ARE BOARD MEETINGS PROACTIVE OR REACTIVE TO PERFORMANCE?

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Abstract

The purpose of this paper is to investigate the relationship between the intensity of board activity, as represented by board meeting frequency, and firm financial performance, using data from the top 500 Australian companies. Firm performance measures include return on assets, return on equity and shareholder return; several control variables are introduced in the analysis. The results indicate that board meeting frequency has a positive impact on subsequent shareholder return. Regarding the explanatory factors for the level of board activity, it is reported that firms with more board committees tend to have relatively more board and committee meetings; firms with larger boards have less board meetings. In addition, lower managerial ownership leads to more committee meetings.

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Introduction

As observed by Certo *et al.* (2001), the relationship between boards of directors and firm performance has long intrigued scholars in many disciplines; the board characteristics that have received a great deal of attention from the academic community include board composition and leadership structure[1]. It is noted that scholars, in general, have taken two approaches to examine the empirical link between board characteristics and firm performance (Bathala and Rao, 1995; Lawrence and Stapledon, 1999; Bhagat and Black, 1999, 2000; Panasian *et al.*, 2003).

The first approach is based on relating board characteristics to certain corporate events, for example, executive turnover and remuneration, financial reporting, making or defending against a takeover bid, management buy-outs and shareholder litigation. Lawrence and Stapledon (1999) and Bhagat and Black (1999) reviewed this literature, and concluded that the major weakness of this approach was that it could not tell us how board composition and structure would affect overall firm performance.

The second approach involves investigating directly the link between board characteristics and financial performance, i.e., the "bottom line" of corporate performance; therefore it may avoid the weakness inherent in the first group of studies (Bathala and Rao, 1995; Lawrence and Stapledon, 1999; Bhagat and Black, 1999; Panasian *et al.*, 2003). However, to date no systematic relationship has been established (Wang *et al.*, 2008), leading researchers to explore the contexts where such relationship may emerge (e.g., Barnhart and Rosenstein, 1998; Panasian *et al.*, 2003; Anderson and Reeb, 2004).

This study intends to add to this literature by testing the intensity of board activity, as measured by board meeting frequency, as a potential value-relevant board attribute and to investigate the correlation between board activity and firm performance, using data from the Australian corporate sector. Particular features include the use of alternative performance measures and controls for some corporate governance mechanisms, alongside other covariates; we also extend the empirical work to the explanatory factors for board activity, which, to date, are largely unexplored. There are two research questions to be investigated:

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[1] Ellstrand *et al.* (2002) found that, although board composition had many dimensions, in the literature the term typically referred to the proportions of inside (individuals employed by the firm) and outside directors serving on the boards. According to Elsayed (2007), most of the prior studies on board leadership structure focus on CEO duality, i.e., the practice of one person serving both as a firm's chief executive officer and board chairman.

- Does board meeting frequency have any influence on firm performance among Australian listed companies?
- Does firm performance have any influence on board meeting frequency among Australian listed companies?

The relationship between board meeting frequency and firm performance remains unclear. It appears that two views are at odds with each other. One view is that board meetings are beneficial to shareholders; boards that meet frequently are more active and more likely to be involved in the decision-making process (Molz, 1988). According to Lipton and Lorsch (1992) and Conger *et al*. (1998), the most widely shared problem directors face is lack of time to carry out their duties, and board meeting time is an important resource in improving the effectiveness of a board. This view is reinforced by the criticisms of directors who spread their time too thinly by taking too many directorships, confounding their ability to attend meetings regularly to monitor management (Vafeas, 1999).

In contrast, it is argued by Jensen (1993) that board meetings may not be necessarily useful because the limited time directors spend together is not used for the meaningful exchange of ideas among themselves or with managers; this problem is a product of the fact that executives almost always set the agenda for board meetings. Moreover, routine tasks may absorb much of the limited opportunities board meetings could provide for directors to exercise meaningful control over management. Jensen (1993) argued that boards would be relatively inactive, and that boards would only be forced to maintain higher activity levels in the presence of problems. As concluded by Vafeas (1999) in this view board meetings serve as a fire-fighting device rather than as a proactive measure for improved governance. Thus, while the consequences of higher board activity are unclear, higher board activity is a likely corporate response to poor performance.

The empirical work surrounding this topic has been scant. We were able to obtain two papers, one from the U.S., and one from Australia. Using a sample of 307 U.S. firms over the 1990-1994 period, Vafeas (1999) examined whether the frequency of board meetings is a remedy for the problem of limited director interaction. He found that larger boards and firms with more standing committees met more often; it is reported that boards meet more often following poor performance as measured by market-to-book ratio, suggesting that board meetings are reactive, rather than proactive, measures.

