What Directors Do and Their Impact on Firm Value[1]

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Abstract:

Using a unique dataset of nearly one million board meeting proposals from Chinese A-share listed companies between 2007 and 2023, we analyze and categorize the topics of board meeting proposals through supervised machine learning techniques. Our study, for the first time, reveals board activities and their relative distribution using large-scale data. Our analysis reveals that board responsibilities have increased over the sample period, with notable variations in focus both across different firms and over time. Among these, routine corporate governance activities, leadership human capital management, accounting and disclosure, and significant investment decisions demonstrate the highest frequency and importance. In terms of the value impact of board activities, we find that advisory proposals generally elicit positive market reactions, while monitoring proposals, tend to receive neutral or slightly negative market responses, suggesting that investors view advisory roles as value-enhancing. Consistent with this, we document a positive relationship between a board's relative advisory focus and its financial performance, as measured by Tobin's Q and ROA. We further examine the factors that influence boards' allocation of efforts between monitoring and advisory tasks, finding that higher director compensation, shorter director tenure, higher director centrality, and more established or transitioning leadership are linked to greater advisory efforts, while busy independent directors are associated with fewer advisory activities.

Keywords: Corporate Governance, Board of Directors, Effective Boards

1. Introduction

The board of directors plays a pivotal role in corporate governance, with responsibilities that include overseeing management, setting strategic direction, and protecting shareholder interests. While there are thousands of board related studies, there is limited understanding of what directors *actually* do during board meetings and whether board decisions have real value impact (Adams, 2017). Most of studies assume that boards inherently possess the minoring and/or advising functions and rely on indirect measures, such as board structure and directors' background characteristics. For example, a higher proportion of independent directors might be assumed to correlate with stronger oversight. However, structural data alone may not (accurately) capture the actual behavior and decision-making process of the board. A more comprehensive approach to understanding the board's role would involve exploring the precise and detailed activities that directors actually engage in.

Using a unique dataset of nearly one million board meeting proposals from publicly disclosed Chinese A-share stocks between 2007 and 2023, this paper explores the activities of corporate board of directors during their meetings. By categorizing the topics of board meeting proposals through supervised machine learning techniques, our study provides a detailed analysis of all topics discussed in public firms' board meetings and the market reactions of different types of proposals. Having reviewed all the board proposals, we categorized them to analyze the distribution between advisory and monitoring proposals. We also analyze the economic consequences on boards' relative focus on advisory versus monitoring tasks and the factors that are associated with boards' allocation of efforts among monitoring and advisory roles.

The corporate governance literature provides extensive insights into the nature of board tasks, particularly focusing on the advisory and monitoring roles that boards play and their

influence on corporate decision-making (e.g., Fama and Jensen, 1983; Adams and Ferreira, 2007; Coles, Daniel, and Naveen, 2008; Armstrong, Guay, and Weber, 2010). In this stream of research, studies typically relate board characteristics to specific activities and decisions, such as CEO turnover and risk management, mainly due to data limitations (e.g., Yermack, 1996; Klein, 2002; Hermalin and Weisbach, 2003; Duchin, Matsusaka, and Ozbas, 2010; Faleye, Hoitash, and Hoitash, 2011; Adams, Akyol, and Verwijmeren, 2018). While events like executive turnover are important, they occur infrequently and represent only 9% of board proposals in our data. Similarly, risk management is related but not directly linked to certain board decisions. Consequently, there remains a significant gap in empirical evidence, as specific board actions have been studied extensively, but a comprehensive analysis of all board activities is still lacking.

One exception in this stream of literature is Schwartz-Ziv and Weisbach (2013) which examines the actual activities of boards of directors by analyzing the minutes of board and board-committee meetings of 11 Israeli companies with significant government equity. Using this unique dataset, the authors validate that boards function primarily as active monitors, but they also occasionally participate in managerial decision-making. Schwartz-Ziv and Weisbach (2013) make a valuable contribution by providing first-hand evidence of board activities through the analysis of board meeting minutes, offering a rare glimpse into what boards actually do. However, their study's small sample size and lack of capital market data limit the ability to generalize findings or examine how these board activities are valued by investors.

Continuing in a similar vein as Schwartz-Ziv and Weisbach (2013), our paper also utilizes a direct examination of board activities to bridge the gap in empirical evidence on what boards actually do. But, different from Schwartz-Ziv and Weisbach (2013), our study overcomes their study's limitations by utilizing a much larger dataset of nearly one million board meeting proposals

from all Chinese A-share listed companies from 2007 to 2023. This comprehensive dataset allows us to assess how these activities are perceived in the capital markets, and enabling us to explore both the determinants and consequences of board functions.

Specifically, we analyze board meeting minutes and proposal texts from Chinese A-share listed companies, sourced from the CNINFO database. Our board meeting proposal dataset is notably comprehensive, comprising 1,043,617 unique firm-year-board meeting-proposals across 47,808 unique firm-years from 4,786 distinct firms. This rich dataset is the result of a meticulous manual collection and coding of the header information of each proposal. We apply supervised machine learning techniques to classify the proposals into 30 different categories and then aggregate these 30 categories into 13 different board topics: 1) accounting treatment, 2) audit and internal control, 3) financial reporting and disclosures, 4) debt financing, 5) stock financing, 6) distribution of profits, 7) guarantee, 8) human capital, turnover, and compensation of board members and executives, 9) significant investment, 10) significant operation and strategy, 11) related party transactions, 12) employee stock options, and 13) routine corporate governance matters. Manual checking shows that our model's classification achieves an accuracy of 93% and further validation analyses bolster our confidence in our proposal classification methods.

The descriptive statistics of board meeting topics reveals several interesting findings. First, we observe an increasing trend of the average number of topics discussed by each board meeting, suggesting that boards are taking on a more active and multifaceted role in addressing various aspects of corporate governance and decision-making. Further, there is a substantial variation in the board meeting topics discussed across different firms and years, suggesting that the board meeting topics are dynamic rather than static. On average, a firm's board deal with about 21

different proposals over about 6.7 board meetings each year, about 3.16 proposals per meeting. A substantial portion (47.3%) of the board meetings deal with only one proposal.

Regarding the nature of board topics, approximately 58% are monitoring-driven, while the remaining 42% are more advisory in nature. Among all topics, the most common proposals pertain to routine corporate governance matters, such as organizing shareholder meetings, followed by leadership human capital issues involving board members and executives, including turnover and compensation. Accounting-related topics are also prominent, with financial reporting and disclosure being the most frequently discussed. Additionally, significant investments stand out as the most critical topics in operations and strategy.

