The Research Proposal To Explore The Effect of Characterıstics of Independent Board Members on Performance of Companies

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Abstract:

This study presents a research proposal to explore the effect of characteristics of independent board members on performance of companies. Dimensions of characteristics of independent board members are gender, age, education, tenure in the company, tenure in the career, functional work experience, foreign work experience, committee memberships, and duties. On the other hand, dimensions of performance of companies are financial performance, marketing performance and innovation performance. Ratio of foreign ownership, sectors, product/service categories, operated countries, and expansion methods into foreign countries (exporting, licencing, joint venture, merger, acquisition, and foreign direct investment) reflect the current positions of the companies. Also, size of the company, headquarter location of the company, size of the board of directors, number of board meetings, number of independent board members, responsibilities of board members (SWOT analysis, strategy formulation, strategy implementation, control, and leadership), board committees and their functions, performance appraisal methods and frequencies of the board and board members, and problems of independent board members could be asked to the participants. As a research methodology, structured in-depth interview could be conducted to the participants. The participants of the research could be independent board members of companies which sell their stocks in Star Market of Istanbul Stock Exchange Market (ISEM). Thus, the main population of the research could be independent board members of companies which sell their stocks in Star Market of ISEM whereas the sample of this research could be at least 7 participants who are independent board members of these companies.

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1. Introduction:

Characteristics of independent board members are considered as an important factor which affects the company performance. Nowadays, many companies give importance to diversity for board composition so they select independent board members with diverse characteristics such as nationality, gender, age, education, and work experience. If there are people with diverse characteristics and backgrounds in the boards, they can be more creative and make more contributions to the boards. Companies try to select board members who represent their customers and other stakeholders as well. If companies have diverse customer base, they need to select board members who represent their customers with similar characteristics. These board members will think like their customers so give suggestions to the management to make right decisions for satisfying their customers and gaining new customers. If board members have different education and work experiences, they can lead companies to expand in different sectors and countries. Giving service in committees can expand the knowledge and experiences of board members so they can make more contributions to companies and improve their performances. Thus, independent board members who have different backgrounds, represent their customers and give services in board committees are highly appreciated by companies. Companies measure their financial performances for success and growth. They should achieve high innovation and marketing performances to improve their financial performances. If they improve their financial, marketing and innovation performances, they can have sustainable competitive advantages; reach higher market share, growth rate, profitability, and market value. Being innovative triggers higher marketing performance and higher marketing performance leads to higher financial performance. Thus, companies should make investment to innovation, provide opportunities to their employees to develop innovative projects to increase their sales, sales revenues, and profits. Since global expansion has been an important performance criteria, companies should improve their financial, marketing, and innovation performances in global markets as well.

2. Literature Review

2.1 Board Characteristics

Companies need to seperate the Chairman and CEO positions to have more democratic management. Execution and appraisal should be conducted by different people. Even if the person who holds both the Chairman and CEO positions try to do the right things for the company, his/her capabilities and vision may not be sufficient for leading the company to be more competitive and his/her performance may not be appraised fairly. If the Chairman and CEO are the same person, even boards of directors can not assure independent decision making and fair performance appraisal.

CEO duality is the situation when the chairman of the board of directors holds the position of the CEO and it causes managerial power intensification (Rechner and Dalton, 1991; Surroca and Tribó, 2008) (Pucheta and Gallego, 2019). CEO duality can exist in noninstitutional companies. It can be harmful for making the right decisions and taking the right actions. It is suggested to conduct this research in public companies because if a company sells its stocks in the stock exchange market, it will be aware that it has to protect the rights of minority shareholders by seperating the Chairman and CEO positions and choosing the qualified people for these positions.

Jensen (1993) suggests that companies should separate positions of the Chairman and CEO to perform its critical functions (Nair, 2020). Duality results greater organizational scrutiny and restricts nonconformity to norms and provides the latitude for CEOs to shape the board to be favorable to management. The outcome depends on the organizational susceptibility and most powerful actors of the company to external scrutiny of its governance practices (Witt et al., 2022).

