BOARD COMPOSITION OF TURKISH LISTED COMPANIES: IS THERE ANY DIFFERENCE BETWEEN INDUSTRIES?

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ABSTRACT

With this study, it was aimed to determine board characteristics of the companies, which are defined as CEO duality, insider/outsider ratio and size of the board, by taking into consideration the industries that the companies operate. The research related with board of directors is an important research stream. Although, many relations were investigated, few research examined whether board characteristics differ between different industries. Boards of directors are important mechanisms for Turkish organizations, since the performance of most of the organizations is directly related with these groups. Therefore, it is important to understand the characteristics of these groups. The sample of the study includes the companies which shares are publicly traded in İstanbul Stock Exchange. The results indicate that there exists no significant difference and any trend of board characteristics between the various industries, which leads to the conclusion that industry does not matter for board composition of Turkish organizations.

Keywords: *Board Size, CEO Duality, Insider/Outsider Ratio*

INTRODUCTION

Hambrick and Mason's (1984) upper-echelon theory draw attention to the research on top level executives. There are various definitions about which of the executives of the organization form the upper echelons; boards of directors are considered to be one of them (Finkelstein & Hambrick, 1990; Haleblian & Finkelstein, 1993). Most of the research on board of directors focus on some of the characteristics of board members. These characteristics that form the board composition are CEO duality, insider/outsider ratio and the size of the board which is defined as the number of the board members.

The relation between the composition of board of directors and organizational performance attracted the attention of many researchers (Zahra & Pearce, 1989; Pettigrew, 1992; Forbes & Milliken, 1999). There exists a view in the literature about board of directors, that the financial performance of the organization is related with the structure of the board of directors (Zahra & Pearce, 1989; Pettigrew, 1992; Johnson et al, 1996). Although, there is a widespread research on this relation, the findings are not consistent (Dalton et al, 1998; Dulewicz & Herbert, 2004; De Andres et al, 2005). In

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