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The inner workings of the board: Evidence from emerging markets[☆]

Ralph De Haas[a,*], Daniel Ferreira[b], Tom Kirchmaier[c]

[a] *EBRD, CEPR, Tilburg University, United Kingdom*
[b] *London School of Economics, CEPR, ECGI, United Kingdom*
[c] *Copenhagen Business School, London School of Economics, Denmark*

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ABSTRACT

We survey non-executive directors in emerging markets to obtain detailed information about the inner workings of corporate boards across a variety of institutional settings. We document substantial variation in the structure and conduct of boards as well as in directors' perceptions of the local legal environment. Our analysis indicates that directors who feel adequately empowered by local legislation are less likely to vote against board proposals. They also form boards that play a stronger role in the company's strategic decision-making. The evidence suggests that a supportive legal environment allows directors to focus more on their advisory role rather than on their monitoring role.

1. Introduction

The board of directors forms an integral part of a firm's governance mechanisms. Board members are appointed by shareholders to promote their interests and to supervise and advise the chief executive and other executives. How boards perform this dual role of supervisor and adviser of corporate management is typically difficult to observe from outside the company, and board conduct therefore remains an underexplored topic in the literature. This holds even more so for boards in developing countries and emerging markets, where transparency and reporting requirements tend to be less advanced.

To gain a better understanding of the inner workings of the board, this paper exploits data collected through an online survey to which 130 current and past board directors responded. These non-executive directors were on the boards of companies across 27 emerging markets, ranging from Poland in eastern Europe to Mongolia in Asia. We use these board nominees as entry points to access detailed information about the behaviour and conduct of their boards. The survey elicits information on the board's priorities, the relationships between boards and management, the legal environment in which board members operate, board procedures and the role of independent (non-executive) directors.

Our sample comes from the set of directors appointed by the European Bank for Reconstruction and Development (EBRD) to board

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* Corresponding author.
E-mail address: dehaasr@ebrd.com (R. De Haas).

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seats in companies in which the EBRD is an investor. In addition to providing firms with debt funding, the EBRD also invests in a broad range of industries. These equity investments are usually held for a period of between four and seven years. During this period, an independent director representing the EBRD typically joins the investee company's Board of Directors. Because all directors in our sample are professional nominees of a single minority investor, we can safely assume that such directors understand the need to look after the interests of non-controlling investors.

Our primary contribution is to describe the inner workings of the board from the perspective of (truly) outside directors. We use the survey as a tool to measure different aspects of board activity and to describe the heterogeneity in board characteristics across regions in our sample. We document substantial variation in the structure and conduct of boards, as well as in directors' perceptions about the local legal environment.

Our data allow us to create measures of advising and monitoring activity inside boards. Board advice is usually understood as active participation in decisions of a strategic nature (see, for example, Adams and Ferreira, 2007). Perhaps surprisingly, we find that the board makes the final decision on strategic issues in more than 50% of cases. This evidence shows that boards are often empowered in their advisory functions. We also measure a director's monitoring intensity by the frequency with which they vote against board proposals. We find that 69% of directors have voted against board proposals at least once during their tenure. We conclude that directors appear to be significantly engaged in both advising and monitoring activities.

We also use our survey to create measures of board quality and meeting quality. Our board quality index is based on five measures of best practices and competence. We find that board quality is highest in Central Asian and eastern European countries, and lowest in Russia. Our measure of meeting quality can be decomposed into meeting intensity (number of meetings, length of meetings and attendance) and information quality. We find that the number of meetings and hours spent in meetings increased between 2007 and 2009, but the quality of information provided to participants deteriorated. This suggests that board activity becomes intensified in periods of crisis, but information quality does not improve.

Lastly, our data allow some interesting comparisons across regions. As the largest country in our sample, Russia stands out with the lowest level of board participation in strategic decisions. In addition, outside directors in Russia vote against board proposals very frequently. The combined evidence suggests that directors representing minority investors face significant challenges in Russia: the board is not sufficiently empowered to engage in strategic decision-making, while controlling parties' interests often conflict with those of non-controlling investors.

This paper provides three main contributions to the board literature. First, we provide new evidence that outside directors are active participants in the decision-making process inside the firm. There is a debate in the theoretical literature on boards about the relative importance of advising and monitoring activities inside the board.[1] But there is scant empirical evidence on this issue. An exception is the paper by Schwartz-Ziv and Weisbach (2013), who analyse minutes of board meetings of 11 Israeli (and partially state-owned) companies. They conclude that boards spend significantly more time on monitoring activities than on advisory activities. And they also find little evidence of directors voting against management. By contrast, we find that the board has the final say on strategic issues in about half of the sample, and that a substantial majority of outside directors vote against firm proposals. In short, we find no evidence of board complacency and director inaction.

Second, we add to the scarce literature on corporate boards in emerging markets. Although corporate boards play an increasingly important role in many emerging markets, we still know very little about how effective they are and to what extent their functioning depends on external factors. Klapper and Love (2004) use data from 14 developing countries to show that firm-level corporate governance matters more in countries with weak legal environments and that firms may partially compensate for ineffective laws by establishing good corporate governance. This insight is confirmed by Dahya et al. (2008) who analyse 799 firms (all with a dominant shareholder) in 22 countries. They find a positive relationship between corporate value and the proportion of independent board directors. Especially in countries with weak legal shareholder protection, dominant shareholders can appoint an independent board to assure minority investors that they will refrain from diverting resources. Ferreira et al. (2010) use a sample of the world's largest banks to document that board independence is mostly driven by country-specific laws and regulations. Likewise, Black and Kim (2012) show how a legal change in Korea led to increased board independence and higher firm valuations while Black and Khanna (2007) show how governance reforms in India, which, among other things, introduced a minimum number of independent directors, had positive effects on firm value. Lastly, based on qualitative research, Wong and Barton (2006) identify a lack of information and deficient legal systems as among the main factors that limit corporate board effectiveness in emerging markets. Our contribution to this literature is, first, to paint a more granular picture of board conduct and, second, to correlate directors' perceptions of their legal environment with key aspects of board conduct. We show that a supportive legal environment allows directors to focus more on their advisory role rather than on their monitoring role.

Third, much of the literature on corporate boards relies on publicly available information such as annual reports. These contributions typically relate observable board structures to outcomes such as CEO turnover and firm performance. For instance, Nguyen and Meisner Nielsen (2010) find that sudden deaths of US directors result in significant stock price declines, especially in the case of independent directors. By contrast, our paper contributes to a nascent finance literature that uses surveys and structured interviews to collect information on inherently opaque topics. Examples include Leblanc and Gillies (2005), who interview directors of North American companies to distinguish between "functional" and "dysfunctional" boards; Campello et al. (2010), who interview CFOs to develop survey-based measures of credit constraints; Graham et al. (2015), who use CEO and CFO interviews to study the delegation of

[1] See, for instance, Hermalin and Weisbach (1998), Song and Thakor (2006), Adams and Ferreira (2007) and Harris and Raviv (2008). For a survey of this literature, see Adams et al. (2010).

financial decisions within firms; and Beck et al. (2018), who conduct interviews with bank CEOs to learn about bank lending techniques. Finally, Adams et al. (2011) present vignettes to Swedish board directors to elicit their predisposition towards shareholders as compared with other stakeholders. Our paper also uses structured interviews with board members and in doing so complements the literature that relies on publicly available data and observable events.