In an Australian study Evans *et al*. (2002) focused on an area often overlooked in the literature, i.e., the willingness of companies to make governance changes in the face of declining performance. Their sample includes 78 firms with persistent declining performance from 1996 to 1999. They reported that firm in decline did not generally react through changes to insider ownership levels, numbers of outside directors and CEO payments. Firms did, however, respond to poor performance in terms of shareholder return and Tobin's Q by significantly increasing board meeting frequency.

It appears that Vafeas (1999) and Evans *et al*. (2002) suffer from some research limitations, such as small sample size (Evan *et al*., 2002), and limited performance measures (Vafeas, 1999) and control variables (Evan *et al*., 2002). Due to the combination of cross-sectional and time-series data (firm-year observations), the ordinary least square (OLS) and two-stage least square (2SLS) regressions employed by the authors may be unsuitable for the purposes of their studies (Leamer, 1978). As recommended by Chang and Leng (2004), the appropriate method of analysis would involve the panel data regression technique. There are two frequently used estimation techniques for panel data regression, i.e., the fixed-effect model and random-effect model (Gujarati, 2003); the Hausman test, a model of specification test, can be used to decide between the two models (Hausman, 1978). By addressing the above limitations, we intend to provide improved evidence in this area.

Method

This research uses the top 500 companies listed on the Australian Stock Exchange (ASX), ranked by market capitalisation, as the initial data-set. Financial institutions including property trusts and investment funds are removed from the 2003 list as presented in *Huntleys' Shareholder* (2003), because of a lack of comparable performance data in the financial institution section and the fact that the recorded assets of financial institutions consist of loans which represent the use of depositors' funds. An initial sample of 384 firms was obtained.

The sources of data include *Connect 4* database containing the annual reports of the top 500 companies, *Fin Analysis* database giving market information and statistics of Australian firms, and *Huntleys' Shareholder* (2003) providing some information on firm age and lines of business. The sample is further reduced to 243 firms due to missing data from the above sources. There are two measures for board meeting frequency – the number of full board meetings (BRDMTGS), and number of board committee meetings (COMMTGS), which are disclosed in the 2003 annual reports of sample firms.

As pointed out by Devinney *et al*. (2005, p.15), there are two broad groups of performance measures – "accounting measures drawn from the accounting systems used by firms to track their internal affairs and

financial market measures relating to the share prices and dividend streams observed in the operation of financial markets". Accounting measures are historical and therefore experience a backward and inward-looking focus. Developed as a reporting mechanism, they represent the impact of many factors, including the success of advice given by the board to the management team; they are the traditional mainstay of corporate performance factors (Kiel and Nicholson, 2003). However, accounting measures are "distortable"; this distortion arises from such sources as accounting procedures and policies, government policies towards specific activities, human error and purposeful deception (Devinney *et al.*, 2005). Nevertheless, ROA and ROE are included in this study; Muth and Donaldson (1998) observed that ROA and ROE had been extensively used in the literature on the relationship between board composition and structure, and firm performance.

Market-based measures are forward-looking indicators that reflect current plans and strategies, in theory representing the present value of future cash flows (Fisher and McGowan, 1983). Related to the value placed on the firm by the market, market measures are not susceptible to the impact of accounting policy changes or mere timing effects; they are objective in the sense that they exist outside the influence of individuals (Devinney *et al.*, 2005). Examples of market measures frequently endorsed by the authors in the field of corporate governance include shareholder return and Tobin's *Q*. As the acceptance of shareholder return as a performance measure is encouraged by the Australian Investment Managers' Association and Australian Institute of Company Directors (Lawrence and Stapledon, 1999), shareholder return is chosen in this study given that there is strong market efficiency in Australia (Ball *et al.*, 1989; Kasa, 1992).

Based on some empirical models identified in corporate governance research (e.g., Bathala and Rao, 1995; Bhagat and Black, 2000; Coles *et al.*, 2001; Singh and Davidson III, 2003; Randoy and Jenssen, 2004; Krivogorsky, 2006), the data analysis includes several covariates to capture the firm characteristics likely to be associated with board activity or firm performance, i.e., firm age, blockholder ownership, board committees, dividend payout, managerial shareholdings, leverage, firm size, diversification and board size.