According to the agency theory, the concern of CEO duality shows that board independence limiting opportunism and managerial entrenchment (Jensen and Meckling, 1976) has negative effects on financial performance and harms shareholders' interest (Xie et al., 2020). Companies of the participant board members need to have different Chairmans and CEOs not to have the duality problem and can apply corporate governance principles.

Board of directors is a mechanism of corporate governance which shows a commitment to protect rights of shareholders and attract foreign investments (Joon-Kim, Eppler-Kim, Saeng-Kim, and Byun, 2010; Miletkov, Poulsen, and Wintoki, 2014) by preventing minority shareholders (Fama, 1980; Fama and Jensen, 1983), assuring quality of financial statements, and bringing various experiences and perspectives to the decision making (Hillman and Dalziel, 2003) (Grossi, 2018). The board of directors is an important mechanism to protect the rights of minority shareholders. If companies hire qualified board members, they can make the right decisions for reaching sustainable growth, gaining competitive advantages, and achieving national and global expansion.

Shareholders are powerful force to determine board composition (Witt et al., 2022). Bushee et al. (2013) acknowledge that board characteristics such as board size, outsider ratio, and CEO-duality measure corporate governance (Nair, 2020). Shareholders can examine the composition of the board and backgrounds of board members to understand their experiences, expertise, and visions and assess their contributions to the company. They can assess whether board members are qualified to protect their rights, have potential to lead companies to reach high performances and save companies to go bancruptcy.

Board independence shows the ratio of board seats held by nonexecutive directors. Independent directors are less affected by top managers or shareholders and become more efficient (Fama and Jensen, 1983). Independent boards are more active to monitor management and certify the quality of financial reports and accounting information; also, they use these documents less to defraud shareholders about financial situation of the company (Beasley, 1996; Miletkov et al., 2014) (Grossi, 2018). Non institutional companies have a tendeny to hire board members who are family members or friends of the Chairman. Since public companies have at least 2 independent directors in Turkey, it is suggested to conduct this reseach in public companies. The number of independent directors should be at least 1/3 of total directors in these companies in Turkey as well.

Agrawal and Knoeber (1966) believe that board independence is a relevant corporate governance mechanism to monitor and control the management team and protect interests of shareholders especially minority shareholders. Rodríguez-Ariza, Frías-Aceituno, and García-Rubio (2014) add that independent board members make decisions to ensure that companies achieve their goals and behave adequately from an independent, external, and objective perspective leading to higher quality and quantity of information disclosure. Independent board members are usually appointed for their financial expertise (Fligstein, 1991), professional background and good reputation (Pucheta and Gallego, 2019).

When companies go public, independent board members offer additional knowledge, expertise, experience, skills and competence for increasing legitimacy among shareholders and other stakeholders, broadening organizational knowledge for key decisions and leading it to become a successful public company (Zattoni et al., 2017) (Grossi, 2018). Independent board members present interests of both shareholders and stakeholders (Rao and Tilt, 2016; Zhang, 2012) (Xie et al., 2020). Depending upon their target sectors and markets, companies hire independent board members who have experience and expertise in these sectors and markets. They find independent board members who represent target customer groups, have special expertise and experience in sustainability, global expansion or certain business functions such as researh and development, marketing, finance, accounting and information technology. They can hire academicians and business consultants as independent board members as well.

Foreign investors favor diffusion of corporate governance practices across national borders *(Aguilera et al., 2017)* which induce companies to conform to global norms. *Desender et al. (2016: 350)* argue that with high levels of foreign ownership, independent directors can have greater incentives for protecting interests of shareholders by monitoring. Foreign owners lead companies for promoting corporate governance practices more than national owners (Yoshikawa, 2010) (Witt et al., 2022).