The remainder of this paper is structured as follows. Section 2 describes our director survey and the related sample, after which Section 3 documents the main patterns in our data. Section 4 focuses on the relationship between the legal empowerment of directors and the role of boards in strategic decision-making. Section 5 concludes.

2. The survey and sample

We conducted our surveys through a secure online survey platform. We sent out invitations to participate in the survey on this platform by email in August 2011. After several follow-up emails, the last responses were received in December that year. Each of the board members who were invited to participate had been nominated by the EBRD, an international financial institution that holds equity stakes in private companies across a variety of emerging markets. The aim of the survey was to collect information about how boards in these countries operate in practice and how they may be affected by the legal and institutional environment they operate in.

While EBRD-appointed board directors know the local business environment well, they may not be representative of the average board director in any given country. While this is an important caveat, there are two factors that somewhat mitigate concerns on this account. First, because EBRD directors are centrally appointed based on uniform principles and criteria, they are comparable across countries and sectors. Having access to the same type of directors across a variety of institutional settings has the advantage that director characteristics are less affected by local circumstances and their views are therefore better comparable across contexts. Second, we mainly use the EBRD directors as entry points to learn more about the factual behaviour and operations of boards in emerging markets.

EBRD invests in a wide range of companies and sectors. Investments need to be based on sound banking principles without crowding out purely commercial funding. Investee companies exclude both projects that are expected to be loss making (as this would not be sound banking) and the most transparent blue-chip companies (as these can typically access commercial funding). As a result, the companies in our sample come from a broad ‘middle’ segment of firms. It is nevertheless important to underline that our firm sample is not based on a representative random sampling framework, such as a national business register. The sample is also not stratified by sector and hence does not necessarily reflect the sectoral composition of each country’s economy. Lastly, it is important to underline that EBRD is an international financial institution (IFI) with a mandate that goes beyond profit maximization. More specifically, as a multilateral developmental bank, the EBRD uses investment as a tool to help build market economies. As such, its focus when taking minority or majority stakes in investee firms, and nominating a board director in those firms, will often be slightly broader than that of a typical private investor. In particular, EBRD board directors pay particular attention to best practices in corporate governance and transparency.

Appendix A to this paper contains the full survey instrument. A total of 246 surveys were sent to all current and past EBRD board nominees and 130 responses were returned, giving us a response rate of 53%. These 130 directors held board seats in companies in 27 different countries (Fig. 1). The observations are relatively equally distributed over five geographic regions: Central and eastern Europe and the Baltic states (CEB: 25 companies); south-eastern Europe (SEE: 30 companies); eastern Europe and the Caucasus (EEC: 38 companies), Russia (22 companies), and Central Asia (15 companies).[2] Table 1 provides summary statistics for selected variables and Table A1 in Appendix B provides all variable definitions.

The first panel of Table 1 shows that three out of four board directors in our sample are male and that just over 60% are from western Europe or North America.[3] The rest holds the nationality of the country of incorporation. Over half of the respondents have prior experience as a board member, with the percentage of experienced board members ranging from 60% in eastern Europe and the Caucasus to only 40% in Central Asia. Less than half of all directors have prior experience in the industry where they currently hold a board membership. The percentage of experienced board members ranges from 33% in eastern Europe and the Caucasus to 64% in south-eastern Europe.

The second panel of Table 1 shows that 45% of all sample companies are in the financial sector – mainly banks and insurance companies. This reflects EBRD’s investment policy and its relatively strong focus on financial-intermediation projects. Another 10% of the companies are in the retail, manufacturing, energy and mining sectors. In 70% of the companies there is a two-tier board, in which the executive directors are part of an executive board while all non-executive directors make up a separate supervisory board (in Russia only half of all surveyed companies have a two-tier board). The remaining 30% of companies have a one-tier board composed of both executive and non-executive directors.

[2] Central Europe and the Baltic States (Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic and Slovenia); south-eastern Europe (Albania, Bosnia and Herzegovina, Bulgaria, North Macedonia, Romania and Serbia); eastern Europe and the Caucasus (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine); Russia; and Central Asia (Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan). Of the 130 directors, ten were on the board of a regional company that operated in more than one emerging market and was headquartered in Western Europe. These ten directors are not represented in Fig. 1.

[3] Giannetti et al. (2015) show that when Chinese companies hire directors with foreign experience, this improves firm productivity and valuation.

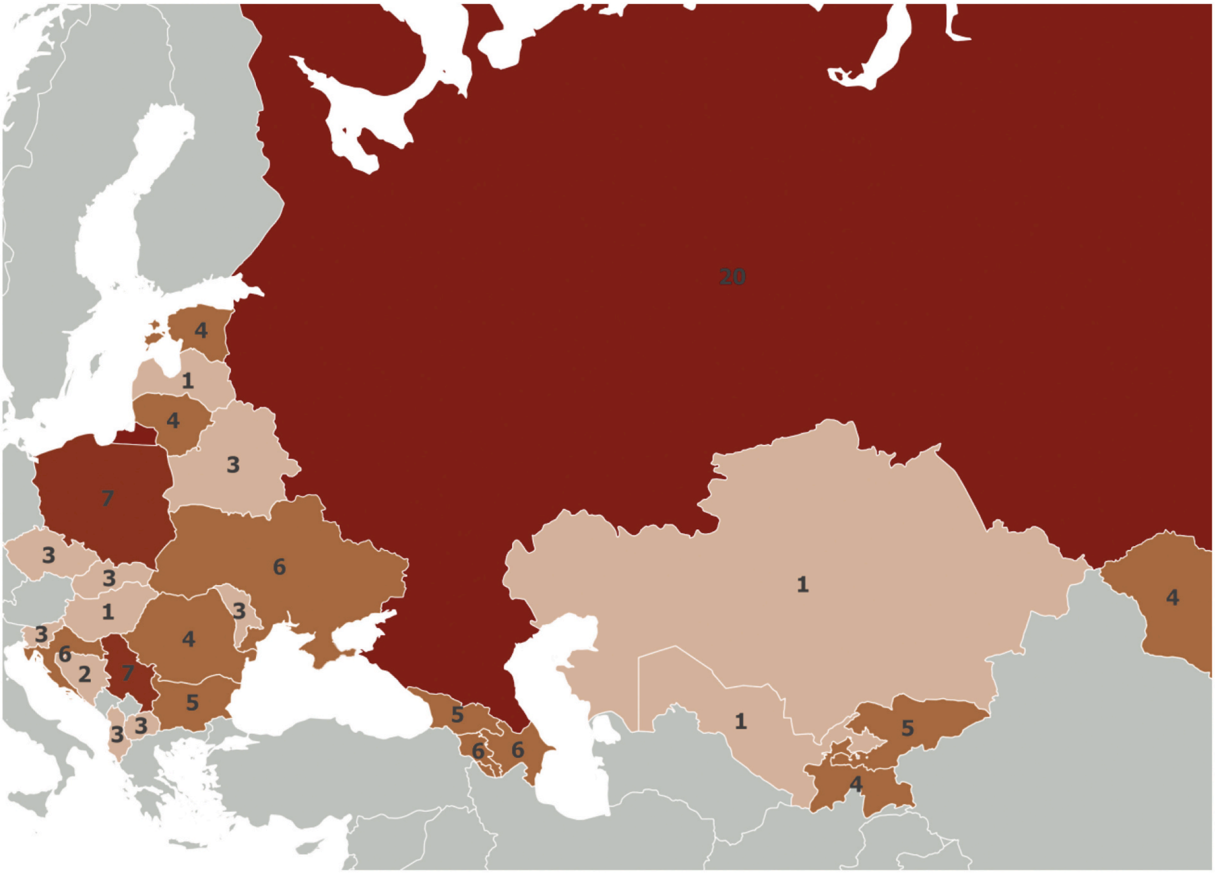

Fig. 1. Geographical distribution of the sample.