Second, we find that the market responds differently to various types of proposals. Advisory proposals—such as those involving stock financing, dividend distribution, strategic operations, significant investments, or employee stock options—typically elicit positive market reactions, indicating that investors view the board's advisory role as value-enhancing. In contrast, monitoring proposals related to accounting, auditing, disclosure, guarantees, or routine governance matters generally receive neutral or slightly negative reactions. This suggests that while investors trust boards to provide effective advice that promotes growth, they perceive the board's monitoring role as routine oversight or risk-averse actions, potentially limiting the firm's upside returns.

The positive market reaction to advisory topics suggests that investors anticipate a favorable impact of boards' advisory efforts on firms' financial performance. To validate these expectations, we also explore the relationship between firms' financial outcomes and their boards' advisory efforts. Using Tobin's Q and Return on Assets (ROA) as proxies for firm performance, we confirm this relationship. Specifically, a one standard deviation increase in the board's advisory

efforts is associated with a 2.4% increase in Tobin's Q and a 6.5% increase in ROA, based on our model controlling for a range of firm characteristics and both firm and year fixed effects.

Building on the above findings, we next shift our focus to exploring the factors that influence how boards allocate their efforts between monitoring and advisory tasks, with particular attention to the emphasis placed on advisory topics. We find that longer director tenure is negatively associated with the percentage of advisory topics, suggesting that newer directors may be more willing to contribute their strategic insights or resources with the management. It is also consistent with the notion that more experienced directors play tougher monitoring roles to establish their reputation (Jiang et al., 2016). Conversely, longer CEO tenure and the presence of CEO turnover are positively associated with boards' advisory efforts, suggesting that established or transitioning leadership prompts greater board engagement in strategic discussions. Director centrality also enhances advisory focus, implying that well-connected directors are key drivers of strategic conversations. However, boards with a higher percentage of busy directors tend to allocate less effort to advisory tasks, likely due to their limited capacity. Importantly, we find that the positive relationship between firms' financial outcomes and their boards' advisory efforts remains robust even after controlling for these potential determinant variables. This finding alleviates concerns that omitted variables might be driving both the boards' advisory focus and the firm's financial performance.

Our paper makes several important contributions to the literature on corporate governance and board activities. First, it provides a granular examination of what occurs inside board meetings by categorizing the topics discussed and analyzing their frequency, market impacts, and potential determinants. Unlike previous studies that often infer board effectiveness from board composition, expertise, structure, or information environment, this research delves into the actual content of

board discussions, offering a direct view into the decision-making processes of boards. Our study complements the work of Schwartz-Ziv and Weisbach (2013) by providing large-sample empirical evidence on the actual activities of boards, shedding light on how they allocate efforts and set priorities to reflect diverse strategic focuses and corporate governance practices.

Second, this study enhances our understanding of how investors perceive the value of different board roles. By utilizing a comprehensive dataset of Chinese A-share listed companies, we examine how various types of board proposals—whether related to accounting, governance, financing, senior leadership human capital, investment, or strategic operations—influence investor perceptions of firm value, as evidenced by stock market reactions surrounding board meeting events. Our findings reveal that the market does not react uniformly to all board decisions; instead, it distinguishes between types of board meeting content, with a stronger positive response to advisory topics. To our knowledge, this is the first paper to empirically examine investors' perceptions of different board functions using a large sample. Additionally, our analysis sheds light on the potential determinants and consequences of boards' monitoring versus advisory focuses, contributing to the literature on effective boards (e.g., Fama and Jensen, 1983; Adam and Ferreira, 2007; Coles, et al., 2008; Armstrong, et al., 2010).

Third, our study makes a distinctive contribution by employing deep learning techniques to analyze an extensive dataset of board meeting proposals from the Chinese A-share market—a rich source of unstructured textual data that is not available in other major capital markets. This dataset provides valuable insights into board activities and decision-making processes across a large number of firms over an extended period. While our focus is on the Chinese market, we believe the findings can offer useful perspectives for understanding corporate governance more broadly, especially as China's corporate governance regulations increasingly converge with those

of the U.S. system. However, we are mindful of the inherent differences between the two markets, such as variations in corporate legal frameworks and practices. As such, we acknowledge that our results may not be fully applicable to other countries.

The rest of the paper proceeds as follow. Section 2 outlines the institutional background. Section 3 describes the data and sample, detailing our unique data collection process and the characteristics of the sample. Sections 4 to 7 introduce our research methodology and findings, which leverages both descriptive statistics and econometric analyses to explore the capital market's reaction to different board meeting topics. We also explore the determinants and consequences of the board's focus during these meetings. Section 8 concludes the paper with a discussion of the implications of our findings for corporate governance and suggestions for future research.

2. Institutional backgrounds

China's stock market was formally established in the early 1990s with the creation of the Shanghai and Shenzhen Stock Exchanges. The Shanghai exchange focuses more on "Blue-chip companies" --larger, more established companies with significant influence on the Chinese economy—while the Shenzhen stock exchange is oriented toward smaller, high-growth companies, particularly those in technology sectors.

Since then, China's stock market and its corporate governance structures have evolved significantly, reflecting broader economic reforms that have transitioned the country from a centrally planned economy to one that increasingly integrates market-oriented principles. This transformation has led to the establishment of regulatory frameworks and governance practices aimed at aligning Chinese corporate governance more closely with international standards.

China's regulatory landscape for corporate governance has undergone substantial changes, particularly with the implementation of *the Company Law* and subsequent amendments. Initially introduced in 1993 and effective in July 1994, *the Company Law* has been amended several times, most recently in 2023, to address the evolving needs of the Chinese market. Other key reforms included the introduction of the *Code of Corporate Governance* for Listed Companies in 2002, which mandated the inclusion of independent directors on boards and the establishment of audit committees, mirroring practices in more developed markets like the U.S. The law and regulations emphasize that boards must act in the best interests of the company and its shareholders, reinforcing the fiduciary duties of loyalty and care.

The structure and composition of boards in Chinese listed companies reflect both regulatory mandates and the unique characteristics of China's corporate environment. Chinese boards typically consist of 9 members. Regulations issued by the China Securities Regulatory Commission (CSRC) require that at least one-third of the board members in listed companies must be independent directors, normally 3 directors. The remaining directors are non-independent, including representatives from the largest shareholders, other block-holders, as well as executives. Similar to practices in the U.S. and other major markets, Chinese boards function mainly through proposals discussed and voted on at board meetings. According to *the Companies Law* of China, a board proposal must receive majority support to be effective. The law outlines the following powers/responsibilities of the board of directors:

1) Convening shareholders' meetings and reporting on its work to the shareholders' meeting;
2) Executing the resolutions of the shareholders' meeting;
3) Deciding on the company's business plans and investment proposals;
4) Formulating the company's profit distribution and loss recovery plans;

5) Proposing plans for the increase or decrease of the company's registered capital and the issuance of corporate bonds;
6) Formulating plans for the merger, division, dissolution, or change of corporate form;
7) Deciding on the establishment of the company's internal management structures;
8) Deciding on the appointment or dismissal of the company's manager and their remuneration, and, based on the manager's nominations, deciding on the appointment or dismissal of the deputy manager, financial officer, and their remuneration;
9) Formulating the company's basic management systems;
10) Other powers stipulated in the company's articles of association or granted by the shareholders' meeting.