[Table 1]

Shrader *et al.* (1984) noted that most studies on the empirical link between strategic planning and organizational performance had chosen 3 or 5-year periods as their time frames, as suggested to be appropriate for a given strategic planning intervention to take effect. Therefore, to reduce the influence of short-term fluctuations, the performance figures used are the three-year averages over the 2000-2003 and 2003-2006 financial years.

Like the measures for board meetings, data on firm age, blockholder ownership, board committees, managerial shareholdings, diversification and board size are collected for the 2003 financial year. Consistent with the performance measures, dividend payout, leverage and firm size are calculated for the 3-year periods of 2000-2003 and 2003-2006. In addition to descriptive statistics, OLS regressions are constructed for the research variables. In the regressions to test the influence of board or committee meeting frequency on performance, firm performance serves as the dependent variable; the independent variables include board or committee meetings, firm age, blockholder and managerial shareholdings, board committees, dividend payout, leverage, firm size, diversification and board size. An algebraic statement of the models is as follows:

$$Y_i = \alpha + \beta_1(Meetings)_i + \beta_2(AGE)_i + \beta_3(BLOCK)_i + \beta_4(COMM)_i + \beta_5(DIVR2)_i$$

$$+ \beta_6(EQED)_i + \beta_7(GEAR2)_i + \beta_8(LogMCAP2)_i + \beta_9(SEGMT)_i + \beta_{10}(SIZE)_i + \mu_i$$

Where, for the ith company

Y	= ROA2, ROE2 or SHRET2
α	= Constant of the equation
β	= Coefficient of the variable
Meetings	= BRDMTGS or COMMTGS
μ	= Error term

In the regressions to test the determinants of board or committee meetings, board or committee meetings serves as the dependent variable; the independent variables include prior performance, firm age, blockholder and managerial shareholdings, board committees, dividend payout, leverage, firm size, diversification and board size.

$$Y_i = \alpha + \beta_1(Performance)_i + \beta_2(AGE)_i + \beta_3(BLOCK)_i + \beta_4(COMM)_i + \beta_5(DIVR1)_i$$

$$+ \beta_6(EQED)_i + \beta_7(GEAR1)_i + \beta_8(LogMCAP1)_i + \beta_9(SEGMT)_i + \beta_{10}(SIZE)_i + \mu_i$$

Where, for the ith company

Y	= BRDMTGS or COMMTGS
α	= Constant of the equation
β	= Coefficient of the variable

Performance   = ROA1, ROE1 and SHRET1
μ = Error term

  Bathala and Rao (1995) noted that the agency literature gave some guidelines in relation to the effects of dividend payout, leverage and managerial ownership on corporate performance. It is argued by Coles *et al*. (2001) that large block-holding shareholders may have greater incentives to monitor management than small investors as they have more at stake. According to Pfeffer (1972), Pfeffer and Salancik (1978), Zahra and Pearce II (1989) and Pearce II and Zahra (1992), increased board size may yield benefits by creating a network with the external environment and securing a broader resource base. Moreover, diversification has been shown to be value destroying by some authors (e.g., Berger and Ofek, 1996; Servaes, 1996; Denis *et al*., 1997). However, the potential effects of firm age and firm size on performance are unclear; the factors that determine board meeting frequency have not been well understood. As it is the case that "… the structure of empirical models is uncertain" (Barnhart and Rosenstein, 1998, p.2), additional tests on the regression models without firm size control are performed to assess the robustness of findings.

Results

Table 2 gives a description of the 243 firms in 2003[2]. The number of board meetings or committee meetings during the year varies between 3 and 37, or between 0 and 50, with a mean close to 11 or 8, respectively; the total number of directors on the board ranges from a low of 3 to a high of 15, with an average of just over 6.

[Table 2]

  The number of years the company has been listed on the stock exchange ranges from 3 to 132 (average 16.90), and number of business segments ranges from 1 to 11 (average 4.46). The proportion of shares owned by blockholders varies between 13.60% and 99.86%, with an average of 65.10%; the percentage of equity held by executive directors varies between 0% and 80.99%, with a mean of 11.84%.

  Table 3 displays regression estimates for the effects of board meetings and other variables on firm performance[3]. A Durbin-Watson close to 2 is consistent with no serial correlation, while a number closer to 0 means there probably is a serial correlation. Therefore there is no indicator of serial correlation for the models in this study. As shown in the Table, the number of board meetings presents a positive influence on subsequent shareholder return, at the 1% level of significance.