The boards in our sample comprise on average almost 6.5 members but variation is large with board size ranging between 2 and 17 members. Average board size is quite similar across the five regions, with Russian boards typically being the largest (7.3 directors on average).[4] On a typical board, only 10% is female and on average two-thirds are non-executive directors (NEDs). NEDs are least common in Russia (54% on average). According to the Institute of International Finance (IIF, 2002) at least one third of the board should be non-executive, a majority of whom should be independent. In our dataset, 11% of all boards do not comply with that minimum requirement.[5]

3. Inside the board: some facts

3.1. Board conduct and quality

How do boards operate in practice? The survey indicates that directors spend an average of 2.7 days a month on their board duties, but there is quite a bit of variation, with some board members spending just one day a month on their duties whereas others spend up to 10 days a month (Table 1).

More than 80% of the board directors think their boards set clear targets, and a similar percentage indicate that, in general, the board follows up on the targets that are set. Of all boards, 29% have a meeting at least once a year for all non-executive directors without the presence of management, and 20% of boards hold independent "strategy away days". These numbers are considerably lower in Russia (19 and 5%, respectively), suggesting a less independent role for boards in this country. Moreover, 35% of the surveyed directors felt that the board did not have a good understanding of the second level of management. This finding holds consistently

[4] The empirical evidence suggests that larger boards are often associated with weaker firm performance (Yermack, 1996; and Eisenberg et al., 1998). For more recent evidence on the causal effect of board size on firm outcomes, see Jenter et al. (2018).

[5] Tougher boards – those with more NEDs and more independent NEDs – are associated with relatively intense monitoring and more performance-induced CEO turnover. However, such high turnover may destroy value if CEOs are fired too often for reasons outside their control (Jenter and Kanaan, 2015).

Table 1
Summary statistics.

	Mean	*Sd*	*Min*	*Max*	*N*
Director characteristics					
Male (dummy)	0.75	0.43	0	1	130
Western (dummy)	0.62	0.49	0	1	130
Board experience (dummy)	0.52	0.50	0	1	130
Industry experience (dummy)	0.45	0.50	0	1	130
Company characteristics					
Finance sector (dummy)	0.45	0.50	0	1	130
Two-tier board (dummy)	0.70	0.46	0	1	130
Board size	6.51	2.94	2	17	85
Female participation	0.10	0.12	0	0.57	83
Minority independent board members (dummy)	0.72	0.45	0	1	120
NED share	0.65	0.29	0	1	84
Board conduct					
Board duties (days per month)	2.67	1.67	1	10	130
Board sets clear targets (dummy)	0.81	0.40	0	1	125
Board follows up on targets (dummy)	0.77	0.42	0	1	124
Meets without management (dummy)	0.29	0.45	0	1	125
Strategy away days (dummy)	0.20	0.40	0	1	126
Knowledge of management (1: very bad; 6: very good)	4.80	0.91	2	6	127
Competence & qualification of board	0.66	0.48	0	1	121
Board quality index	0.53	0.27	0	1	130
Meeting characteristics					
Meeting quality index	0.41	0.10	0	1	102
Meeting intensity index	0.39	0.16	0	1	99
Meeting information index	0.43	0.14	0	1	102
Number of board meetings	5.40	2.99	0	15	89
Duration board meeting	4.69	3.46	0	24	89
Percentage by phone	17.96	28.29	0	100	52
Sufficient information (dummy)	0.66	0.48	0	1	92
Days before board papers received	5.15	3.35	0	15	89
Power distribution within the board					
Chairman sets board agenda (dummy)	0.40	0.49	0	1	126
Final decision with board	0.52	0.50	0	1	128
Votes against (1: never; 4: often)	1.99	0.80	1	4	122
Never votes against	0.31	0.47	0	1	122
Board director views on judicial fairness and empowerment					
Court quality (dummy)	0.50	0.50	0	1	116
Legislation empowers (1: strongly disagree; 6: strongly agree)	4.61	0.82	1	6	127
No role government nominating new directors (dummy)	0.82	0.38	0	1	124

This table presents summary statistics for all variables used in the paper. Appendix Table A1 contains the variable definitions. Source: EBRD Board Director Survey.

across regions.

Taken together, these results suggest that interactions between the board and senior management vary significantly across countries and companies. To analyse this variation in more detail, we create an index of board quality which is based on measures of best practices and competence, by averaging across five (normalised) variables: *Strategy away days*; *Meets without management*; *Board sets clear targets*; *Board follows up on targets*; and *Competence and qualification of board*. The first four are indicator variables, as defined in Table A1, while the fifth is based on the question "*How would you judge the competence and qualification level of the Board as a whole*?". Respondents report that the board was "very qualified" in 67% of the cases, "somewhat qualified" in 27% of the cases, and "unqualified or incompetent" in 6% of the cases. For our index, we construct an indicator variable that equals one if the board is very qualified and zero otherwise.

Table 2 reports the averages of the board quality index across the five regions. We find that board quality is highest in eastern Europe and the Caucasus as well as Central Asia, and lowest in Russia.

3.2. Board meetings

Boards convene around five times a year and the average board meeting lasts five hours. According to IIF (2002), boards of large companies should convene at least once every quarter. While the average company in our sample meets that target, in 2009 about 7% of firms did not meet the target of meeting at least twice a year. Moreover, 18% of the directors on the boards we analyse typically participate in board meetings by telephone.

Directors receive their papers in preparation for the meeting on average five days in advance, although practice varies a lot, with some companies distributing the relevant materials two weeks in advance whereas in other cases materials are only handed out on the day of the board meeting itself. According to IIF (2002), the best practice is to send a notice of the meeting and the agenda at least one month prior to the meeting. About two-thirds of all directors indicate that they think that they receive sufficient information to fulfil

Table 2
Board quality index.

Region	Board quality index		
	(1)	(2)	(3)
	Mean	*Sd*	*Freq.*
Central Asia	0.59	0.31	15
Central Europe and the Baltic states	0.51	0.27	38
Eastern Europe and the Caucasus	0.59	0.23	30
Russia	0.49	0.27	22
South-eastern Europe	0.50	0.30	25
Total	*0.53*	*0.27*	*130*

This table presents summary statistics, by region, for the variable *Board quality index*. This index is an unweighted average of the following five normalised variables: *Strategy away days*; *Meets without management; Board sets clear targets*; *Board follows up on target*; *Competence & qualification of board*. All variables are dummies based on 'yes' or 'no' answers except for *Competence & qualification of board* which is '1' when the board is regarded as (very) qualified and '0' otherwise. Source: EBRD Board Director Survey.

their duties. Worryingly, this means that a third of surveyed directors feel insufficiently informed to be able to properly fulfil their tasks.