Under the 2002 *Code of Corporate Governance*, the boards of Chinese public companies are required to disclose information about their routine activities. In 2007, amendments to the Shenzhen and Shanghai Stock Exchange's listing rules further strengthened these disclosure requirements, mandating more detailed reporting of board meeting proceedings. These amendments emphasized the need for companies to provide comprehensive details on the board meetings, including the timing and location of the board meeting, directors' attendance, detailed proposals and the corresponding board member voting results. Specifically, the listing rules of both Shanghai Stock Exchange and Shenzhen Stock Exchange require that listed companies disclose the resolutions of their board meetings within two trading days after the meeting is held. [2] Our study utilizes these comprehensive board meeting resolutions data to empirically analyze

[2] To our knowledge, such granular and comprehensive board meeting disclosures are not mandatory in other jurisdictions, such as the U.S. or the U.K. In these capital markets, only specific board meeting resolutions that address significant events, corporate changes that shareholders should be informed about, or matters that impact the company's share price or are of material importance need to be disclosed.

board activities. We investigate a critical research question: What roles do boards of directors play, and how do their actions influence the value of their firms?

3. Data and samples

To construct our sample, we first obtained all publicly disclosed board meeting decisions for Chinese A-share stocks in text format from the CNINFO database for the period between 2007 and 2023. This dataset comprises 1,043,617 proposals from 324,644 board meetings held by 4,786 unique firms during the sample period. All disclosures are in Chinese characters. [3]

Figure 1.a presents a clear upward trend in the average number of proposals presented at board meetings over time. Starting with an average of around 2.5 proposals per meeting in the early years, there is a steady increase, reaching an average of about 5.0 proposals per meeting by 2023. Meanwhile, as shown in Figure 1.b, the total number of proposals that a board addresses over its meetings throughout the entire year also increases significantly, from around 13 proposals a year in the early years to nearly 30 proposals a year more recently. Both trends suggest a greater number of issues being addressed at board meetings over the years, reflecting the increasing complexity of the business environment and increasingly critical roles that corporate boards play. Specific data for Figure 1 can be found in our Online Appendix, Table A.1.

We used Python to process text data and manually collected unique file names, stock codes, filing dates, and proposal titles from all board meeting disclosure data. Due to the unique nature and specialized business focus of financial companies, we excluded board meeting data from 93

[3] Appendix A provides a translated example from the 8th meeting of the 3rd Board of Directors of Shandong Denghai Seed Co., Ltd (stock code 002041) in 2008. From this example, we can see that the disclosure includes the stock code, securities name, and announcement number, which contains the year of disclosure. Additionally, it specifies the exact date, time, and location of the meeting, as well as the host. The example details three proposals discussed by the board: approving the third quarter financial statement, ratifying the accrual for material inventory impairment provisions, and approving a significant investment. The disclosure also includes the voting outcomes for all three proposals and provides links to further disclosure details.

companies in the following industries: life insurance, insurance, other insurance, other financial industries, other commercial banks, comprehensive securities companies, monetary financial services, capital market services, and the financial trust industries. Additionally, we removed data from firms with abnormal trading statuses, such as ST, SST, or *ST, as they may not be representative of regular board meeting activities. Given that our research aims not only to describe the activities of board members during their meetings but also to assess their impact on firm performance, we exclude board meeting data when insufficient trading data is available to accurately calculate market reactions surrounding the meeting dates. After these exclusions, our final dataset consists of 944,547 sample proposals from 295,523 unique board meetings, corresponding to 4,525 unique firms.

Next, we apply supervised machine learning techniques for classifying the nearly one million proposals by different topics. We go through the following procedures to achieve this step of the data preparation. First, we randomly select 200 firms from the 4,525 representative firms, carefully ensuring that the sample accurately reflects a diverse range of industries. Then, for each firm, we randomly choose 15 board meeting proposals from various years, resulting in a total of 3,000 proposals. We then manually classify these 3,000 representative board meeting proposal narratives jointly into 30 categories following the defined scope of board responsibilities and powers as outlined in *the Company Law*. These categories encompass essential aspects of corporate governance and financial management, including: 1) accounting treatment, 2) finance management, 3) budgeting, 4) the appointment of auditors, 5) internal controls, 6) internal charters and bylaws, 7) financial reporting, 8) capital usage disclosure, 9) debt financing, 10) bank loans, 11) stock issuance, 12) other financing, 13) dividend payouts, 14) stock repurchases, 15) guarantees, 16) related party transactions, 17) organizing shareholder meetings, 18) CEO reports,

19) board reports, 20) employee stock options, 21) board member turnover, 22) executive turnover, 23) executive evaluation and compensation, 24) other governance-related activities, 25) strategy and operations, 26) legal matters, 27) social responsibility initiatives, 28) significant asset disposal, 29) significant asset addition, and 30) significant asset restructuring.

Second, we utilize Bidirectional Encoder Representations from Transformers (BERT), a state-of-the-art natural language processing model developed by Google, as a supervised machine learning tool to classify our one million board meeting proposal sample into 30 predefined categories. The training data, described in the previous step, serves as the foundation for fine-tuning our BERT model. [4]We begin by tokenizing the proposal text using the Chinese BERT tokenizer, ensuring that the input sequences were properly truncated and padded to a maximum length of 512 tokens. To optimize the model's performance, we make several discretionary choices: setting the number of training epochs to 3, using a batch size of 8 for both training and evaluation, and applying a warmup phase of 500 steps. We also incorporate a weight decay of 0.01 to prevent overfitting. These parameters are chosen to balance the training efficiency and model performance. The fine-tuned BERT model is then used to predict the categories for new, unseen proposals, with the results mapped back to their original labels and saved for further analysis.

After the BERT model classifies our one million sample proposals, we randomly select 300 BERT-generated classifications and manually check their accuracy. Our examination reveals only 21 misclassifications out of the 300 sampled proposals, achieving an accuracy rate of 93%, which exceeds our predefined threshold of 90% for model performance.[5] This accuracy rate

[4] BERT is designed to understand the context of words in a sentence by looking at both the words that come before and after them, making it "bidirectional." BERT is pre-trained on large amounts of text data and can be fine-tuned for specific tasks like text classification.

