion’ ; ‘Managerial entrenchment’ ; ‘CEO power’), and were supplemented by backward and forward citation tracking from the foundational works and from recent reviews and meta-analyses. Three cumulative criteria then governed retention. The first was thematic relevance, meaning that a source had to address director independence, managerial discretion, or the director-executive relationship directly. The second concerned the nature of the source, so that only peer-reviewed academic works, official regulatory and normative texts, and well-documented governance cases were retained. The third was temporal since a source had to fall within the 1932-2026 timeframe.

Table 1 presents the retained corpus, which comprises 55 documents. The number of documents screened before retention is not otherwise reported, because the search was iterative rather than protocol-driven. The findings should accordingly be read as an interpretive synthesis of this corpus, not as an exhaustive mapping of the field.

Table 1. Retained corpus by document type, and dominant geographical area.

Document type	Total	Up to 1999	2000-2014	2015-2026	Dominant geographical area
Theoretical and conceptual works	**14**	7	4	3	United States, France
Literature reviews and meta-analyses	**7**	0	0	7	Cross-national, MENA
Empirical studies	**22**	2	3	17	United States, France, Morocco, cross-national
Regulatory and normative texts	**11**	4	4	3	United Kingdom, France, United States, Morocco
Governance cases	**1**	0	0	1	United States
Total	**55**	**13**	**11**	**31**	

Source: Author's compilation from the reference list.

The analytical procedure involved organizing the corpus around the three thematic axes presented above. A comparative reading was then conducted across competing theoretical frameworks, including agency, entrenchment, resource dependence, stewardship, and cognitive theories, and in relation to the regulatory developments and available empirical

evidence. This process was used to identify convergences, nuances, and contradictions across the different positions, and its main output is summarized in Table 2.

3. Findings

Table 2 synthesizes the comparative reading of the theoretical frameworks, set out in Section 1.2, in terms of what each assumes about managerial discretion and what each implies for board independence.

Table 2. Theoretical frameworks, representation of managerial discretion, and implications for board independence.

Framework	Representation of managerial discretion	Implication for board independence	Emphasis on the symbolic-substantive continuum
Agency theory (Jensen & Meckling, 1976 ; Fama & Jensen, 1983)	Latitude of self-interested agent, to be constrained by monitoring	- Independent directors are the operational arm of shareholder control; - Formal status is presumed to secure monitoring.	Anchors independence in formal status, with limited attention to how it is exercised.
Entrenchment theory (Shleifer & Vishny, 1989; Pigé, 1998)	Strategic resource used for self-protection, through information, tenure, and structural power.	Monitors can be neutralized from within while the board remains formally compliant.	Emphasizes drift towards the symbolic pole.
Resource dependence theory (Hillman & Dalziel, 2003)	Ties and proximity as channels of expertise, legitimacy, and external networks.	Proximity is ambiguous, since it may supply resources as well as enable capture.	Intermediate and unstable, depending on how ties are used.
Stewardship and cognitive approaches (Davis et al., 1997; Wirtz, 2011; Charreaux, 2015)	Productive latitude, linked to firm-specific human capital and tacit knowledge.	Directors need access to executive knowledge, so excessive distance risks under-information.	Emphasizes the information and collaboration conditions of the substantive pole.

Source: Author's synthesis of the corpus.

3.1 A robust normative legitimacy, silent on informal proximity

The first finding concerns the asymmetry between formal definitions of independence and the relational conditions under which it is exercised. Regulatory definitions generally focus on formal and observable relationships, whereas the relational and informal dimensions of board dynamics, including access to information, interpersonal relationships, and the balance of power within the board, remain largely outside them. The empirical record is consistent with this reading, as evidence on the performance effects of board independence remains inconclusive. This does not necessarily reflect a lack of evidence. It may instead indicate that formal independence captures only part of

what makes a director independent in practice. A recent meta-analysis by Solarino and Boyd (2023), based on 86 studies across 40 countries, supports this interpretation by showing that country-level informal institutions moderate the relationship between board independence and firm performance more strongly than formal institutions. At the firm level, Marra (2021) reaches a convergent conclusion, showing that once factors such as director workload, accounting expertise, and minority shareholder appointment are taken into account, formal independence alone is no longer statistically significant in explaining earnings management. This finding is consistent with the distinction this article draws between formal and practical independence.

3.2 An ambivalent theorization of managerial discretion

As Table 2 shows, the corpus offers no single account of managerial discretion. Entrenchment theory views it as a resource for opportunistic self-protection (Shleifer & Vishny, 1989; Pigé, 1998), whereas stewardship and cognitive approaches reach a different interpretation viewing the same discretionary latitude as potentially beneficial to the firm (Davis et al., 1997; Wirtz, 2011; Helfat & Martin, 2015).