We create a summary measure of meeting quality by averaging across five (normalised) variables: *Number of board meetings* (per year); *Duration of board meetings*; percentage of participants by telephone (*Percentage by phone*); *Sufficient information*; and *Days before board papers received*. Table 3 reports the averages of this meeting quality index across the five regions. We find no significant differences in meeting quality across regions. Note that, with the exception of *Sufficient information*, the components of this meeting quality index are objective in nature and should not reflect respondent-specific biases (although they may, of course, have been reported with some noise).

We then further decompose the meeting quality index into two distinct sub-indices: *Meeting intensity* (number of meetings; length of meetings; and attendance) and *Information quality* (meeting information and days before meeting that papers are received). Perhaps surprisingly, we find that Russia has the highest level of meeting information quality, although it has the lowest level of meeting intensity.

Table 3 also provides, for each component of the meeting quality index, the difference between the index value in 2009 and 2007. Although we caution against extrapolating from such a small sample, the comparison between 2007 and 2009 is interesting because it may indicate changes in board behaviour in crisis periods. The evidence shows that both the number of meetings and the hours spent on meetings increased between 2007 and 2009. However, the quality of information provided to participants deteriorates over this period. These findings suggest that not only do boards become more active during crises, but also that the information provided to board members tends to be of lower quality.[6]

3.3. *Power distribution within the board*

Who, in practice, has the power on companies' boards? The survey indicates that in 40% of companies the board's agenda is set by the chairman of the board and in 12% it is determined by the non-executive directors. In the remaining 48% of companies the board's agenda is actually wholly or partially set by management. The role of the chairman of the board appears strongest in eastern Europe and the Caucasus, where it is the chairman that sets the board's agenda in 75% of the companies that were analysed.

3.4. *Judicial fairness and the empowerment of board directors*

When board directors were asked whether courts in their country normally ruled fairly and objectively, exactly half of all board directors said they did, whereas the other said they did not. However, perceptions of court quality vary a lot across and within regions, ranging from 81% in central Europe and the Baltic states to only 21% in Central Asia. Relatedly, the survey also presented board members with a case study about a hypothetical conflict between shareholders and the board (see Appendix B for the full case study). Respondents were asked whether they thought that the courts in their respective countries would rule fairly and objectively in this case. The opinions were again split: around half of all board members said they did not think that this would happen.

When asked whether local legislation gives the director enough power to fulfil their role within the board, the average score is 4.6 on a scale of 1 ("Strongly disagree") to 6 ("Strongly agree"). Variation is again substantial with a standard deviation of 0.82. While 66% of the directors (strongly) agree that local legislation gives them enough power, the remainder agree only somewhat or even disagree altogether. Legal empowerment is again higher in central Europe and the Baltic states (4.9) and lower in Russia (4.4).

Lastly, the survey results also indicate that in four out of five companies the government plays no role in the nomination of new

[6] Recall bias may have played a role when respondents were asked the same retrospective question for two points in time. While recall bias can be relatively high in electronically administered surveys, other potential biases – such as social desirability bias – tends to be significantly lower as compared to face-to-face or telephone interviews (Bowling, 2005).

Table 3
Number and quality of board meetings.

Panel A: Meeting quality, meeting intensity, and information quality

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Meeting quality index			*Meeting intensity index*			*Meeting information index*		
	Mean	*Sd*	*Freq.*	*Mean*	*Sd*	*Freq.*	*Mean*	*Sd*	*Freq.*
Central Asia	0.40	0.11	11	0.40	0.19	11	0.40	0.12	11
Central Europe and the Baltic states	0.43	0.09	32	0.42	0.14	30	0.43	0.10	32
Eastern Europe and the Caucasus	0.40	0.10	23	0.36	0.15	23	0.43	0.12	23
Russia	0.42	0.12	19	0.35	0.14	19	0.50	0.17	19
South-eastern Europe	0.40	0.11	17	0.43	0.18	16	0.37	0.18	17
Total	0.41	0.10	102	0.39	0.16	99	0.43	0.14	102

Panel B: Differences between 2009 and 2007

	(10)	(11)	(12)	(13)	(14)
	Obs	*Mean*	*Sd*	*Min*	*Max*
Number of board meetings	41	0.54	1.76	−4	6
Duration board meeting	41	0.61	2.11	−3	8
Days before board papers received	41	0.00	1.96	−7	5
Sufficient information	41	−0.17	0.74	−2	2
Percentage by telephone	22	−0.04	11.67	−0	0.12

Meeting quality index is an unweighted average of the following normalised variables: *Number of board meetings* (per year); *Duration board meeting*; *Percentage by telephone*; and *Days before board papers received*. *Meeting intensity index* includes *Number of board meetings*; *Duration board meeting*; and *Percentage by telephone*. *Meeting information index* includes *Sufficient information*and *Days before board papers received*. Panel B shows the differences between the absolute values of various meeting variables between 2009 and 2007.

directors. Yet, in 10% of the companies the government plays a formal role whereas in 6% it plays some kind of informal role. Note that all companies surveyed were privately (that is, not government) owned.

4. Decision-making inside the board

Corporate directors often play a dual role. In their monitoring role, directors are supposed to look after the interests of all shareholders – including non-controlling ones – and, sometimes, of other stakeholders, as stated in the local corporate law. While performing their duty, directors will often find themselves in disagreement with management and controlling shareholders. Such disagreement can lead to concrete actions, such as voting against management and/or controlling shareholders. In their advisory role, directors contribute with their business expertise to the formulation and implementation of a company's strategy. As in the related literature, we define advice as the provision of inputs for strategic decisions, such as mergers and acquisitions, market entry and exit, and so on. For such advice to be meaningful, the board needs to be empowered to make strategic decisions.

In this section, we analyse two subjective measures of decision-making inside the board. Both measures are related to how effectively directors can perform their monitoring and advisory functions. The first measure relates to the board's ability to participate meaningfully in strategic decision-making. The second measure proxies for the frequency of disagreement between directors and the rest of the board.

We first asked directors to identify "who usually makes the final decision on strategic issues". Panel A in Table 4 reports the results. We find that in 52% of all cases the board makes the final decision on strategic issues, while in 41% of companies it is the majority shareholder, and in the remaining 7% it is management. This indicates that in most companies, board directors take an active advisory role and do not limit themselves to merely monitoring management.

The breakdown of answers reveals striking differences between regions. While Central Asian countries show the highest level of board involvement in strategic issues (71%), in Russia only 41% of surveyed companies effectively delegate strategic decisions to the board. One possible explanation for these cross-country differences is variation in the perception of the quality of the legal environment.[7] Our data show that there is wide variation in how board directors assess the quality of the local legal system and the extent to which it empowers them to fulfil their role. Indeed, the first bar chart of Fig. 2 shows that, when board directors feel more empowered by the local legal system (that is, the ability of local laws to empower directors is above the mean), it is much more likely that final decisions are taken by the board (58%) than when directors feel less empowered (39%).

[7] A caveat is that majority shareholders may be more omnipresent in some countries and regions than others. This could partly drive the regional differences we observe in the answers to this question. For example, ownership concentration tends to be high in Russia and the widespread presence of majority shareholders may therefore partially explain why in Russia fewer companies delegate strategic decisions to the board. Yet, Table 5 indicates that also *within* countries we observe a relationship between board members' perceptions of the local legal environment and the probability that the final decision authority lies with the board.

