

# How International Are European Corporate Boards?

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## Boards

- Essential for corporate governance
- Theories and recommendations on board structure and composition
- Debate has focused on executive versus non-executive (one versus two-tier) boards, and on role of independent directors

## Act Global, Control Local?

- How international are the boards of European multi-national corporations?
- Is there a “home bias” to the country of incorporation?

## Universe

- FT500 Europe : largest 500 listed European corporations (incl. banks and insurance) in terms of market capitalisation
- Geographical coverage :
  - EU 15
  - Czech Republic, Hungary, Poland, Norway, Switzerland, Turkey, Russia

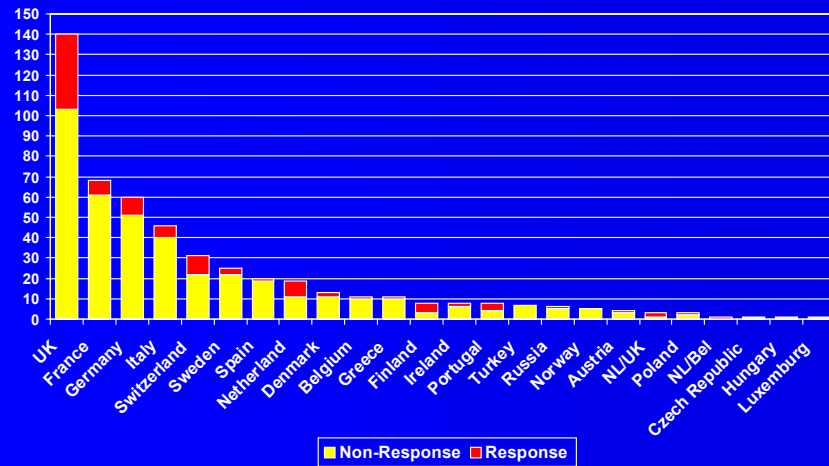
## Methodology

- Identified the Chairman of the (supervisory) board from annual report
- Wrote a letter asking for
  - Name and **nationality** of executives
  - Name and **nationality** on non-executives
  - Name and **nationality** of 5%+ blockholders

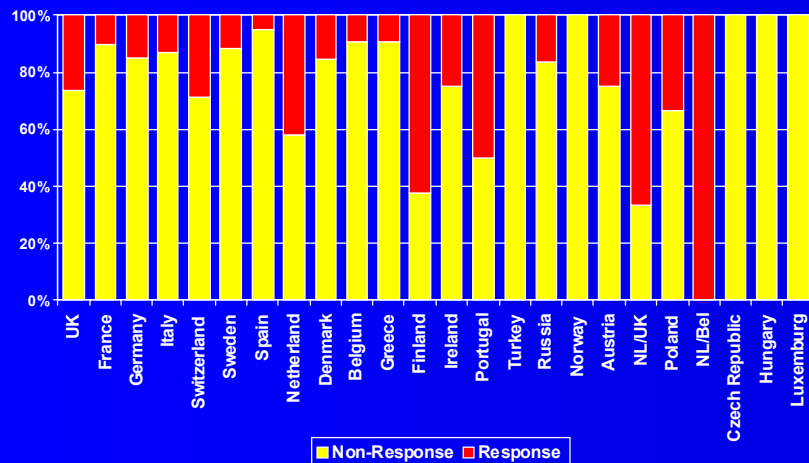
## Response Rate

- 101 companies, accounting for
  - 20.2% of FT500 company number
  - 29.6% of FT500 market capitalisation

## FT500 Composition & Response Rate



## FT500 Composition & Response Rate



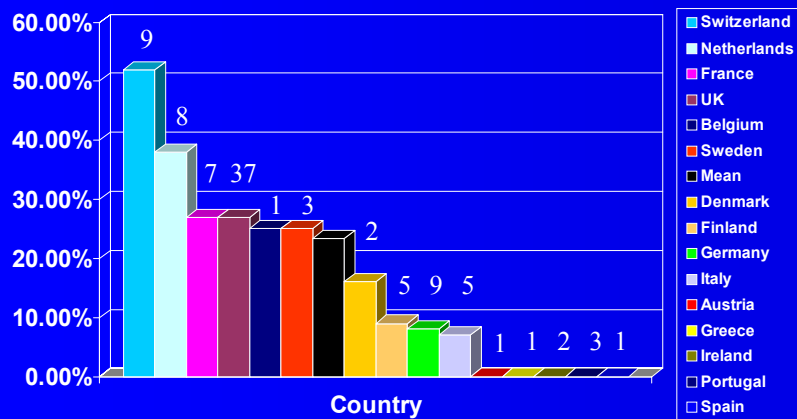
## Final Sample

- Excludes (3) Dutch-UK and (1) Belgian-Dutch hybrids with response
- Number of observations per category :
  - Executives : 96
  - Non-executives : 95
  - CEO : 88
  - Chairman : 91