This ambivalence has direct practical implications for independent directors. Executive discretion cannot be taken as evidence of opportunistic behavior. Directors need to assess how and why such discretion is exercised, which in turn requires access to relevant information, whose availability is examined in the next axis. The ambiguity is also reflected in recent large-scale literature reviews. Based on 580 articles, Ozgen et al. (2025) find that research on executive power remains fragmented, particularly in how the concept is defined and measured. Similarly, Brahma and Economou (2024), in a review of four decades of empirical research, report mixed findings across the outcomes examined.

Empirically, however, the distinction between ordinary and excessive discretion appears to matter. Antounian et al. (2021) show that once managerial entrenchment exceeds the industry norm, executive turnover becomes less sensitive to firm performance and firm value declines, while executive compensation increases. Their findings suggest that the concern lies less in managerial discretion itself than in its excessive form. From this perspective, the opportunistic potential of discretion becomes more apparent when managerial latitude goes beyond what can reasonably be regarded as a normal level.

3.3 Structural tensions of control, collaboration, and dependence

The director-executive relationship, as documented across the corpus, is shaped by two intertwined tensions. The first opposes the monitoring logic inherited from agency perspectives to the coordination and collaboration that independent directors need to access relevant information (Zona & Zattoni, 2007; Chatelin-Ertur & Nicolas, 2011). Directors who maintain excessive distance face the risk of remaining under-informed, whereas those who engage too closely risk cognitive capture. The second and more structural tension involves dynamics of domination and dependence, in which executive tenure, capital ownership, and the combination of executive and board-chair roles strengthen executive influence over director appointment and reappointment (Alexandre & Paquerot, 2000; Levit & Malenko, 2016). Furthermore, shared educational and professional networks between directors and executives, along with interlocking directorships, can weaken the disciplinary oversight that independence is meant to secure (Pichard-Stamford, 2000; Vanappelghem et al., 2017; Vanappelghem & Nguyen, 2021).

Recent large-sample evidence provides support for these mechanisms. Directors connected exclusively to the executive, as opposed to those without personal connections to either the executive or other board members, are associated with higher executive compensation, lower likelihood of executive dismissal, and weaker firm performance. By contrast, directors without such connections are associated with stronger monitoring (Li et al., 2022).

Moreover, social ties between the executive and board members have also been shown to increase firm risk-taking, providing career protection for the executive rather than effective monitoring (Fan et al., 2021). However, ties between outside directors and non-CEO executives can produce the opposite effect, improving internal governance by giving directors access to an independent information channel that bypasses top management (Hoitash & Mkrtchyan, 2022). Even physical proximity can matter. Independent directors who are located farther from corporate headquarters attend fewer board meetings, register fewer dissenting votes, and are associated with lower subsequent firm performance (Quan & Zhang, 2021). This pattern suggests that information-acquisition costs, rather than incentive structure alone, may limit the practical exercise of independence.

3.4. Ownership concentration and the Moroccan configuration

The three axes take a specific form where ownership is concentrated. Farah et al. (2021) identify family and state ownership as the dominant structures across MENA jurisdictions. In such settings, the controlling shareholder is likely to nominate independent directors, while executives may themselves be appointed by or closely linked to that shareholder. Two implications follow for the relations of domination and dependence discussed above. First, a director's dependence may extend to the controlling shareholder, rather than or in addition to the executive. Second, managerial discretion itself acquires a different meaning, since an executive backed by the controlling shareholder may be less constrained by the principal's disciplinary authority. The boundary between the agent being monitored and the principal who nominates the monitor may therefore become blurred. Independence criteria centered on financial, capital, and family ties with the company and its executives capture the first of these only to the extent that they also cover ties with controlling shareholders, a point the corpus does not resolve.