Table 4

Boards and corporate decision making.

Panel A: Board makes final strategic decisions				Panel B: Board member never votes against proposals			
Region	*Mean*	*Sd*	*Freq.*	*Region*	*Mean*	*Sd*	*Freq.*
	(1)	(2)	(3)		(4)	(5)	(6)
Central Asia	0.71	0.47	14	Central Asia	0.23	0.44	13
Central Europe and the Baltic states	0.51	0.51	37	Central Europe and the Baltic states	0.33	0.48	36
Eastern Europe and the Caucasus	0.57	0.50	30	Eastern Europe and the Caucasus	0.31	0.47	29
Russia	0.41	0.50	22	Russia	0.24	0.44	21
South-eastern Europe	0.44	0.51	25	South-eastern Europe	0.39	0.50	23
Total	*0.52*	*0.50*	*128*	*Total*	*0.31*	*0.47*	*122*

This table presents summary statistics, by region, for the variables *Final decision with board* (Panel A) and *Never votes against* (Panel B). *Final decision with board* is a dummy variable that is '1' if the final decisions on strategic issues are usually taken by the board and '0' if they are usually taken by management or the majority shareholder. *Never votes against* is a variable based on the frequency with which the director votes against board proposals (1: never; 4: often). It shows the proportion of board members that *never* voted against a board proposal. Source: EBRD Board Director Survey.

We further investigate this hypothesis in Table 5. We run linear probability regressions to analyse the relationship between legal empowerment and whether the final decision authority for strategic issues lies with the board or, in contrast, with either management or the majority shareholder. The dependent variable is an indicator that equals one if the board makes the final decision on strategic issues. We exclude the ten observations of companies operating across multiple countries and this brings our maximum number of observations down to 120. In the odd columns, we cluster standard errors by country and bootstrap them (10,000 iterations) in view of the relatively small number of clusters (27 countries). In the even columns, which include country fixed effects, standard errors are robust but not clustered.[8]

We explore the role of two legal variables that may determine whether final decisions are taken by the board. *Legislation empowers* is our variable that measures to what extent directors think that local legislation gives them enough power to adequately fulfil their role within the board (1: "Strongly disagree"; 6: "Strongly agree"). Directors may, for example, feel insufficiently empowered if there is legal uncertainty (either about the law on the book or about court enforcement in practise) about how collegiate Board decisions may translate into personal liability for directors who vote in favour or against a contentious decision. There exists substantial cross-country variation in the legal mechanisms that can subject directors to liability. Especially in jurisdictions where case law on directors' duties is rare, it may be unclear whether and how board members can exonerate themselves (Gerner-Beuerle et al., 2013).

Second, we use a more generic variable (*Court quality*) which is a dummy that is 1 if the director thinks that the courts would rule fairly and objectively in the case study that was presented to them.[9] In addition, the even columns include fixed effects for the country where the company is incorporated. In these columns, we thus compare board directors operating in one and the same country. Throughout the table, we also control for the respondent's *Industry experience*, gender (*Male*), whether the board is a *Two-tier board* and whether the firm is in the *Finance sector*.

The results in Table 5 confirm that if board directors are adequately empowered by local legislation, it is more likely that the boards they comprise play a stronger role in the company's strategic decision-making. Interestingly, there is no such role for the more generic question on court quality (columns 3 and 4). When we add both variables at the same time (columns 5 and 6), we continue to find a positive relationship between director empowerment and the role of the board in strategic decisions. These results hold up independently of whether we include country fixed effects.

The second measure of decision-making inside the board is the proportion of directors who have ever voted against board proposals. Panel B in Table 4 summarizes this variable. Our data show that 69% of directors have voted against board proposals at least once during their tenure. Our sample directors thus appear to be significantly engaged in monitoring activities. There is little variation in monitoring intensity across regions. We find that directors vote somewhat more frequently against proposals in Central Asia (77%) and Russia (76%), and more rarely in south-eastern Europe (61%).

We expect independent directors to vote against projects that may harm the interest of non-controlling investors. Thus, a high frequency of voting against projects could be explained by a combination of high levels of director independence and many proposals that are harmful to the interests of non-controlling shareholders. We note, however, that the fact that a substantial minority of directors never votes against board proposals is not necessarily a bad thing, as it is quite possible for disagreements to be discussed and cleared up in the boardroom without a formal vote taking place.

The second bar chart in Fig. 2 shows that the propensity to vote against board proposals is higher if board directors' judgment of the ability of local laws to empower them is below the mean (2.3 versus 1.8 when above the mean). The perception of the quality of local

[8] Because of the small sample size, with country fixed effects there are not sufficient degrees of freedom to calculate bootstrapped standard errors clustered by country. Using a consistent covariance matrix with country clusters is also not an option because the number of clusters is small (27).

[9] Because our dependent and independent variables derive from the same survey instrument, documented relationships might reflect common method bias (Chang et al., 2010). However, such concerns are much reduced when variables are based on questions that use different scale endpoints or formats, as is the case in our set up. Our dependent variable is based on question 35 ("Who usually makes the final decision on strategic issues?") which has pre-specified answers. In contrast, *Legislation empowers* is based on a six-point Likert scale whereas *Court quality* is constructed using a separate case study. We therefore expect anchor effects to be minimal (Podsakoff et al., 2003).

