1.3 Members of a board of directors a- Inside directors (management directors) are typically officers or executives employed by the corporation.Interlocking directorates CEOs often nominate chief executives (as well as board members) from other firms to membership on their own boards in order to create an interlocking directorate.In contrast, those who prefer inside over outside directors contend that outside directors are less effective than are insiders because the outsiders are less likely to have the necessary interest, availability, or competency.Although there is yet no clear evidence indicating that a high proportion of outsiders on a board results in improved financial performance, as measured by return on equity.People who favor a high proportion of outsiders state that outside directors are less biased and more likely to evaluate management's performance objectively than are inside directors.For example, there can be: a- Affiliated directors who, though not really employed by the corporation, handle the legal or insurance work for the company or are important suppliers (thus dependent on the current management for a key part of their business).b- Retired executive directors who used to work for the company, such as the past CEO (who is partly responsible for much of the corporation's current strategy and who probably prepared the current CEO as his or her replacement).c- Family directors who are descendants of the founder and own significant blocks of stock (with personal agendas based on a family relationship with the current CEO).Those who question the value of having more outside board members point out that the term outsider is too simplistic because some outsiders are not truly objective and should be considered more as insiders than as outsiders.?