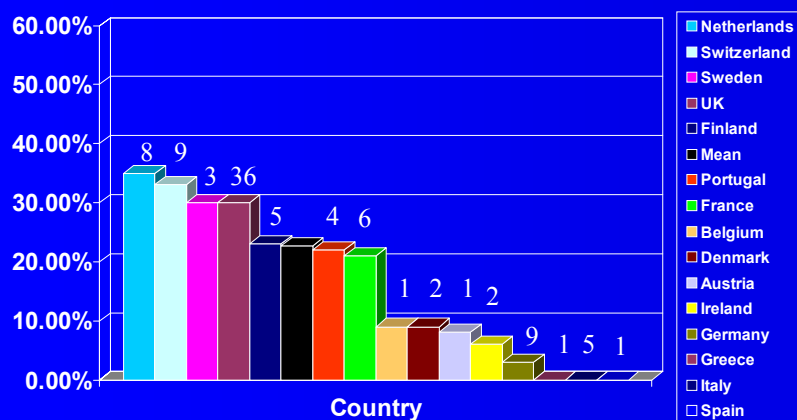
## Proportion of Non-Domestic Board Members

- Executives
  - mean : 23.4%
  - median : 17.0%
- Non-executives
  - mean : 22.7%
  - median : 20.0%

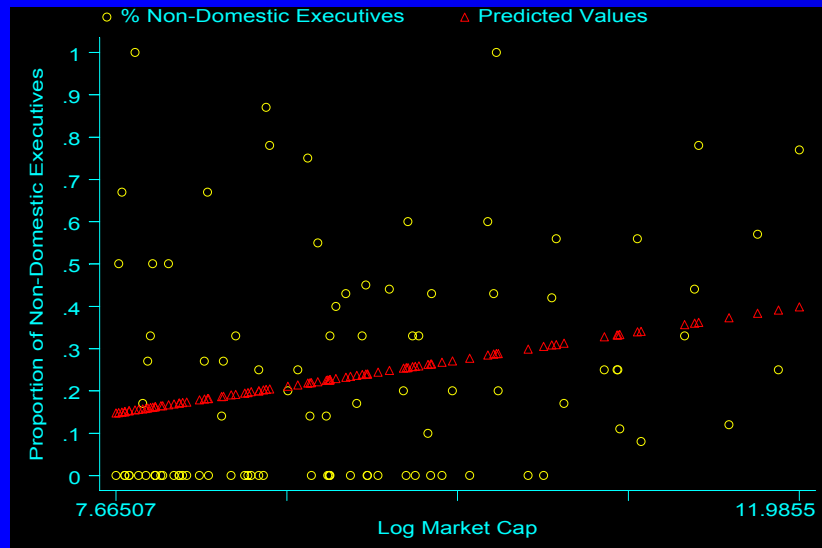
## Percentage of Non-Domestic Executives, by Country



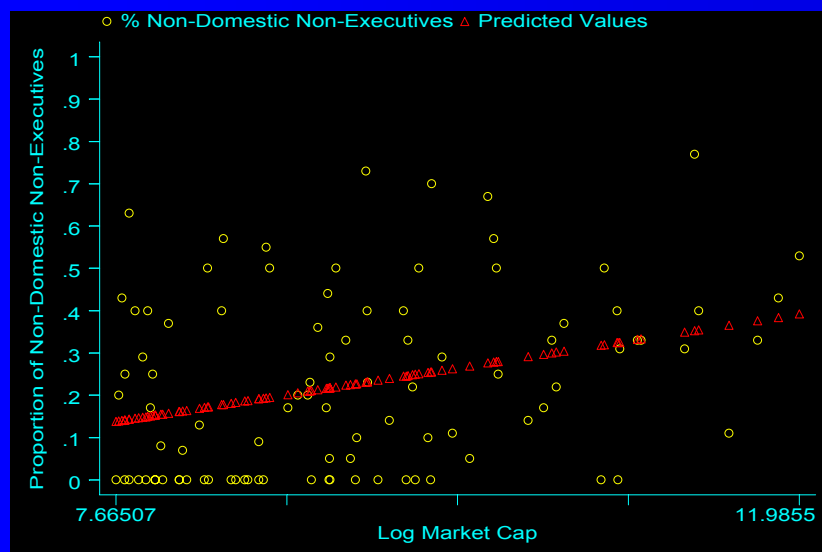
## Percentage of Non-Domestic Non-Executives, by Country



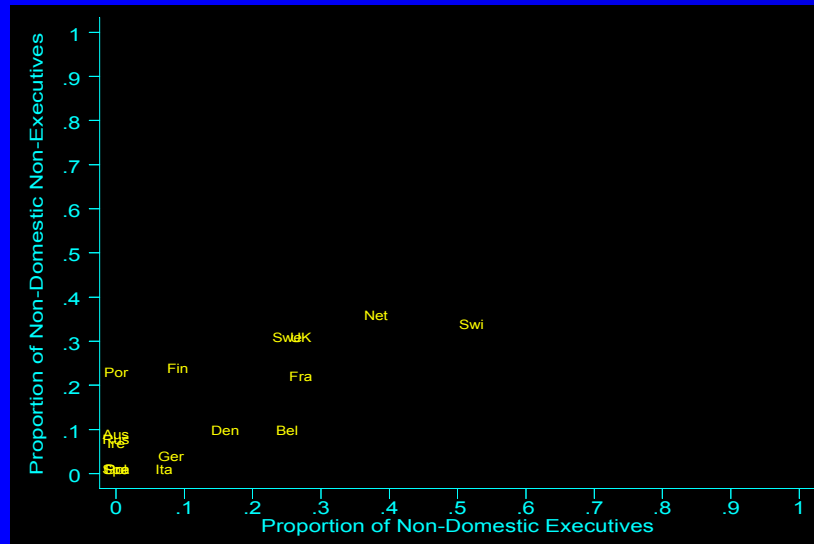
## Percentage of Non-Domestic Executives by Firm Size