[Table 3]

  Table 4 provides regression estimates for the effects of committee meetings and other controls on corporate performance. There is no statistically significant association between the number of committee meetings in 2003, and average ROA, ROE and shareholder return over the period 2003-2006.

[Table 4]

  With respect to the control variables tested in the regressions, there are some consistent patterns emerging from Tables 3 and 4. It appears that dividend payments of sample firms reflect the accounting performance measures of ROA and ROE; larger blockholder ownership or lower managerial shareholdings are favoured by the market, leading to better shareholder return. In addition, larger firms or firms with more reportable segments tend to have better ROA or ROE. Firms with lower leverage have better ROE during 2003-2006. The regressions for the determinants of board meetings are reported in Table 5. The number of board committees gives a positive impact of on board meetings at the 5% level, and board size presents a negative effect on board meetings at the 1% level.

[Table 5]

  Table 6 shows the regression results of the explanatory factors for committee meetings. The number of board committees gives a positive contribution to committee meetings; managerial shareholdings provide a negative influence on committee meetings, at the 1% level of significance.

[Table 6]

The findings indicate that firms with more board committees tend to have relatively more board and

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[2] The descriptive statistics of other research variables are available from the authors.
[3] The levels of significance reported in this paper are for two-tailed tests.

committee meetings; larger boards have less board meetings, and lower managerial ownership leads to more committee meetings. The results of sensitivity tests without firm size control are not qualitatively different from those presented in Tables 3-6[4].

Conclusions

This study explores the link between the intensity of board meeting and firm financial performance. It reveals that board meeting frequency has a positive impact on subsequent shareholder return; the level of board activity, however, does not have any influence on accounting performance. A potential explanation for the above findings is that active boards, which may be viewed to be proactive measures for improved governance and therefore may be presumed to be more effective in monitoring managers, are favoured by the Australian investors, even though there is a lack of significant difference between the accounting performances of firms with relatively active or inactive boards.

The analysis shows that larger blockholder ownership or lower managerial shareholdings lead to better shareholder return. According to Coles *et al.* (2001), blockholders have the capacity to monitor their investments and, because of the magnitude of their investments, could affect managerial behaviour; the threat that blockholders would sell large blocks of shares if the firm fails to provide an acceptable return, or is not responsive to governance concerns that investors view as critical, is a significant issue for managers. As summarised by Coles *et al.* (2001), there is evidence that institutional investors and other blockholders do impact managerial behaviour and therefore company performance (e.g., Barclay and Holderness, 1991; Van Nuys, 1993; Brickley *et al.*, 1994; Shome and Singh, 1995; Bethel *et al.*, 1998; Allen and Phillips, 2000).

For the effect of executive ownership on firm performance, the literature survey in Sundaramurthy *et al.* (2005) indicates that the empirical evidence in this area is inconclusive. Jensen and Meckling (1976) proposed that increasing managerial ownership could mitigate agency conflicts - the higher the proportion of equity owned by managers, the greater the alignment between managers and shareholder interests; the studies supporting their view include Morck *et al.* (1988), Kim *et al.* (1988) and Hudson *et al.* (1992). Some scholars could not locate any significant relationship between managerial shareholdings and performance (e.g., Tsetsekos and DeFusco, 1990; Sundaramurthy *et al.*, 2005); there are a number of papers revealing a non-linear relationship (e.g., McConnell and Servaes, 1990; Brailsford *et al.*, 2002).

In the regressions dividend payments of sample firms reflect the accounting measures of ROA and ROE. As discussed before, accounting measures are historical and therefore experience a backward- and inward-looking focus; market-based measures are forward-looking indicators that reflect current plans and strategies, and in theory represent the discounted present value of future cash flows (Devinney *et al.*, 2005; Fisher and McGowan, 1983). Therefore it could be concluded that in Australia dividend payout is based on the historical performance, rather than the market expectation.

In addition, it is reported that larger firms or firms with more reportable segments tend to have better ROA or ROE. Firms with lower leverage have better ROE during the test period of 2003-2006. It is noted that the negative effect of leverage on ROE coincides with Alaganar (2004) in which the author documented an inverse relationship between leverage and ROE for the top ASX 100 companies from 1994 to 2003; one possible explanation is that newly acquired debt may be deployed on projects that have a negative impact on profitability; the earnings generated by investments funded by new debt are not adequate to offset the additional interest expense. This may have been fuelled by the prevailing low interest rate environment where firms were inclined to undertake such projects (Alaganar, 2004).