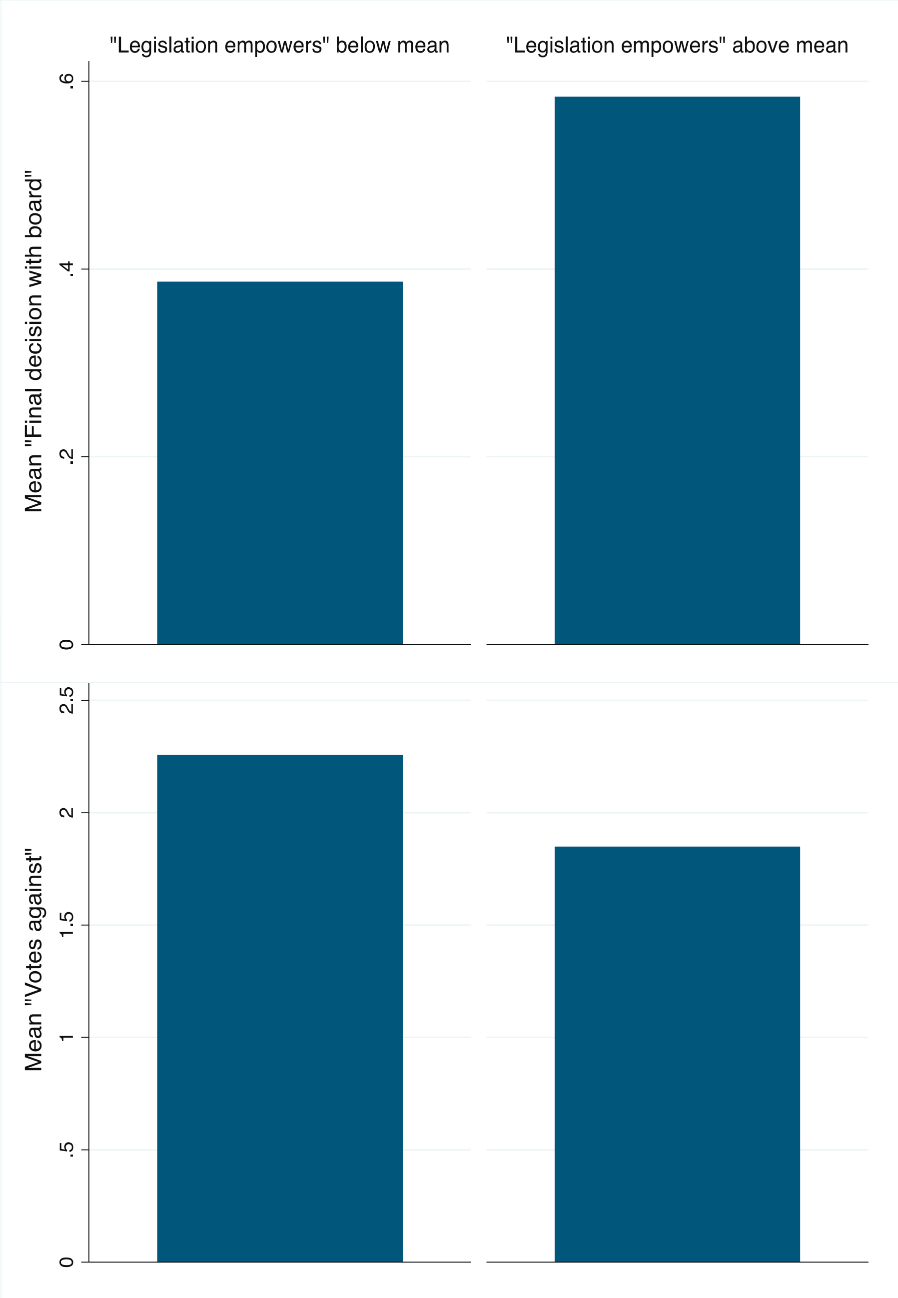

Fig. 2. Legal empowerment, decision authority of boards, and director voting activity.

laws therefore cannot explain the high propensity to vote against proposals in Russia, which has the lowest perceived level of director empowering legislation.

In Table 6 we proceed to analyse the relationship between the level of legal empowerment of board directors and their propensity to vote against board proposals. The dependent variable is a four-point index of the frequency with which the board director votes against board proposals (1: “Never”; 4: “Often”). All else is as in Table 5. The OLS estimates point to a strongly significant negative correlation between the frequency of voting against board proposals and board members’ judgment on whether local legislation gives them enough power to fulfil their role (while controlling for other director and industry characteristics). Thus, the greater the perceived strength of local legislation, the less a board member feels the need to vote against board proposals. This suggests that board members can function in a less confrontational manner when formal legal institutions provide them with enough backing, as the credible threat of a resolution through courts provides important additional power to board members. In contrast, we again find no such role for the

Table 5
Legal empowerment of directors and the decision authority of boards.

	Final decision with board					
	(1)	(2)	(3)	(4)	(5)	(6)
Legislation empowers	0.138**	0.118**			0.139*	0.104*
	[2.095]	[2.390]			[1.942]	[1.828]
Court quality			0.093	0.103	0.014	0.062
			[0.994]	[0.856]	[0.177]	[0.511]
Industry experience	0.121*	0.143	0.110	0.137	0.131*	0.151
	[1.910]	[1.456]	[1.595]	[1.237]	[1.924]	[1.387]
Male	0.264**	0.159	0.266**	0.206	0.252**	0.193
	[2.229]	[1.281]	[2.206]	[1.541]	[2.146]	[1.458]
Two-tier board	−0.102	−0.049	−0.094	−0.017	−0.081	−0.007
	[−1.163]	[−0.416]	[−0.856]	[−0.118]	[−0.767]	[−0.052]
Finance sector	−0.006	−0.061	−0.002	−0.022	−0.033	−0.045
	[−0.046]	[−0.565]	[−0.020]	[−0.180]	[−0.241]	[−0.359]
Country FE	No	Yes	No	Yes	No	Yes
Observations	120	120	109	109	109	109
R-squared	0.129	0.299	0.085	0.269	0.135	0.293

This table presents linear probability regressions to estimate the relationship between perceived legal empowerment of directors and the probability that the final decision authority on strategic decisions lies with the board. Even columns include country fixed effects. Table A1 contains all variable definitions. Standard errors are clustered by country and bootstrapped in odd columns and robust in even columns. t-statistics in brackets. ***$p < 0.01$.
** $p < 0.05$.
* $p < 0.1$.

Table 6
Legal empowerment and the voting activity of board directors.

	Votes against					
	(1)	(2)	(3)	(4)	(5)	(6)
Legislation empowers	−0.239***	−0.285***			−0.188**	−0.246**
	[−2.883]	[−3.461]			[−2.388]	[−2.610]
Court quality			−0.259	−0.192	−0.149	−0.093
			[−1.483]	[−0.893]	[−0.943]	[−0.443]
Industry experience	0.063	0.191	0.138	0.263	0.113	0.232
	[0.503]	[1.229]	[0.927]	[1.529]	[0.809]	[1.437]
Male	0.074	0.185	0.019	0.145	0.036	0.167
	[0.464]	[0.832]	[0.109]	[0.578]	[0.217]	[0.705]
Two-tier board	−0.220	−0.291	−0.143	−0.199	−0.154	−0.210
	[−1.470]	[−1.506]	[−1.050]	[−0.994]	[−1.157]	[−1.071]
Finance sector	0.429***	0.498***	0.337**	0.410**	0.380**	0.469**
	[2.617]	[2.929]	[2.243]	[2.184]	[2.500]	[2.547]
Country FE	No	Yes	No	Yes	No	Yes
Observations	116	116	107	107	107	107
R-squared	0.125	0.336	0.086	0.311	0.120	0.362

This table presents OLS regressions to estimate the relationship between perceived legal empowerment and the voting activity of board directors. The even columns include country fixed effects. Table A1 contains all variable definitions. Standard errors are clustered by country and bootstrapped in odd columns and robust in even columns. t-statistics in brackets.
*** $p < 0.01$.
** $p < 0.05$.

more generic question on court quality (columns 3 and 4). When we add both variables at the same time (columns 5 and 6), we continue to find a strong and highly significant negative relationship between director empowerment and active voting behaviour.

We also note that when we include country fixed effects in the even columns, we continue to find a strong negative relation between legal empowerment and voting against board proposals (the coefficient actually increases in size). This indicates that within-country variation in (perceived) legal protection is an important determinant of board conduct and not just between-country variation. Formal legal protection on the book may not apply in equal measure to all board directors, or may be perceived in different ways, and our findings suggest that those who feel most exposed to a lack of legal back-up are the ones that resort more frequently to active voting. To put it the other way around, those who feel the power of the courts on their side are also those who are most at ease in the boardroom.

We can summarize the evidence in this section as follows. First, in most cases, board directors are active decision-makers, who exercise both advisory and monitoring functions. Second, there is significant heterogeneity across regions in how frequently directors perform these functions. Third, directors are more likely to be actively involved in strategic decision-making if they are more confident of the quality of the legal system. Fourth, Russia is unique among regions in that their boards have little say on strategic issues, while directors more frequently vote against board proposals.