Benefits of gender diversity of board members are being more responsive to market expectations, accessing the widest pool of candidates, improving company performance and achieving better corporate governance (Carpenter et al., 2004; Cox et al., 1991; Davies, 2011; Finkelstein et al, 2008; Hambrick and Mason, 1984; Robinson and Denchant, 1997; Watson et al, 1993; Williams and O'Reilly, 1998). Gender-diverse boards have more discussions about decision making process with democratic and participative leadership styles than boards with only men (Bilimoria et al., 2000; Bilimoria and Huse, 1997; Eagly and Johnson, 1990; Huse and Solberg, 2006; Letendre, 2004; Lückerath-Rovers, 2013; Nielsen and Huse, 2010; Saggese et al., 2020). Different attitudes and traits to work in boards between women and men directors improve board commitment and quality of work (Kaczmarek and Nyuur, 2022). Diversity is an important aspect for hiring board members due to representation of groups in the society. Some developed countries assure gender diversity in the board of directors by setting minimum quotas for women directors. There is no quota for women directors in Turkey. However, European Parliament accepted that 40% of independent board members or 1/3 of all board members will be women in public companies by July 2026 in member countries (https://www.skdturkiye.org/esit-adimlar/yakin-plan/avrupada-yuzde-40-kadin-yonetici-kotasina-onay-, Date: 9.9.2023).

Sociological, psychological, and cognitive perspectives show that women directors affect corporate governance and organizational decisions. Women directors are more conservative, more adverse towards risk, and more prudent than men directors for important decision making (Levi, Li, and Zhang, 2014; Man and Wong, 2013). Women directors play a relevant role to enhance board effectiveness and show the positive effect of board gender diversity on fostering good corporate practices and improving the quality of financial information (Pucheta-Martínez, Bel-Oms, and Olcina-Sempere, 2016; Rogelberg and Rumery, 1996). Nielsen and Huse (2010) and Matsa and Miller (2013) reveal that women leaders are more sensitive and attentive to demands of stakeholders. Evans (2010) believes that multitasking, communication, and active listening are abilities of women directors to include shareholders to the decision making process (Pucheta and Gallego, 2019).

Huse and Solberg (2006) state that women directors spend more time than men directors to be prepared to board meetings which have vivid boardroom discussions and diverse viewpoints due to their presences. Nielsen and Huse (2010) add that women directors improve the board work by doing board development activities, such as board development programs, board instructions, and board evaluation. Huse and Solberg (2006) believe women directors understand the logic of board work, devote time to board evaluation and think improvement areas. Beck (2008), Carter et al. (2003) and Erhardt et al. (2003) reveal the positive effect of board diversity on financial performance of a company. They believe that diverse team members could gather resources in their networks, bring them to the team for its benefits and increasing creativity to find out problems and offer solutions (Cox et al., 1991; Hillman et al., 2002; Watson et al., 1993; Williams and O'Reilly, 1998) (Kaczmarek and Nyuur, 2022). It is observed that women directors are more committed to board meetings and duties than men directors. They are more creative to make more contributions to the boards and companies.

Kristie (2011) believes that women directors dominated by men directors can face difficulty in voicing their opinions until there are three women directors. Joecks et al. (2013) found a U-shaped relationship between gender diversity and company performance and the turning point occurs when there are three women directors (Xie, 2020). Companies with women CEO or

Chairman may hire more women directors, give more chances to them and provide a fair environment for them.

Dass, Kini, Nanda, Onal, and Wang (2014) show that companies can benefit by appointing directors with specific experiences in related industries (Gallego and Pucheta, 2020). If a company wants to enter a new industry, it can hire board members who have experiences in this new industry as well.

Board of directors with members who have foreign education and work experiences can become effective monitors and has a positive effect on the corporate governance. Giannetti et al. (2015) reveal that directors with foreign experience can enhance advising and monitoring functions of the board to improve the company performance. Directors with foreign experience could focus on management and operations for maximizing shareholder value, instead of pleasing politicians to establish and maintain *guanxi* with the government (Giannetti et al., 2015) (Cao et all, 2019).