Regarding the explanatory factors for the level of board activity, contrary to Vafeas (1999) and Evans *et al.* (2002), in our sample firms do not respond to poor performance by significantly increasing board meeting frequency, suggesting that board meetings may not serve as a reactive device as asserted by Jensen (1993). According to the analysis companies with more board committees tend to have relatively more board and committee meetings; companies with larger boards have less board meetings. It is unclear why lower managerial ownership leads to more committee meetings; we leave this issue for future investigation.

Based on the evidence that boards that meet more frequently are valued more by the market, we suggest that firms should consider how board meetings could be used as a resource by strategically planning the timing and frequency of board meetings so that they fulfil the expectation of investors; to address this concern future research may consider a survey of shareholders, regulatory bodies and other stakeholders. It is also recommended that a survey be conducted of directors' perceptions of the extent to which they believe board meetings may improve board effectiveness, accountability and other corporate governance issues. Another interesting area to be investigated is the quality of board meetings; currently there appears to be very little empirical work carried out to deal with this issue, which could involve an attitudinal survey of directors and

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[4] The results of robustness tests without firm size control are available from the authors.

managers. It is acknowledged that, without reliable data on the quality of board meetings, the empirical examination of board meetings as a potential value-relevant attribute would remain a challenge.

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Table 1. Description of Research Variables

Measure	Abbreviation	Definition
Meetings		
Board meetings	BRDMTGS	Number of board meeting
Committee meetings	COMMTGS	Number of committee meetings
Firm Performance		
ROA	ROA1, 2*	Ratio of EBIT to book value of total assets
ROE	ROE1, 2	Ratio of profit after interest and tax to book value of equity
Shareholder return	SHRET1, 2	Rate of return incorporating capital gains and dividend payments
Control		
Firm age	AGE	Number of years listed on the ASX
Blockholder ownership	BLOCK	Percentage of common stocks held by the top 20 shareholders
Board committees	COMM	Number of committees on the board
Dividend payout	DIVR1, 2	Ratio of dividend payments to profit after interest and tax
Managerial ownership	EQED	Percentage of equity including options held by executive directors
Leverage	GEAR1, 2	Ratio of short-term and long-term debt to book value of equity
Firm size	LogMCAP1, 2	Natural logarithms of market value of common stocks (in $million)
Diversification	SEGMT	Number of industrial and geographical segments
Board size	SIZE	Number of directors on the board

* ROA, ROE, SHRET, DIVR, GEAR and LogMCAP are coded 1 for 2000-2003, and 2 for 2003-2006

Table 2. Descriptive Statistics

Sample Period: 2003				Included Observations:		243
Variable	Mean	Median	Maximum	Minimum	Std. Dev	Skewness	Kurtosis
BRDMTGS	11.23	11.00	37.00	3.00	4.34	1.30	8.25
COMMTGS	7.56	6.00	50.00	0	6.65	2.23	11.04
AGE	16.90	11.00	132.00	3.00	17.81	2.90	15.39
BLOCK	65.10%	67.09%	99.86%	13.60%	0.18	-0.42	2.74
COMM	2.37	2.00	6.00	0	1.15	0.60	3.91
EQED	11.84%	2.21%	80.99%	0	0.18	1.70	4.89
SEGMT	4.46	4.00	11.00	1.00	2.23	0.84	3.19
SIZE	6.33	6.00	15.00	3.00	2.05	1.02	4.53

Table 3. OLS Regressions: Board Meetings and Firm Performance

Sample Period: 2003-2006		Included Observations:	243

Coefficient t-Statistic	ROA	ROE	SHRET2
Intercept	-0.121	0.216	-0.791
	-0.539	0.349	-2.025*
BRDMTGS	-0.013	-0.010	0.050
	-1.476	-0.444	3.367**
AGE	0.0007	-0.003	0.002
	0.332	-0.508	0.520
BLOCK	-0.062	-0.899	1.125
	-0.297	-1.569	3.105**
COMM	-0.077	-0.110	-0.045
	-2.152*	-1.113	-0.716
DIVR2	0.197	0.498	-0.243
	2.461*	2.253*	-1.744
EQED	-0.355	0.029	-0.885
	-1.634	0.049	-2.338*
GEAR2	-0.019	-0.700	0.006
	-1.053	-14.385**	0.188
LogMCAP2	0.063	0.140	0.068
	2.050*	1.670	1.287
SEGMT	0.008	0.111	-0.040
	0.391	2.038*	-1.169
SIZE	0.001	-0.063	-0.017
	0.061	-0.942	-0.414
R^2	0.124	0.492	0.116
Std Error (Regression)	0.554	1.529	0.967
F-Statistic	3.271**	22.527**	3.047**
Durbin-Watson	2.006	2.046	2.055