[5] In the book Practical Natural Language Processing: A Comprehensive Guide to Building Real-World NLP Systems (Vajjala, Majumder, Gupta, and Surana, 2020), the authors emphasize that achieving accuracy rates around 90% is

suggests that the BERT model is robust and reliable for classifying board meeting proposals into the designated categories, aligning well with our expectations and requirements for practical deployment. In the subsequent analysis, we also regress financial outcomes on the occurrence of related proposals to further verify the validity of the classification.

Next, we consolidated several related topics from the original 30 board meeting proposal categories into 13 broader categories to enhance the clarity and cohesiveness of our analysis. For example, "Debt Financing" and "Bank Loan" were merged into the broader category of debt financing ("fin_debt") since both focus on the firm's financial obligations, despite the latter specifically addressing loans from banks. This approach allows us to concentrate on the most critical aspects of board activities while reducing redundancy and ensuring analytical clarity. Appendix B details the composition of each type of board meeting proposal and the mapping process from the 30 granular proposal types to the 13 aggregate board proposal topics.

Then, we merged our board meeting proposal dataset with the CSMAR database to obtain board and firm fundamental characteristics. Additionally, we excluded boards with five or fewer members, as these represent atypical board structures in China. As shown in Table 1, these filtering steps further refined our sample, reducing it to 746,809 proposals from 236,534 board meetings across 35,450 unique firm-years. This process ensures that our analysis is based on a more representative and comprehensive dataset.

Table 2 provides a detailed summary of characteristics of our sample firm-years. In Panel A, we see that the average firm size, measured as the natural logarithm of total assets, is 22.11, which corresponds to about 4.57 billion Chinese Yuan (approximately 628 million USD). The

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often considered robust for production-level models, particularly in real-world applications where balancing performance with computational efficiency is critical.

standard deviation of firm size is 1.27, indicating moderate variation across our sample firms. Leverage, defined as the ratio of total liabilities to total assets, averages 0.43. The largest shareholder (Top1_ownership) holds, on average, 33.9% of a firm's shares, while the top 10 shareholders collectively own around 57.9%, reflecting very concentrated ownership in Chinese public firms. On average, the firms earn a return on assets of 4%, and the Tobin's Q is 1.92. Additionally, 36% of our sample firms are state-owned enterprises.

Table 2, Panel B provides an overview of the board and executive characteristics of our sample firm-years. The average board size, measured as the natural logarithm of the total number of directors, is 2.2, corresponding to a mean of 8.6 directors per firm. Women make up approximately 14.9% of directors, and 37.2% of board members are independent.[6] Directors have an average tenure of 3.6 years, with durations ranging from one month to nearly fourteen years. The average director salary is about 209,000 yuan per year, equivalent to approximately 28,500 USD. Directors are, on average, connected with 25 other directors through professional or personal networks, indicating a high degree of centrality. The average education level of directors is 3.9, suggesting that most hold a master's degree. CEO-chair duality is present in 28.4% of firms, with an average CEO tenure of 4.53 years and a turnover rate of 18.0%. Additionally, 37% of directors hold multiple board memberships, indicating they are "busy" directors. The directors bring diverse expertise, with 43% having advanced education, 46% domiciling in a different state, and significant representation among independent directors with backgrounds in finance (43%), industry (43%), and law (61%). These findings suggest that the boards of directors in Chinese public firms are well-educated and possess knowledge and experience to fulfill their roles.

[6] The *"Code of Corporate Governance for Listed Companies*" requires that at least one-third of the members of the board of directors of a listed company must be independent directors.

After mapping our board meeting proposal data with the firm fundamentals and board and executive characteristics, we further validate the accuracy of our classifications by examining the correlation between the classified board meeting topics and key firm, board, and executive characteristics, as presented in Table 3. In Column (1), we correlate firms' cash and cash equivalent levels with the number of proposals related to financial reporting and disclosure, given that a significant mandatory disclosure in China pertains to firms' intention of using their funds. Column (2) examines the correlation between a firm's financial leverage and its debt financing proposals. In Column (3), we correlate the number of dividend payout or share repurchase proposals with a dummy indicator for Dividend Payout. Column (4) explores the relationship between a CEO turnover event dummy and the number of leadership human resource management topics discussed by the board. Finally, Column (5) correlates a firm's research and development spending with the board's proposals regarding employee stock options, recognizing that stock incentives are commonly used to motivate employees in the technology sector in China. In all five validation analyses, we observe a significant positive relationship between the firm characteristics and the number of corresponding board meeting proposals. This set of analyses further supports the notion that the board meeting topics identified by our machine learning techniques are meaningfully related to firm characteristics, thereby further confirming the validity and relevance of our classification approach of board meeting topics.

4. What do boards do?

In Table 4, we aggregate the total number of proposals across different topics at both the firm-year level (Panel A) and the board meeting level (Panels B and C). Panel A shows that, on average, boards handle about 21 proposals per year, with the number ranging from 1 to 164 proposals. The most frequent proposals are related to routine corporate governance activities, such

as organizing shareholder meetings (averaging 3.5 proposals per year) and leadership human capital matters, including turnover and compensation of board members or executives (averaging 3.19 proposals per year). Financial reporting and audit-related issues also appear frequently, with averages of 2.7 and 2.4 proposals per year, respectively. Boards typically address 1.85 significant investment proposals annually, which involve the acquisition, restructuring, or disposal of major assets. In contrast, strategic and operational proposals are less common, usually accounting for fewer than one proposal per firm-year, reflecting the infrequent nature of these strategic moves.

Building on prior research (e.g., Fama and Jensen, 1983; Adams and Ferreira, 2007; Schwartz-Ziv and Weisbach, 2013; Cai, et al. 2023), we categorize the 13 board meeting proposal topics into two primary functions: Monitoring and Advisory. Proposals related to accounting treatment, auditing, internal controls, financial reporting, guarantees, related party transactions, and routine governance are classified under "Monitoring." Conversely, proposals concerning debt and stock financing, dividend payouts or share repurchases, significant investments, strategy or operations, employee stock options, and leadership human resources fall under "Advisory." Our analysis reveals that Monitoring activities comprise approximately 58% of board activities in Chinese public companies, while Advisory tasks account for the remaining 42%.

When zooming in on the board meeting level, we find that, on average, a meeting addresses about 3.2 proposals. 34% of board meetings include at least one proposal related to routine corporate governance activities, such as hosting shareholder meetings, while 24.5% address at least one leadership human capital matter. Additionally, 27.7% of meetings discuss at least one proposal related to financial reporting and disclosures, and 24.3% cover audit or internal control matters. Accounting treatment topics, such as asset impairment, error corrections of previous financial reports, or changes in accounting policies, are addressed in 14.9% of meetings.