5. Conclusions

This paper uses a survey of 130 non-executive board directors in 27 emerging markets to obtain detailed information about the behaviour and conduct of the boards they are part of. We document substantial variation across and within countries in terms of how board directors perceive their own role, the role of their boards, and the strength of the legal and institutional environment. Our analysis reveals that the greater the perceived protection of local legislation, the less a board member feels the need to vote against board proposals. This suggests that board members can function in a less confrontational manner when formal legal institutions provide them with sufficient backing. Moreover, our results indicate that if board directors are adequately empowered by local legislation, it is more likely that their boards play a stronger role in strategic decision-making.

The evidence suggests that boards are active decision-makers and exercise both advisory and monitoring functions. We also find that board activity intensifies in periods of crisis, although board information quality does not improve in such periods. Finally, we find that Russia is unique among the regions included in our study. Of all regions represented in our sample, Russia has the lowest board quality score, the lowest level of board participation in strategic decisions, and the lowest perceived level of director-empowering legislation. In addition, board independence levels in Russia are quite low. Perhaps as a reflection of the difficulties of working on Russian boards, directors in our sample – who are independent by design – vote against board proposals relatively frequently.

A final caveat is warranted regarding the external validity of the results presented in this paper. Our findings are based on a cross-section of industries and a large number of emerging markets. As such, we expect that the lessons drawn from this diverse sample carry over well to middle-income countries and emerging markets in other parts of the world. At the same time, we acknowledge that all companies in our sample have one thing in common: the fact that a large international financial institution, the EBRD, is an investor. To the extent that EBRD's investment criteria and corporate governance standards differ from those of the average foreign direct investor, this may affect the external validity of our results.

Appendix A. The survey instrument

A.1. Introduction

Dear [Name],

The aim of this short survey is to learn more about corporate boards in transition countries. The survey has been sent to all current and past EBRD board nominees. Your answers will deepen our understanding of how boards currently operate, how they react to changes in the firm's environment, and how the functioning of boards differs across countries and across types of boards. We hope that the findings of this survey will help the EBRD to further develop its policies towards improving corporate governance in the transition region.

We would like to stress that your answers will be treated confidentially and will only be used in anonymous format. We can assure you that only the survey team will have access to the data. We greatly appreciate your cooperation and your willingness to share your valuable experience as board members with us. We hope you will be able to respond to this survey by 1 October at the latest. Your support is much appreciated.

Please use the red arrow bars at the bottom of the page to navigate forwards or backwards. You can stop at any time and restart the survey by clicking on the link to the survey in the email.

A.2. About you

1. Are you currently a regular employee of the EBRD? [Y/N]
2. If not, have you been employed by the EBRD in the past? [Y/N]
3. What is your main country of residence? [Text]
4. Are you currently still on the board of [company]? [Y/N]
5. Besides [company], are you currently a member of any other board? [Y/N]
6. On how many boards are you currently a member?
   a. Boards of for-profit companies? [number]
   b. Board of non-profit organisations? [number]
7. When did you leave the board of [company]? [year]
8. Looking back to 2005–10, have you been a member of a board other than [company]'s? [Please list all companies of which you have been a board member since 2005. Where are they incorporated?]
9. When did you join, and possibly leave those boards?

In the following, all our questions will relate to the board of [company]

10. Does [company] have a one-tier or two-tier board? (Note: A two-tier board is characterised by a separate management and supervisory board.) [One/two-tier board]
11. How many days a month do you spend on average on board duties for [company]? [Number of days per month]

12. Have you previously worked (not as a board member) in [company]'s industry? [Y/N]
13. For how long have you worked in this industry? [Number of years]
14. Have you ever had another board appointment in the same industry as [company]? [Y/N]
15. During your tenure on the board of [company], have you ever been (or still are) a member of a board committee? [Y/N]
16. On which board committees of [company] have you served (or are you still serving)?

	No	Yes	If yes, as member	If yes, as chairperson
Audit				
Nomination				
Remuneration				
Other				

17. Is the chairperson of the Audit committee an independent outside director (i.e. independent from management or dominant owners)? [independent/not independent]

A.3. Board structure

In the following, we are interested to know more about the board structure of [company] at two points in time, namely at the end of 2007 and the end of 2009. Note that for the purpose of this survey we define executive directors as those directors that are managers in the company and receive a salary for their management work. Non-executive directors are "outside" directors who are not actively involved in the daily management of the company.

18. What was the number of executive directors at the end of 2007?
19. What was the number of executive directors at the end of 2009?
20. What was the number of non-executive directors at the end of 2007?
21. What was the number of non-executive directors at the end of 2009?
22. How many non-executive directors were foreign at the end of 2007?
23. How many non-executive directors were foreign at the end of 2009?
24. How many non-executive directors were female at the end of 2007?
25. How many non-executive directors were female at the end of 2009?
26. What is – approximately – the average age of the non-executive directors on the board of [company] today? [Below 35/36–45/46–55/56–65/66 and above]

A.4. Board conduct

27. How many times did the board meet in 2007/2009? [Number each]
28. How long did a typical board meeting last [in hours]? [Number each]
29. How many days before the board meeting did you typically receive the board papers? [Number each]
30. Do you think the information that was provided prior to the board meeting in 2007/2009 was: [Far too much/Too much/About right/Too little/Far too little]
31. How many board meetings of [company] did you attend in 2007/2009:
    a. In person [Number each]
    b. By telephone/videoconference [Number each]
    c. Did not participate
32. For a typical board meeting of [company], what percentage of board members participated by telephone in 2007/2009? [%]
33. Does the board hold annual strategy away days? [Y/N]
34. Do all non-executives meet regularly without the management being present? [Y/N]

A.5. About the firm

35. At [company], who usually makes the final decision on strategic issues?
    a. Management
    b. Board
    c. Majority shareholder
36. Was the CEO at the end of 2007 still the CEO at the end of 2009? [Y/N]
    a. If not, has the board initiated the replacement? [Y/N]
    b. If not, had this change been planned in or before 2007? [Y/N]
37. At [company], how many non-executive directors have left since 1 January 2008? [Number]

38. How good is the board's knowledge of the second level of management (below the board)? [Very Bad/Bad/Poor/Fair/Good/Very Good]
39. Has [company] raised new funding since September 2008? (Tick all appropriate options) [Equity/Bank credit/Non-bank long-term debt/Government funding/support]
40. Has [company] suspended paying dividends at any time since September 2008? [Y/N/ has not paid a dividend yet]
41. How involved has the board been in these financial decisions? [Very involved/involved/not very involved/Did not discuss]
42. Please check all the strategic actions [company]'s board has considered for each of the following two time periods (prior and post September 2008): [tick appropriate]
    a. Has [company]'s board considered selling the firm?
    b. Has the board considered selling parts of its operation?
    c. Has [company] sold parts of its operation?
    d. Has [company]'s board considered acquiring another firm?
    e. Has [company]'s board discussed to more actively pursue an increase in market share?
       Has [company]'s board discussed the possibility of entering new markets?
    f. Has [company]'s board considered refocusing the activities of the company?