The Moroccan empirical studies in the corpus provide findings that are relevant to the mechanisms discussed in this article. However, their implications for director independence and managerial discretion remain indirect. Bousetta (2021) uses managerial ownership, CEO duality, and CEO age and tenure as proxies for managerial entrenchment. CEO shareholdings are associated with higher performance, in line with an alignment reading, while CEO duality is negatively associated with return on assets, which is consistent with the concentration of power discussed in Section 3.3. Longer tenure is associated with higher performance, a result interpreted in line with stewardship theory, whereas age shows only weak evidence of an effect. These results offer indirect evidence on the conditions that enable discretion, and they point in different directions depending on the proxy, which echoes the ambivalence discussed in Section 3.2. Ibrahimi et al. (2025) report that, for firms listed on the Casablanca Stock Exchange since the 2008 Code, audit committee independence and multiple directorships are negatively associated with earnings management. The second result is particularly noteworthy, since multiple directorships, a form of network connection that the entrenchment literature treats as a potential channel of proximity, are associated with less earnings management, which is closer to the resource-provision reading (Hillman & Dalziel, 2003) than to the capture reading. Chemmaa et al. (2026), in turn, show that ownership structure shapes earnings management in Moroccan listed firms, which is consistent with the view that who controls the firm matters for how formal governance mechanisms operate.

These studies examine outcomes such as earnings management and firm performance, but they do not directly assess the legitimacy of independent directors or the exercise of managerial discretion through information control or influence over board appointments. Their findings are therefore relevant to the mechanisms discussed in this article, but do not establish whether or how these mechanisms operate in practice.

4. Discussion

4.1 Theoretical implications: from formal to symbolic and substantive independence.

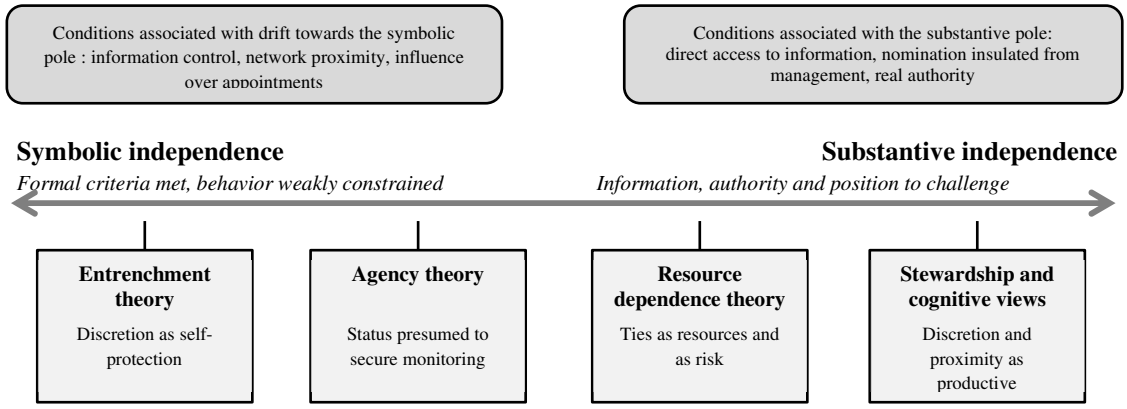
Taken together, the three findings suggest that managerial discretion may affect the legitimacy of independent directors less through direct confrontation than through the relational infrastructure surrounding the board. Information access (Hoitash & Mkrtchyan, 2022; Quan & Zhang, 2021), network proximity (Li et al., 2022; Fan et al., 2021), and influence over director appointments (Levit & Malenko, 2016) can all shape the extent to which directors are able to exercise their role independently. This points to a different way of understanding legitimacy, not as fixed legal status but as a relational process continuously negotiated in the course of board interactions (Ahrens & Chapman, 2006; Boivie et al., 2016). This conclusion converges with, but is not reducible to, either the agency or stewardship perspective taken in isolation.

The distinction between symbolic and substantive independence, introduced in Section 1.1, gives this processual reading a more precise form. Recent work on governance in weak institutional environments applies it empirically. Angsoyiri et al. (2026), studying a sample of Ghanaian listed firms, find that board and audit committee independence are negatively associated with audit quality and firm value. They interpret this result as reflecting the symbolic nature of independence in this context, where directors may lack the expertise, authority, and enforcement capacity needed to make formal independence effective in practice.

The present synthesis suggests that managerial discretion may be one of the conditions through which a board moves from substantive to symbolic independence. Such discretion does not need to breach formal independence requirements to weaken their practical effect, since information control, network proximity, and influence over appointments may gradually neutralize a formally compliant board from within. This perspective also clarifies the theoretical contribution of the article. Rather than opposing

agency theory, stewardship theory, and resource dependence theory, the analysis suggests that these frameworks emphasize different conditions along a continuum between symbolic and substantive independence (Figure 1 and Table 2), and that managerial discretion may help explain where a given board lies along this continuum.

Figure 1. The continuum between symbolic and substantive independence.



Source: Author's interpretive synthesis.