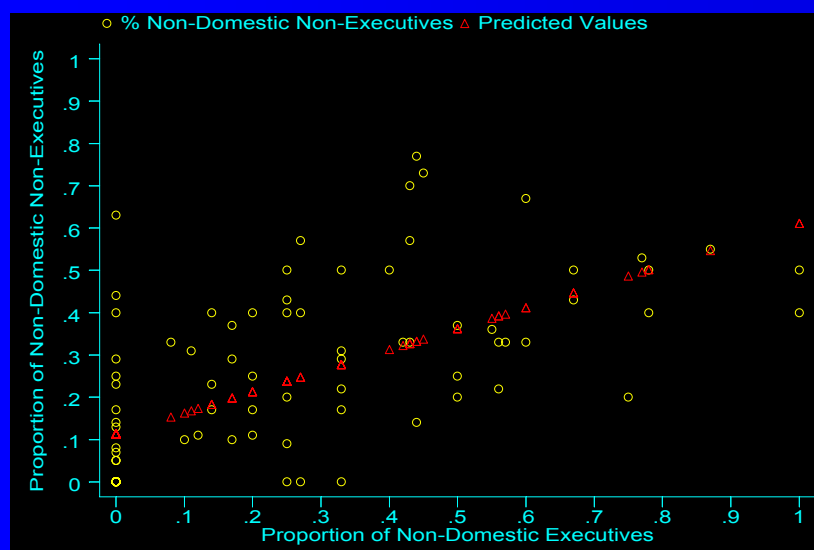
## Percentage of Non-Domestic Non-Executives by Firm Size



## Percentage of Non-Domestic Executives and Non-Executives, by Country



## Percentage of Non-Domestic Executives and Non-Executives, by Firm

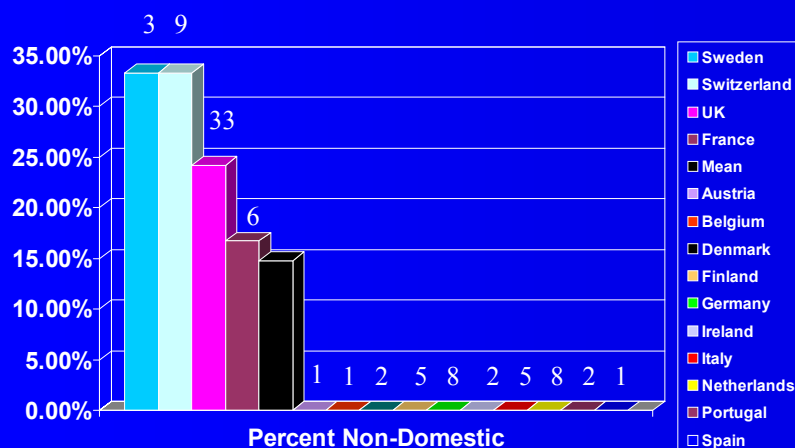




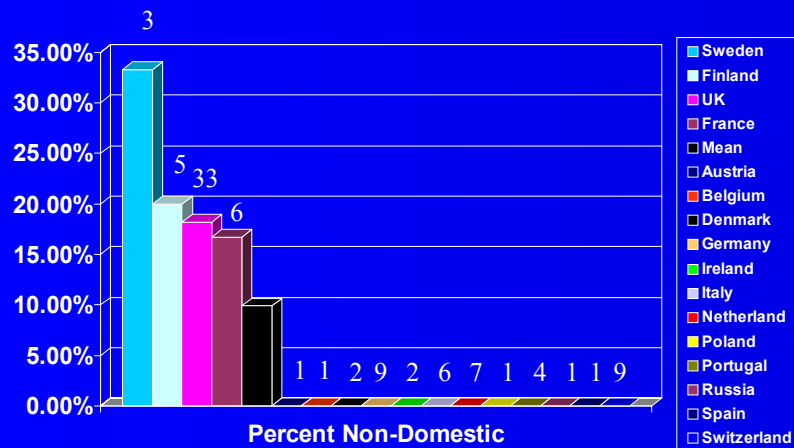
## Percentage of Companies with a Non-Domestic CEO and Chairman

- CEO
  - mean : 14.8%
- Chairman
  - mean : 9.9%

## Percentage of Companies with a Non-Domestic CEO, by Country



## Percentage of Companies with a Non-Domestic Chairman, by Country



## Next Steps

1. Remail FT500 Europe corporations to increase response rate
- Compute international diversity measures
- Relate percentage of non-domestic board members to measures of firm performance