A.6. The institutional environment

43. Does [company] include a corporate governance code as part of its by-laws [Y/N/don't know]
44. How long is the term for which each board member is elected? [Years]
45. Are all board members elected at the same time, or on a rotating basis? [Y/N]
46. In what year did the current chairperson take on that role? [Year]
47. At [company], are the CEO and the chairperson the same, or different persons? [Same/Different people]
48. Who typically proposes new board members at [company]? [Rank: Current board members/CEO/Chairperson/Shareholders]
49. Would you agree or disagree that the local legislation of [company]'s country of registration gives you personally enough power to adequately fulfil your role within the board? [Strongly Disagree/Disagree/Somewhat Disagree/Somewhat Agree/Agree/Strongly Agree]
50. To what extent would you say that non-executive directors at [company] are truly independent (i.e. from management or dominant owners)? [Very independent/Independent/Somewhat independent/Somewhat dependent/Dependent/Very dependent]
51. Is the government involved in the nomination process of new directors of [company]? [Yes, formally involved as a shareholder/Yes, informally involved/No, not involved/Don't know]

A.7. The financial crisis

52. In your own judgment, how has [company] coped with the financial crisis? [Very badly/Badly/Poorly/Fair/Well/Very well]
53. Overall, how do you judge the performance of [company]'s board during that time? Was it? [Very Ineffective/Ineffective/Somewhat Ineffective/Somewhat Effective/Effective/Very Effective]
54. In your own opinion, would you say that [company]'s board has made a difference as to how the firm performed during the crisis? [Rank 1–9 (the higher the number, the more impact)]
55. How many times did the board meet between September and December 2008? [Number]
56. Overall, would you say that [company] is now stronger or weaker than in 2007? [Much weaker/Weaker/Somewhat weaker/Somewhat stronger/Stronger/Much stronger]
57. Looking back at the time of the financial crisis, how would you characterise the discussion in the board room of [company]? Would you see it more as antagonistic, or as co-operative? [Very antagonistic/Antagonistic/Somewhat antagonistic/Somewhat co-operative/Co-operative/Very co-operative]
58. Looking back at the time of the financial crisis, how would you characterise the discussion in the board room of [company]? Would you see it more as protracted, or as efficient? [Very protracted/Protracted/Somewhat protracted/Somewhat efficient/Efficient/Very efficient]
59. Looking back at the time of the financial crisis, how would you characterise the discussion in the board room of [company]? Would you see it more dominated by a few, or inclusive and democratic? [Very much dominated by a few/Dominated by a few/Somewhat dominated by a few/Somewhat inclusive and democratic/Inclusive and democratic/Very inclusive and democratic]
60. How would you judge the competence and qualification level of the CEO and the board as a whole? [For each: Very competent and qualified/Competent and qualified/Somewhat competent and qualified/Somewhat incompetent and under-qualified/Incompetent and unqualified/Very incompetent and unqualified]

A.8. Case

In the following we would like to present you with a short case. Buyer Co. ("Buyer") is a food manufacturer. It is a publicly traded firm listed on your largest stock exchange. Mr. James is Buyer's controlling shareholder and a member of its board of directors. He owns 60% of Buyer, and elected two more directors to Buyer's five-member board of directors. Buyer's CEO is the son of Mr. James. Mr.

James also owns 90% of Seller Co., which operates a chain of retail hardware stores. Seller recently shut down a large number of its stores. As a result, its fleet of trucks is not being utilized.

Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products. The final terms of the transaction require Buyer to pay to Seller in cash. The transaction is part of Buyer's ordinary course of business.

Buyer enters into the transaction. All required approvals are obtained and all the required disclosures made. The transaction might be unfair to Buyer. Shareholders sue the interested parties and Buyer's board.

61. Do you think the court will decide in favour of the board, or the shareholders? [board/shareholders]
62. In general, do you think the courts would rule fairly and objectively? [y/n]
63. Are there any other comments/clarifications you might have?

Appendix B

Table A1
Variable definitions.

Director characteristics	
Male	Dummy = 1 if director gender is male; 0 if female
Western	Dummy = 1 if director nationality is Western European or North American; 0 otherwise
Board experience	Dummy = 1 if director has previously been a board member at another company; 0 otherwise
Industry experience	Dummy = 1 if director has previously worked in the sector of the current company; 0 otherwise
Company characteristics	
Finance sector	Dummy = 1 if company is in the financial sector; 0 otherwise
Two-tier board	Dummy = 1 if company has a two-tier board, i.e. a separate management and supervisory board; 0 otherwise
Board size	Number of directors on the board
Female participation	Share of female directors on the board
Minority independent board members	Dummy = 1 if independent board directors hold less than half of all board seats; 0 otherwise
NED share	Share of non-executive directors on the board
Board conduct and meeting characteristics	
Board duties	Number of days per month the director spends on average on board duties
Board sets clear targets	Dummy = 1 if director thinks that the board clearly defines financial and operational targets for senior management; 0 otherwise
Board follows up on targets	Dummy = 1 if the board systematically follows up on financial and operational targets set for senior management; 0 otherwise
Meets without management	Dummy = 1 if the non-executive directors meet at least once a year without the management being present; 0 otherwise
Strategy away days	Dummy = 1 if board holds strategy-away days (dedicated discussion meetings in a location away from the office); 0 otherwise
Knowledge of management	Opinion of director on the board's knowledge of the second level of management (below the board) (1: very bad; 6: very good)
Competence & qualification of board	Dummy = 1 if director thinks the board is very qualified; 0 otherwise
Board quality index	Unweighted average of five normalised variables: *Strategy away days*; *Meets without management*; *Board sets clear targets*; *Board follows up on targets*; and *Competence & qualification of board*
Meeting quality index	Unweighted average of four normalised variables: *Number of board meetings (per year)*; *Duration board meeting*; *Percentage by telephone*; and *Days before board papers received*
Meeting intensity index	Unweighted average of three normalised variables: *Number of board meetings (per year)*; *Duration board meeting*; and *Percentage by telephone*
Meeting information index	Unweighted average if two normalised variables: *Sufficient information* and *Days before board papers received*
Number of board meetings	Number of board meetings per year
Duration board meeting	Duration of a typical board meeting in hours
Percentage by phone	Percentage of board directors that typically participates in board meetings via a telephone connection
Sufficient information	Dummy = 1 if director thinks the quantity of information she receives prior to a board meeting is about right; 0 otherwise
Days before board papers received	Number of days before the board meeting that the director typically receives the board papers
Power distribution within the board	
Chairman sets board agenda	Dummy = 1 if the chairman of the board typically determines the board agenda; 0 otherwise
Final decision with board	Dummy = 1 if final decisions on strategic issues are usually taken by the board; 0 if these decisions are usually taken by management or the majority shareholder
Votes against	Frequency with which the director votes against board proposals (1: never; 4: often)
Never votes against	Dummy = 1 if the board member never votes against board proposals; 0 otherwise
Board director views on judicial fairness and empowerment	
Court quality	Dummy = 1 if director thinks that the local court would rule fairly and objectively in a given case; 0 otherwise
Legislation empowers	Opinion of director on whether local legislation gives her enough power to adequately fulfil her role within the board (1: strongly disagree; 6: strongly agree)
No role government nominating new directors	Dummy = 1 if director thinks that the government is typically not involved in the nomination process of new directors; 0 otherwise

This table presents the definitions of all the variables used in the paper. Source: EBRD Board Director Survey.

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