Board commitment is preparation before meetings and involvement during meetings. Preparation before meetings show the ability and willingness of directors to participate in meetings with knowledge about issues to be discussed with their contributions to the decision making process. It shows willingness of directors to examine information before and collect information after the meetings (Forbes and Milliken, 1999). Involvement of directors during meetings shows the effort made during discussions and follows the decisions made during meetings (Judge and Zeithaml, 1992; Pearce and Zahra, 1992). Huse (2005) believes that it reflects ability and willingness of directors to ask questions and participate to the decision making process. Minichilli et al. (2009) acknowledge that preperation before board meetings and involvement during meetings show the commitment of directors. If board members get prepared before the meetings, they will have required knowledge about issues and contribute to the decision making process actively. They show the tendency of directors to examine information before and collect more information later (Forbes and Milliken, 1999) (Kaczmarek and Nyuur, 2022). Board members should read the agenda and reports before the board meetings, be prepared for questioning the performance of the company, proposing new innovative projects, launching new products or services, expanding into new sectors and markets, and gaining competitive advantages.

Board meeting attendance is a proxy to measure efforts and commitments of directors towards shareholders. Chou et al. (2013) examine the relationship between meeting attendance of directors and company profitability for a sample of 650 non-financial Taiwanese companies and reveal that high meeting attendance of directors can improve company performance. Yermack (1996) finds a negative relationship between board size and company value for large American industrial companies and shows that the greatest company value loss occurs when boards grow from small to medium size. Yermack (1996) states that companies with small boards have better operating ratios and profitability. Jensen (1993) believes that small boards improve company performance and boards with more than eight members are less effective. Eisenberg et al. (1998) find a negative correlation between board size and profitability for small companies in Finland. Mak and Kusnadi (2005) reveal a negative relationship between board size and company value for public companies in Singapour and Malaysia (Nair, 2020).

Small companies attract less stakeholder pressure, have fewer connections to institutional arrangements, and have lower status (Parac et al., 1995; Greenwood at al., 2011). Larger companies receive more institutional pressures from stakeholders (Wry et al., 2011) compared to smaller ones (Zuckerman, 1999: Westphal and Zajac, 2001) (Witt et al., 2022). Jizi, Salama, Dixon, and Stratling (2014) find that a larger board is considered to support interests of shareholders and promote interests of stakeholders (Xie et al., 2020). Each company can determine the optimal size for its board. The board size shouldn't be very small or very large. If there are more directors in the board, there can be more directors with diverse backgrounds and more independent directors. The company can benefit from members with diverse education, experience and expertise. The board will be a platform with more diverse opinions, proposals, and solutions. If there are more independent directors in the board, they can express their opinions more freely and convince other directors accept their proposals.

Firm size can be considered as the natural log of total assets. Foreign investors prefer larger companies which are known internationally, have more liquidity and low barriers to international investment (Joon-Kim et al., 2010; Lee and Cho, 2016). *Board size* shows the number of directors serving on the board. Larger boards are more disperse and have higher coordination costs for communication (Hearn, 2011) and consensus (Firth, Fung, and Rui, 2006). It is difficult for members to express their opinions in the limited meeting time (Lipton and Lorsch, 1992), as the number of directors increases, internal conflicts arise and efficiency decreases (Jensen, 1993) There can be a positive relation between firm size and international investment (Grossi, 2018).

According to group dynamics, boards with few members are more effective and efficient for monitoring managers than boards with more members. Small boards have better communication among directors, and a higher accountability and engagement (Dey, 2008). Large boards increase the company value (Kalsie and Shrivastav, 2016) and a higher quality of financial reporting (Obigbemi et al., 2016). Dalton et al. (1999) and Kaymak and Bektas (2017) express that large boards have directors with various experience and capabilities for making decisions and solving conflicts (Pucheta and Gallego, 2019). This is supported by the stakeholder perspective that large boards represent interests of both shareholders and stakeholders (Pucheta and Gallego, 2019).