4.2 Implications for governance practice

For governance codes, including those applied in Morocco, the findings suggest that financial and capital independence criteria are not sufficient and cannot capture all the conditions that may affect director independence. Other factors deserve attention, such as educational and professional networks, cross-directorships, long executive tenure, and whether independent directors have direct access to strategic information. Recent evidence also points to a possible institutional response. Dah (2025) finds that regular board renewal can reduce executive entrenchment and excess compensation, while weakening the negative relationship between managerial entrenchment and firm performance. This suggests that term limits or staggered renewal requirements for independent directors could help counter some of the domination mechanisms.

A second set of recommendations follows from comparative evidence in another emerging-market context where ownership is similarly concentrated. Examining why the mandatory quotas for independent directors introduced in India have not reliably translated into effective oversight, Arora (2024) attributes the gap to three specific weaknesses in the appointment and monitoring process. First, independent directors may still be selected in practice by the promoters and executives they are meant to oversee. Second, premature resignations of independent directors are often not disclosed in a way

that allows the market to interpret them as an oversight signal. Finally, independent directors have relatively limited formal power compared with the reputational and legal risk they assume.

Each of these three weaknesses maps directly onto a domination mechanism identified in Section 3.3, namely control over appointments, information asymmetry, and structural power imbalances. Moroccan and broader MENA governance codes could therefore draw on this comparative experience by adapting similar structural safeguards to local institutional contexts. This would involve transferring part of the nomination process for independent directors to a body structurally insulated from executive influence, requiring disclosure of the reasons behind early director resignations, and strengthening independent directors' access to external advice and information channels that do not pass through the executive team.

Conclusion

The legitimacy of independent directors extends beyond compliance with statutory criteria. The reviewed literature suggests that managerial discretion, understood as the actual latitude executives retain beyond formal disciplinary constraints, is associated with how independence operates in practice. Through information control, network proximity, and influence over board composition, management may shape governance in ways that formal compliance codes largely fail to capture. Within the institutional perspective developed above, this discretionary power appears as a plausible mechanism through which a board can move along the continuum from symbolic to substantive independence, even while the organization maintains complete legal compliance on paper.

For regulators and standard-setters in Morocco and the wider MENA region, where concentrated family and state ownership can amplify these relational dynamics, future governance reforms could move beyond negative independence criteria. Effective frameworks would instead need to incorporate positive and verifiable indicators of directors' actual access to information and substantive autonomy throughout the appointment process.

Limitations and future research

The analysis carries three notable limitations. First, as a documentary synthesis, it cannot measure the magnitude of the phenomena it describes or test their statistical robustness.

Addressing this gap requires complementary quantitative research, for instance by relating indicators of managerial discretion (e.g., executive tenure, ownership, duality) to observable proxies of directors' effective independence, such as turnover and dissent rates, across Moroccan listed companies. Second, because the existing literature heavily reflects Anglo-American contexts, applying these conclusions directly to Moroccan or, more broadly, MENA institutional settings should be done with caution, although the Moroccan evidence discussed in Section 3.4 is beginning to bridge this gap. Third, the corpus was assembled through a purposive and iterative selection rather than a systematic search protocol, so that the synthesis may not cover all relevant sources and cannot be replicated exactly.

The Moroccan studies reviewed in Section 3.4 provide relevant evidence on earnings management, board-related governance mechanisms, and ownership structure. However, they do not directly establish whether managerial discretion shapes the practical legitimacy of independent directors through information control, network proximity, or influence over board appointments. Testing these relationships in Moroccan companies, therefore, remains an important direction for future research.

These limitations point to three concrete avenues for extending this synthesis through direct empirical testing. The first would replicate, in Morocco, the research design developed by Bowen and Taillard (2025) for the United States. The 2019 amendment of Law 17-95, which extended independence requirements to listed companies, created a comparable distinction between firms that could achieve compliance merely by renewing the mandates of incumbent independent directors and firms that had to appoint genuinely new ones. This contrast offers an opportunity to isolate the effects of formal legal compliance from those of substantive board restructuring. The second would extend the regional systematic review by Farah et al. (2021) through a dedicated meta-analysis of the growing Moroccan and MENA governance literature. Applying the institutional-moderator framework of Solarino and Boyd (2023) would help determine whether the informal moderators that explain the ambiguity of the independence-performance relationship elsewhere in the world also operate in family- and state-dominated MENA ownership structures. The third direction would combine the documentary and quantitative approaches through a mixed-methods design, pairing director interviews or board-minute analysis with panel regressions. Such a strategy would allow researchers to

observe directly the specific information-control and network-proximity mechanisms that secondary literature has so far only allowed us to infer.

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