Furthermore, 20.9% of board meetings discuss at least one significant investment decision, and 14.5% involve proposals regarding related party transactions.

Interestingly, 47% of board meetings are dedicated to only one topic. In Panel C, we further examine the specific topics directors focus on in these meetings. The data shows that boards devote a significant portion of their attention to significant decisions (17.1%) and financial reporting and disclosure (17.2%). A considerable amount of attention is also given to leadership changes, such as CEO turnover, director turnover, and CEO compensation (12.9%).

Boards' activities evolve over time. Figure 2.a presents the average total number of board proposals across the 13 categories, while Figure 2.b illustrates the annual trends in monitoring and advisory proposals. Specific data for Figure 2 can also be found in our Online Appendix, Table A.1. These figures provide insights into the dynamic nature of board meeting topics, reflecting shifts in corporate priorities and external regulatory influences over the sample period.

Consistent with the general trends observed in Figure 1, where boards increasingly handle a growing number of proposals, we see a notable rise in several categories. For example, accounting treatment (blue line), financial disclosure (grey line), and audit and internal control topics (orange line) all show upward trends, indicating a heightened focus on accounting standards and transparency. Specifically, the frequency of accounting treatment topics increases from less than one proposal per year before 2015 to around two proposals per year after 2020. Similarly, financial disclosure topics, which accounted for about 1.5 proposals in 2007, surge to nearly 3.5 proposals per year by 2023. Auditing and internal control-related discussions also see significant growth, doubling from about 1.4 proposals in 2007 to approximately 2.8 proposals in 2023.

Routine corporate governance proposals (green line), which include activities such as organizing shareholder meetings, delivering periodic board reports, and reviewing CEO reports,

show a significant surge over the sample period. In 2007, these routine governance activities typically appear in two board proposals per year, but by 2023, this number has increased to over five proposals per year. Similarly, employee stock-option-related proposals (black line) and dividend distribution (red line) rise from nearly zero in 2007 to one proposal and 0.8 proposals per year, respectively, in 2023. Topics related to related party transactions (light blue line) also experience a gradual increase, from about 0.5 proposals per year to around 1.4 proposals per year.

Debt financing (purple line) and stock financing (brown line) exhibit more fluctuations over time. For instance, stock financing account for about two proposals in 2015, 2016, and 2020, but only around one proposal in other years. Between 2017 and 2019, there is a weak pattern of substitution between discussions on these two financing methods. During this period, debt financing proposals peak at around 1.2 proposals per year, while stock financing proposals decrease to about 0.8 proposals per year, likely corresponding to changes in capital market conditions and firms' financing needs.

Topics on significant investment (pink line) show a steady increase in board discussions between 2007 and 2016 but then decrease significantly after 2016, reflecting a potential shift in corporate strategy, possibly due to changing market conditions, regulatory pressures, or a growing focus on risk management. Meanwhile, the boars' focus on certain topics has remained relatively stable over time, as seen with guarantees (yellow line) and strategic operations (dark green line).

Figure 2.b shows the trend of board proposals categorized into monitoring and advisory types over time. Up until 2015, both monitoring and advisory proposals increase in a nearly parallel fashion, indicating a balanced rise in attention to these areas by boards. However, starting from 2016, a noticeable divergence occurs: monitoring proposals continue to rise significantly, while advisory proposals level off and remain relatively steady. This shift suggests that, post-2016,

boards place greater emphasis on their monitoring responsibilities, possibly due to increasing regulatory requirements, heightened scrutiny, or a stronger focus on risk management. In contrast, the steady trend in advisory proposals implies that boards are maintaining, but not expanding, their focus on strategic advisory roles. This divergence illustrates a potential reallocation of board resources and attention toward compliance and oversight functions at the expense of strategic advisory roles.

In the 2008 Berkshire Hathaway shareholder meeting, Warren Buffett highlights three critical roles that a successful board should fulfill: selecting the right CEO, keeping the CEO accountable, and offering independent judgment on significant corporate decisions like acquisitions.[7] Our results show that typical Chinese public companies' boards actively engage in these roles, with a significant portion of board meeting conversations dedicated to leadership human capital matters and CEO oversight. However, their roles related to major investment decisions have been declining since 2015, marking some possible areas to improve.

5. Do investors consider board of directors' activities to be value-enhancing?

After establishing an overview of boards' activities through their proposal topics, we move to examine the value impact of boards' activities. We start our analyses by examining how the capital market perceive the value impact of board of directors on firms using an event-study method. Specifically, we quantitatively investigate the relationship between cumulative market reactions surrounding the board meeting events and different board meeting topics.

We apply the CAPM model to calculate the cumulative abnormal returns (CAR) associated with board meeting events. Specifically, we regress the risk-free rate-adjusted returns of each stock

[7] See https://buffett.cnbc.com/2008-berkshire-hathaway-annual-meeting/.

against the risk-free rate-adjusted value-weighted market return over a trading window of [-150, -30] days preceding each board meeting. To ensure robustness, we require a minimum of 20 non-missing trading days within this estimation window. Using the firm-specific betas and alphas derived from this regression, we then calculate the expected returns over the [-1, +1], [-3, +3], and [-5, +5] trading day windows surrounding each board meeting event. This approach allows us to quantify the capital market's reaction to board decisions with a focus on abnormal returns.

Table 5, Panel A presents the relationship between cumulative abnormal returns (CARs) on board meeting days and the types of board proposals discussed, focusing specifically on single-proposal meetings to isolate the effects of each proposal type. The analysis reveals that several board proposal types are associated with significant market reactions.

In general, advisory proposals tend to generate more positive market reactions, as indicated by the significant positive CARs observed for stock issuance, dividend distribution, and significant investment proposals. However, there are exceptions within the advisory category: leadership human resource topics and debt financing proposals are associated with insignificant CARs. Conversely, proposals classified under the monitoring category generally result in insignificant market reactions, except for related party transactions, which are associated with positive and significant CARs, suggesting that the market views boards' oversight of these transactions favorably.

In Table 5, Panel B, we aggregate the Advisory types of proposals and monitoring types of proposals to examine the CARs associated with these two types of board meeting proposals, we find that Advisory types of board meeting proposals are associated with significantly positive market reactions, highlighting the market's favorable view of strategic and counseling activities undertaken by the board. In contrast, the constant terms in Panel B capture the market's reaction

to monitoring activities, which, on average, is negative. This suggests that the market may view these routine oversight functions as less value-enhancing or possibly even indicative of underlying issues that require increased scrutiny, leading to a more cautious or unfavorable market response.