Companies which have CSR board committees support boards for satisfying needs and interests of stakeholders about socially responsible behavior and guarantee stakeholders on accountability issues (Dias, Rodrigues, and Craig, 2017) (Pucheta and Gallego, 2019). Comittees are important for improving performances of board members and the company. Companies make payments to board members for their service and ask additional contributions by assigning them to committees. These comittees can work on new investments, renumeration, sustainability, and governance.

2.2. Performance

Company performance can be assessed with various dimensions. Financial performance is assesed in all companies. Nowadays, marketing performance and innovation performance have become important dimensions for assessing the company performance. If companies become more innovative, they can attract more customers, satisfy their customers more and reach higher financial performance. Board members are important to increase the performances of companies. If companies have board members with research and development, and information and communication technologies backgrounds, they can be more innovative. If they have board members with marketing background, they can understand the customer expectations and tailor 4Ps to reach higher marketing performance. If they have board members with finance background, they can find and invest financial resources wisely to improve their financial performance. Thus, it is expected that characteristics of board members affect the performances of companies.

Board meetings clarify ambiguity, establish shared expectations, values and beliefs, and improve efficiency and company performance (Correia et al., 2020; Nguyen et al., 2021). Chou et al. (2013) discover that board meetings are related to company performance and help the board monitor and supervise its activities while it is protecting wealth of shareholders. Nikos and Theodorou (1998) reveal a relation between board activity and company performance as measured by the frequency of board meetings. *Buachoom (2018)* adds that having more board meetings affects company performance positively. It shows the high-performing preference of the board for more frequent decision making and consideration sessions. Hanh et al. (2018) add that *there is a* positive correlation between board meetings and financial performance as it is revealed in several studies. Paul (2017) acknowledges that regular corporate board meetings lead to better financial results in earnings per share. Yakob and Abu Hasan (2021) reveal that board meetings encourage management to strive towards investor gain and performance enhancement. The findings are supported by the agency theory in which board monitoring reduces the agency problem and maximizes the shareholder return (Yakob and Abu Hasan, 2021).

Company performance can be classified as financial and non financial performance. Financial performance is widely used performance dimension. Profitability, liquidity, capital structure, asset management are dimensions of financial performance. Total revenues, profits, profitability, ROE, ROI, asset turnover are some financial performance criterias. Financial performance is important for survival and growth of the company.

Return on equity is an alternative measure for the financial performance, as acknowledged by Orlitzky et al. (2003), Margolis et al. (2007) and Wang et al. (2014) *(*Jiang et al., 2021). *Asset turnover, return on assets, Tobin Q could be used as financial performance measures.* According to agency theory, the concern of CEO duality is that the lack of board independence would fail to limit managerial entrenchment and opportunism (Jensen and Meckling, 1976) which would have a negative effect on financial performance and harm interests of shareholders (Xie, 2020).

Profitability is an operating income over total assets. More profitable companies attract more investments (Lee and Cho, 2016) (Grossi, 2018). Some researches based on agency theory (Chen and Jaggi, 2000; Fernandez-Feijoo, Romero, and Ruiz, 2014; Jizi, Salama, Dixon, and Stratling, 2014; Khan, 2010; Rao, Tilt, and Lester, 2012; Said, Zainuddin, and Haron, 2009) reveal that board independence, board diversity, duality, board size, and board committees positively affect financial, CSR, and environmental performance (Pucheta and Gallego, 2019). Higher financial performance attracts more investors, increases the company value and satisfies shareholders more. Thus, shareholders expect board members to lead CEO to make the right decisions, to determine the company mission, vision and strategies to achive higher financial performance.

On the other hand, sales and customer related issues are dimensions of marketing performance. Some of the most widely used marketing performance measures are market share, number of customers, number of new customers, sales, sales to new customers, customer satisfaction, customer retention, and brand awereness (Ambler and Puntoni, 2003; Grønholdt and Martensen, 2006). If there are marketing experts in the board, they can lead the company to launch appropriate products and services; position them, determine their prices, distribution channels and advertising strategies based on market expectations to reach higher marketing performance.