* Significance at the 5% level   ** Significance at the 1% level

Table 4. OLS Regressions: Committee Meetings and Firm Performance

Sample Period: 2003-2006		Included Observations:	243

Coefficient t-Statistic	ROA	ROE	SHRET2
Intercept	-0.308	0.026	-0.056
	-1.616	0.050	-0.166
COMMTGS	-0.002	-0.012	0.007
	-0.339	-0.606	0.509
AGE	0.0008	-0.003	0.002

	0.367	-0.466	0.440
BLOCK	-0.047	-0.890	1.067
	-0.227	-1.556	2.880**
COMM	-0.079	-0.082	-0.028
	-1.906	-0.723	-0.385
DIVR2	0.199	0.502	-0.249
	2.469*	2.274*	-1.742
EQED	-0.345	-0.012	-0.940
	-1.565	-0.020	-2.398*
GEAR2	-0.017	-0.698	0.002
	-0.984	-14.340**	0.053
LogMCAP2	0.068	0.148	0.048
	2.220*	1.765	0.888
SEGMT	0.005	0.111	-0.030
	0.267	2.043*	-0.852
SIZE	0.007	-0.055	-0.039
	0.298	-0.840	-0.918
R^2	0.116	0.493	0.074
Std Error (Regression)	0.557	1.528	0.989
F-Statistic	3.038**	22.561**	1.852
Durbin-Watson	2.023	2.048	2.028

* Significance at the 5% level   ** Significance at the 1% level

Table 5. OLS Regressions: Determinants of Board Meetings

Sample Period: 2000-2003   Included Observations: 243

Coefficient t-Statistic		BRDMTGS	
Intercept	12.874	13.628	13.565
	8.681**	9.239**	9.300**
ROA1	-1.925		
	-1.904		
ROE1		0.062	
		0.130	
SHRET1			0.024
			0.128
AGE	-0.008	-0.009	-0.009
	-0.485	-0.554	-0.554
BLOCK	-1.114	-1.386	-1.363
	-0.705	-0.869	-0.859
COMM	0.619	0.669	0.676
	2.240*	2.394*	2.431**
DIVR1	0.616	0.287	0.305
	0.962	0.457	0.486
EQED	-1.105	-1.261	-1.236
	-0.688	-0.766	-0.763
GEAR1	0.263	0.248	0.250
	1.377	1.284	1.300
LogMCAP1	-0.039	-0.118	-0.116
	-0.141	-0.430	-0.422
SEGMT	0.231	0.217	0.218
	1.500	1.401	1.406
SIZE	-0.550	-0.546	-0.547
	-2.955**	-2.913**	-2.917**

R^2	0.089	0.075	0.075
Std Error (Regression)	4.227	4.260	4.260
F-Statistic	2.279*	1.889*	1.889*
Durbin-Watson	2.045	2.079	2.080

* Significance at the 5% level   ** Significance at the 1% level

Table 6. OLS Regressions: Determinants of Committee Meetings

Sample Period: 2000-2003   Included Observations: 243

Coefficient t-Statistic	COMMTGS		
Intercept	-3.361	-3.437	-3.576
	-1.916	-1.985*	-2.089*
ROA1	0.351		
	0.293		
ROE1		0.089	
		0.160	
SHRET1			0.081
			0.369
AGE	0.016	0.016	0.015
	0.810	0.811	0.795
BLOCK	-0.443	-0.429	-0.391
	-0.237	-0.229	-0.210
COMM	2.853	2.837	2.852
	8.725**	8.653**	8.744**
DIVR1	0.877	0.922	0.964
	1.157	1.252	1.311
EQED	-4.989	-5.028	-5.024
	-2.628**	-2.600**	-2.640**
GEAR1	-0.222	-0.222	-0.219
	-0.981	-0.981	-0.969
LogMCAP1	0.475	0.487	0.492
	1.461	1.515	1.532
SEGMT	0.123	0.125	0.128
	0.678	0.689	0.702
SIZE	0.202	0.202	0.201
	0.917	0.918	0.915
R^2	0.459	0.458	0.459
Std Error (Regression)	5.00	5.00	5.000
F-Statistic	19.645**	19.634**	19.655**
Durbin-Watson	1.956	1.957	1.959

* Significance at the 5% level   ** Significance at the 1% level