6. Does a board's advisory focus have an impact on its firm's financial performance?

The event study analysis in Section 5 reveals that investors generally perceive the advisory activities of boards of directors as value-enhancing. Building on this, we examine the relationship between a board's relative focus on advisory-related topics and its firm's financial performance, measured by both Tobin's Q and ROA.

As shown in Table 6, the key variable of interest, %Advisory, is positively and significantly associated with both Tobin's Q and ROA across all specifications, indicating that a stronger focus on advisory activities by the board is linked to better firm performance. This insight is consistent with our findings in the previous section, both suggesting that boards prioritizing advisory roles, such as strategic decision-making and guidance, tend to enhance firm value and profitability.

Several control variables also show significant relationships with firm performance. Larger firms consistently exhibit negative associations with both Tobin's Q and ROA, suggesting that they may face challenges in maintaining high valuations and profitability. Leverage has a mixed impact, being positively associated with Tobin's Q but negatively with ROA. This indicates that while leverage may help shareholders generate value by utilizing lower-cost capital, it can also reduce a firm's net income.

Ownership concentration plays a crucial role as well. The largest shareholder's ownership (Top1_ownership) is negatively associated with both Tobin's Q and ROA, suggesting potential tunneling effects. In contrast, the ownership share of the top 10 shareholders (Top10_ownership)

is positively associated with performance, indicating that diversified ownership among major shareholders may contribute positively to firm value, consistent with Zhu et al. (2015).

State-owned enterprises (SOEs) are generally linked to lower firm performance, as indicated by the negative and significant coefficients for Tobin's Q and ROA in most models. This finding aligns with the literature, which suggests that SOEs may be less efficient due to government intervention or other factors.

Overall, our findings in Table 6 underscore the importance of a board's advisory role in driving firm performance, while also highlighting the complex interplay between firm characteristics and ownership structure in determining financial outcomes.

7. What factors influence a boards' advisory focus?

In the last empirical section of our study, we investigate the factors that are associated with boards that engage more frequently in advisory activities. To do so, we use aggregated firm-year level data, %Advisory, calculated by the percentages of board meeting proposals that are of Advisory natures over the total number of proposals in this firm-year, to evaluate a firm's relative focus on Advisory tasks.

The results in Table 7 indicate that several factors significantly influence a board's focus on advisory activities. Within the same industry, smaller boards tend to have a lower percentage of advisory-related topics, suggesting that larger boards may be better equipped to engage in advisory roles. However, within the same firm, board size is not significantly associated with advisory activities, likely due to the limited variation in board size within individual firms.

Higher average director compensation is positively associated with a focus on advisory activities, implying that better-compensated directors may have more resources or incentives to engage in strategic decision-making. Additionally, director tenure is negatively associated with

advisory roles, which may be due to two reasons: first, boards may optimize their director composition to address evolving advisory needs, leading newly appointed directors to be chosen specifically to meet current management demands or business challenges. Second, newly appointed directors may have stronger incentives to exert their advisory influence. This finding aligns with Jiang et al. (2016), who document that more experienced directors tend to be stronger monitors, suggesting a trade-off between advisory and monitoring roles as directors gain experience.

CEO turnover is another significant factor positively associated with advisory activities, likely because new CEOs may require greater advisory support from the board during leadership transitions. Similarly, CEO tenure is positively associated with advisory roles, which might reflect the reduced monitoring of more entrenched CEOs.

Additionally, higher average director centrality, which measures the extent of directors' connections with other directors, is positively associated with a board's advisory focus, suggesting that well-connected directors are more involved in strategic advisory roles. Conversely, the presence of busy independent directors, who often serve on multiple boards, is negatively associated with advisory focus, indicating that these directors may have less time or capacity to engage deeply in advisory activities.

Surprisingly, our findings reveal that the proportion of independent directors on a board, as well as the resources and capabilities of independent directors—measured by their education or experience—do not have a significant impact on the board's engagement in advisory activities. This may suggest that independent directors have limited influence on the advisory activities of boards in Chinese public companies.

Regarding business complexity, larger firms and those with higher leverage are more likely to have boards that focus on advisory activities, reflecting the greater strategic needs and complexity of these firms.

In terms of ownership structure, the largest shareholder's share is positively associated with the board's advisory focus, while the shares held by the second to tenth largest shareholders are more positively associated with monitoring activities. This finding is consistent with Zhu et al. (2015), who document that non-controlling shareholders' board representatives are typically stronger monitors in China. Finally, state-owned enterprises are associated with a lower focus on advisory roles, likely due to the higher scrutiny these firms face from their boards.

Our findings in Table 7 show that both board composition and firm characteristics are critical in determining whether a board prioritizes advisory over monitoring activities. As a robustness check, we extend our models from Table 6 by controlling for all the potential determinant factors examined in Table 7. The results, presented in Online Appendix Table A.2, demonstrate that the positive relationship between a board's advisory focus and the firm's financial performance remains robust, thereby alleviating concerns about omitted correlated variables.

8. Conclusion

In this paper, we provide an in-depth analysis of board activities in Chinese public companies, utilizing a comprehensive dataset of nearly one million board meeting proposals from 2007 to 2023. By categorizing these proposals using machine learning techniques, we examine their market impact and find that advisory-focused board activities—such as financing, operating, and investment guidance—are generally associated with positive market reactions, thereby enhancing firm value and profitability. Conversely, monitoring activities tend to receive neutral or

even slightly negative market responses, with the exception of related party transactions, which the market views favorably.

Our findings make a significant contribution to the corporate governance literature by offering empirical evidence on the specific activities that boards undertake during meetings and how these are perceived by investors. The study underscores the importance of tailoring board activities to the specific needs and challenges of the firm, highlighting that a well-balanced emphasis on advisory roles, supported by an appropriate board structure and firm characteristics, is key to driving long-term firm success.

Our findings suggest that corporate governance practices should prioritize and strengthen the board's advisory functions, ensuring these roles are not overshadowed by monitoring activities. To fully enable effective advisory roles and enhance directors' involvement in strategic decision-making, companies should prioritize the selection of directors who are well-connected and actively engaged in these processes. Additionally, providing competitive compensation appears to motivate directors' active participation. Future research could explore the long-term impact of these board activities and examine how evolving regulatory environments might shift the balance between advisory and monitoring roles.

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Table 1. Sample Section

This table reports our sample construction. We obtained the board meeting text data from CNINFO database, and manually collected the header information of each proposal.