Realized innovation, success of innovation, time of innovation, acquired patents, and economic indicators are indicators of innovation. Number of implemented innovation during a period, ratio of succesful projects to total initiated innovative projects, average time implementation of innovative projects, number of patents for a certain period, return on innovation, ratio of innovation expenditures to sales, ratio of real contribution of project to total cost of the project are defined as innovation performance measures (Rylková and Chobotová, 2014). Innovation performance is also very important for the competitiveness and growth of the company. Number of new products, sales from new products, time to develop a new product, R&D expenses, number of patents are some of the innovation performance measures. If there are board members with research and development and information and communication technology backgrounds, they can lead the company to formulate the appropriate innovation strategy for developing competitive products or services in shorter periods with longer life cycles to reach higher innovation performance.

3. Methodology

This study presents a research proposal to explore the effect of characteristics of independent board members on performance of companies. Dimensions of characteristics of independent board members are gender, age, education, tenure in the company, tenure in the career, functional work experience, foreign work experience, committee memberships, and duties. Questions related to them could be asked to participants. On the other hand, dimensions of performance of companies are financial performance, marketing performance and innovation performance. Ratio of foreign ownership, sectors, product/service categories, operated countries, and expansion methods into foreign countries (exporting, licencing, joint venture, merger, acquisition, and foreign direct investment) reflect the current positions of the companies. Questions related to them could be included to the research as well. Also, size of the company, headquarter location of the company, size of the board of directors, number of board meetings, number of independent board members, responsibilities of board members (SWOT analysis, strategy formulation, strategy implementation, control, and leadership), board committees and their functions, performance appraisal methods and frequencies of the board and board members, and problems of independent board members could be asked to the participants. Companies could be known by learning their sizes and locations of their headquarters. Boards can be known by learning their characteristics and working mechanisms. Size of the board, composition of the board, responsibilities of board members, board committees and their functions, board evaluation methods and frequency help researchers learn about the boards and decision making mechanisms. Thus, they are also included to this research. On the other hand, companies which do not have a duality problem need to be chosen for the research. The Chairmans and CEOs of sample companies need to be different people to have more democratic management approach in the boards. Thus, independent board members could make contributions to the management of the company.

As a research methodology, structured in-depth interview could be conducted to the participants. The structured in-depth interview method is widely used qualitative research method to gather more comprehensive data from respondents for reaching research goals. The participants of the research could be independent board members of companies which sell their stocks in Star Market of the Istanbul Stock Exchange Market (ISEM). Thus, the main population of the research could be independent board members of companies which sell their stocks in Star Market of ISEM whereas the sample of this research could be at least 7 participants who are independent board members of these companies. There are 266 companies in Star Market in ISEM in 2023. There are at least 2 independent board members in each company. In total, at least 7 in-depth interviews could be conducted with 7 independent board members via online platforms such as Zoom, Teams, and Adobe due to time and budget restrictions. The companies of the participant board members need to have different Chairmans and CEOs not to have the duality problem.

The main limitation of this research could be gathering data from at least 7 independent board members from 7 companies which sell their stocks in Star Market of ISEM. There are time and budget limitations so in-depth interviews need to be conducted via online platforms. The researcher may not conduct face to face in-depth interviews with the respondents.