	Unique Firm-year-board meeting-proposals	Unique Firm--year-board meetings	Unique Firm-years	Unique Firms
For Proposal-level analyses				
Publicly Disclosed Chinese A-share stocks' Board Meeting Decisions between 2007 and 2023	1,043,617	324,644	48,708	4,786
After dropping Finance Companies	1,016,917	316,720	47,474	4,693
After dropping companies that are under "abnormal listed status" (e.g., ST, *ST, SST)	970,465	301,332	45,432	4,551
After dropping companies that have missing data to calculate the CARs	944,547	295,523	44,599	4,525
After dropping board-years without board-level characteristics in CSMAR	935,671	292,313	44,155	4,523
After dropping board-years with less than or equal to five board members	891,119	278,542	42,178	4,379
After dropping board-years with missing firm fundamental characteristics or independent director characteristics	746,809	236,534*	35,450	4,182

* Of which 111,780 board meetings contains only one proposal

Table 2. Summary of Statistics (firm year level)

Panel A presents the firms' fundamental characteristics. Panel B presents the board's characteristics. All continuous variables are winsorized at 1% and 99% levels.

Panel A. Firm fundamental characteristics

Variable	n	Mean	S.D.	Min	0.25	Mdn	0.75	Max
Size	35450	22.11	1.27	19.47	21.21	21.95	22.83	26.33
Leverage	35450	0.43	0.21	0.06	0.26	0.42	0.58	0.95
Top1_ownership	35450	33.9	14.80	8.41	22.41	31.52	43.84	74.15
Top10_ownership	35450	57.94	15.39	22.15	46.9	58.74	69.83	90.48
SOE	35450	0.36	0.48	0	0	0	1	1
ROA	35450	0.04	0.07	-0.28	0.01	0.04	0.07	0.20
Tobin's Q	35450	1.92	1.34	0.58	1.09	1.48	2.23	8.21

Panel B. Board and executive characteristics

Variable	n	Mean	S.D.	Min	0.25	Mdn	0.75	Max
Board_size	35450	2.15	0.17	1.79	1.95	2.2	2.2	2.89
% Women Dir	35450	0.15	0.13	0	0	0.11	0.22	0.78
Ln (Ave Dir Compensation)	35450	12.25	0.9	6.32	11.72	12.31	12.84	14.37
%Ind Dir	35450	0.37	0.05	0.14	0.33	0.33	0.43	0.71
CEO Chair Duality	35450	0.28	0.45	0	0	0	1	1
Ave_Dir Tenure	35450	3.57	1.6	0.07	2.43	3.38	4.49	13.94
CEO Tenure	35450	4.53	2.85	0.07	2.46	3.92	5.94	20.67
Dummy_CEO Turnover	35450	0.18	0.38	0	0	0	0	1
Ave_Dir Centrality	35450	25.31	9	5	18.75	24.67	31	67.4
% Busy Ind Dir	35450	0.37	0.33	0	0	0.33	0.67	1
Ave_Ind Dir Education	35450	3.93	0.76	1	3.5	4	4.5	5
% Ind Dir Diff Location	35450	0.46	0.33	0	0.2	0.4	0.67	1
Dummy_Ind Dir Finance Exp	35450	0.43	0.5	0	0	0	1	1
Dummy_Ind Dir Industry Exp	35450	0.47	0.5	0	0	0	1	1
Dummy_Ind Dir Legal Exp	35450	0.61	0.49	0	0	1	1	1

Table 3. Validation Analysis on our Classification (firm year level)

This table reports our validation analyses on the accuracy of our machine-learning based board meeting topic classification. All variables are defined in Appendix C. Robust t-statistics in parentheses. *** , **, and * indicate p<0.01, p<0.05, p<0.1, respectively.

VARIABLES	(1) # of Proposals in type aa_disclosure	(2) # of Proposals in type fin_debt	(3) # of Proposals in type fin_distribution	(4) # of Proposals in type hr_turnover_comps	(5) # of Proposals in type ops_empstock
Cash	**1.094*** **				
	(8.977)				
Leverage		**0.176*** **			
		(3.468)			
Div Payout			**0.000*** **		
			(3.408)		
CEO Turnover				**1.608*** **	
				(37.074)	
R&D					**3.667*** **
					(3.588)
Total # of Proposals	**0.095*** **	**0.047*** **	**0.026*** **	**0.164*** **	**0.027*** **
	(58.276)	**(25.723)**	**(43.879)**	**(59.935)**	**(24.058)**
Size	**0.183*** **	**0.276*** **	**0.046*** **	**-0.574*** **	**0.196*** **
	(6.000)	**(11.905)**	**(4.403)**	**(-16.728)**	**(9.887)**
Top1_ownership	**-0.006** **	**0.004** **	0.001	**-0.006** **	0.001
	(-2.306)	**(2.105)**	(0.873)	**(-2.201)**	(0.317)
Top10_ownership	**0.010*** **	**-0.008*** **	**-0.003*** **	**0.009*** **	**-0.007*** **
	(5.746)	**(-5.596)**	**(-5.536)**	**(4.403)**	**(-5.522)**
SOE	**-0.210*** **	-0.052	**-0.124*** **	**0.503*** **	**-0.470*** **
	(-2.723)	(-0.761)	**(-4.345)**	**(5.365)**	**(-9.224)**
Constant	**-3.844*** **	**-5.824*** **	**-0.774*** **	**11.691*** **	**-3.738*** **
	(-5.610)	**(-11.521)**	**(-3.424)**	**(15.578)**	**(-8.578)**
Observations	41,963	41,963	41,963	41,963	41,963
Adjusted R-squared	0.687	0.418	0.446	0.464	0.442
firm FE	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes

Table 4. Topics of Board Meeting Proposals

This table presents the characteristics of board meeting proposal topics, aggregated at both the firm-year level (Panel A) and the board-meeting level (Panels B and C). Panel A counts the total number of proposals of each topic in a firm-year. Panel B summarizes the presence of at least one proposal of each type across all sample board meetings. Panel C shows the presence of different proposal types when a board meeting addresses only one proposal.