Hypotheses

The following hypotheses could be developed for the research:

H1: Characteristics of independent board members affect financial performance of companies

H2: Characteristics of independent board members affect marketing performance of companies

H3: Characteristics of independent board members affect innovation performance of companies

H4: Characteristics of independent board members affect products and services of companies

H5: Characteristics of independent board members affect sectors of companies

H6: Characteristics of independent board members affect international expansion of companies

H7: Independent board members with foreign education affect international expansion of companies

H8: Independent board members with foreign work experience affect international expansion of companies

Data Collection

As it is mentioned above, 7 structured in-depth interviews with 7 independent board members in companies which sell their stocks in Star Market of ISEM could be conducted. The questionnaire is developed by the researcher based on the literature review. There is a gap in the literature to determine the effects of characteristics of independent board members on company performance. It is found out that a comprehensive study in this field has not been conducted in Turkey before. Questions and answers of this study will enlighten this field with their comprehensive scope. Also, as it is observed, in-depth interview method has not been widely used in this field in the World literature either. Thus, these two factors were the main motivators to conduct the research in this field for the researcher. The researcher needs to get approval from respondents after s/he writes what is talked during the interviews. All respondents need to give permission to present the research findings.

This study is expected to make great contribution to the literature by highlighting the importance of having qualified independent board members for making right decisions to improve the company performance. It will also reveal characteristics, contributions and problems of independent board members, positions of companies in national and global markets, and board evaluation mechanisms.

Interview Questions

Since the participants will be independent board members of public companies, the following information related to companies could be gathered from their web sites and annul reports: Size of the company, headquarter location of the company, sectors, product/service categories, operated countries, and expansion methods into foreign countries. Also, information related to financial, marketing and innovation performances of the companies could be gathered from their web sites and annual reports as well.

The following questions related to the participants and board practices could be asked to the participants:

- Please give information about your age, education, tenure in the company, tenure in the career, functional work experience and foreign work experience.
- Do you think that you and other independent board members affect the financial performance of the company by participating in the decision making process? If you affect, please explain How do you affect? and Why do you affect?
- Do you think that you and other independent board members affect the marketing performance of the company by participating in the decision making process? If you affect, please explain How do you affect? and Why do you affect?
- Do you think that you and other independent board members affect the innovation performance of the company by participating in the decision making process? If you affect, please explain How do you affect? and Why do you affect?
- Does the company have any foreign ownership? If it has, what is the percentage of it? From which country does it have owners?
- Do you think you and other independent board members affect the choice of sectors to operate? If you affect, please explain How do you affect? and Why do you affect?

- Do you think you and other independent board members affect the choice of product/service categories? If you affect, please explain How do you affect? and Why do you affect?
- Do you think you and other independent board members affect the choice of countries to operate? If you affect, please explain How do you affect? and Why do you affect?
- Do you think you and other independent board members affect the choice of expansion methods and operations in foreign countries? If you affect, please explain How do you affect? and Why do you affect?
- How many members and independent board members does the board have?
- How many board meetings are conducted in a year?
- What are responsibilities of board members (SWOT analysis, strategy formulation, implementation and control, leadership, etc.)?
- Which committees exist in the board? What are their functions?
- Do you have committee memberships in the board? If you have, in which committees and what are your duties? What kind of other duties do you have in the board?
- Are the performances of the board and its members evaluated? If they are, how are they evaluated? and How often are they evaluated?

What kind of problems do independent board members have in the board?

4. Conclusion

As it is mentioned this study presents a research proposal to explore the effect of characteristics of independent board members on performance of companies. Once it is conducted, its findings will be presented with a follow-up paper. The findings can reveal that characteristics of independent board members affect the company performance. This study could be expanded via asking questions to more independent board members of public companies. It can also be expanded to different countries by conducting the resarch to the independent board members of public companies in these countries as well. It is expected that this research will fill a gap in the literature to reveal the effect of characteristics of independent board members on performance of companies via comprehensive in-depth interview. If an in-depth interview is conducted to participants, more comprehensive information can be collected and this will shed a light to the issues which have not been explored before. The findings of the proposed reseach can make contribution to researchers to conduct follow-up researches is this field. Also, companies can realize the importance of the characteristics of independent board members on their financial, marketing and innovation performances. Thus, they will hire qualified board members with appropriate characteristics to make right decisions in the boards and lead them to make more contributions to the company to improve their performances.

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