Panel A. Number of board meeting proposals (aggregated at the firm-year level)

Variable	Obs	Mean	Std.Dev.	0.25	Mdn	0.75
Total # of Proposals (all board meetings in the year)	35450	21.07	16.11	8	18	31
# of Proposals in type aa_treatment	35450	1.47	1.72	0	1	2
# of Proposals in type aa_audit	35450	2.39	2.27	1	2	4
# of Proposals in type aa_disclosure	35450	2.7	2.83	0	2	4
# of Proposals in type fin_guarantee	35450	0.76	1.7	0	0	1
# of Proposals in type cg_relatedparty	35450	1.19	1.69	0	1	2
# of Proposals in type cg_routine	35450	3.5	3.38	1	3	5
# of Proposals in type fin_debt	35450	1.06	1.97	0	0	1
# of Proposals in type fin_stock	35450	1.11	2.53	0	0	1
# of Proposals in type fin_distribution	35450	0.57	0.92	0	0	1
# of Proposals in type hr_turnover_comps	35450	3.19	3.8	0	2	5
# of Proposals in type ops_siginv	35450	1.85	2.87	0	1	2
# of Proposals in type ops_stra_ops	35450	0.6	1.2	0	0	1
# of Proposals in type ops_empstock	35450	0.67	1.61	0	0	0
% Monitoring	35450	0.58	0.21	0.45	0.58	0.71
% Advisory	35450	0.42	0.21	0.29	0.42	0.55

Panel B. Occurrence of board meeting proposals (at each board meeting)

Variable	Obs	Mean	Std. Dev.	0.25	Mdn	0.75
# of Proposals (per meeting)	236,534	3.157	3.654	1	1	2
I_aa treatment	236,534	0.149	0.356	0	0	0
I_aa audit	236,534	0.243	0.429	0	0	0
I_aa disclosure	236,534	0.277	0.447	0	0	0
I_fin guarantee	236,534	0.098	0.297	0	0	0
I_cg relatedparty	236,534	0.145	0.352	0	0	0
I_cg routine	236,534	0.348	0.476	0	1	1
I_fin debt	236,534	0.118	0.323	0	0	0
I_fin stock	236,534	0.085	0.28	0	0	0
I_fin distribution	236,534	0.074	0.262	0	0	0
I_hr turnover	236,534	0.245	0.43	0	0	0
I_ops siginv	236,534	0.209	0.406	0	0	0
I_ops stra ops	236,534	0.078	0.268	0	0	0
I_ops empstock	236,534	0.067	0.25	0	0	0

Panel C. Board meeting topics for meetings with only one proposal

Variable	Obs	Mean	Std. Dev.	0.25	Mdn	0.75
# of Proposals (per meeting)	111,780	1	0	1	1	1
I_aa treatment	111,780	.056	.23	0	0	0
I_aa audit	111,780	.085	.278	0	0	0
I_aa disclosure	111,780	.172	.377	0	0	0
I_fin debt	111,780	.056	.23	0	0	0
I_fin stock	111,780	.046	.209	0	0	0
I_fin distribution	111,780	.014	.118	0	0	0
I_cg routine	111,780	.092	.289	0	0	0
I_fin guarantee	111,780	.041	.197	0	0	0
I_hr turnover	111,780	.129	.335	0	0	0
I_ops siginv	111,780	.171	.376	0	0	0
I_ops stra ops	111,780	.038	.192	0	0	0
I_cg relatedpa~y	111,780	.056	.23	0	0	0
I_ops empstock	111,780	.046	.209	0	0	0

Table 5. Board Meeting CAR on Proposal Types (only single-proposal meetings)

This table reports the relationship between market reactions on board meeting days and the types of board proposals. To isolate this relationship, the sample of this analysis is restricted to board meetings with only one proposal. Panel A regress CAR on the 13 types of board meeting proposals, and Panel B regress CAR on advisory types of board meeting proposals. All variables are defined in Appendix C. Robust t-statistics are shown in parentheses. ***, **, and * indicate significance at the 1%, 5%, and 10% levels, respectively.

Panel A. Market reaction to different types of board meeting proposals

		(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES		CAR [-1,+ 1]	CAR[-3,+ 3]	CAR[-5,+ 5]	CAR[-1,+ 1]	CAR[-3,+ 3]	CAR[-5,+ 5]
I_aa_treatment	Monitor	-0.001	0.001	**0.003***	-0.001	0.001	**0.003***
		(-1.268)	(0.489)	**(1.756)**	(-0.895)	(0.886)	**(1.670)**
I_aa_audit	Monitor	-0.000	0.000	0.000	-0.000	0.000	-0.001
		(-0.170)	(0.064)	(0.187)	(-0.114)	(0.190)	(-0.355)
I_aa_disclosure	Monitor	**-0.002*** **	**-0.003** **	**-0.004*** **	-0.001	-0.001	-0.001
		(-2.883)	**(-2.427)**	**(-2.873)**	(-1.558)	(-0.549)	(-0.763)
I_fin_guarantee	Monitor	**-0.002** **	-0.001	0.000	-0.002	0.000	0.000
		(-2.106)	(-0.354)	(0.228)	(-1.566)	(0.048)	(0.231)
I_cg_relatedparty	Monitor	**0.002** **	**0.003** **	**0.004** **	**0.003*** **	**0.003** **	**0.004** **
		(2.531)	**(1.977)**	**(2.195)**	**(2.728)**	**(2.245)**	**(2.163)**
I_fin_debt	Advisory	-0.001	-0.001	-0.002	-0.000	0.000	-0.001
		(-1.073)	(-0.932)	(-1.267)	(-0.235)	(0.196)	(-0.420)
I_fin_stock	Advisory	**0.004*** **	**0.006*** **	**0.009*** **	**0.005*** **	**0.007*** **	**0.010*** **
		(3.731)	**(3.769)**	**(4.707)**	**(4.140)**	**(4.103)**	**(4.898)**
I_fin_distribution	Advisory	**0.008*** **	**0.011*** **	**0.008*** **	**0.007*** **	**0.011*** **	**0.007** **
		(4.889)	**(4.584)**	**(2.711)**	**(4.300)**	**(4.094)**	**(2.281)**
I_hr_turnover_comps	Advisory	-0.001	-0.001	-0.002	-0.000	-0.001	-0.001
		(-1.039)	(-0.987)	(-1.160)	(-0.334)	(-0.435)	(-0.833)
I_ops_siginv	Advisory	**0.004*** **	**0.004*** **	**0.003** **	**0.005*** **	**0.005*** **	**0.003** **
		(5.381)	**(3.563)**	**(1.991)**	**(5.761)**	**(4.210)**	**(2.366)**
I_ops_stra_ops	Advisory	**0.003** **	0.002	0.002	**0.003*** **	**0.003***	0.003
		(2.452)	(1.411)	(0.919)	**(2.810)**	**(1.712)**	(1.253)
I_ops_empstock	Advisory	**0.003*** **	**0.003** **	0.002	**0.004*** **	**0.005*** **	**0.005** **
		(3.435)	**(2.131)**	(1.081)	**(3.847)**	**(3.256)**	**(2.468)**
Constant		-0.001	**-0.003*** **	**-0.006*** **	**-0.001** **	**-0.004*** **	**-0.006*** **
		(-1.458)	**(-3.780)**	**(-5.018)**	**(-2.247)**	**(-4.917)**	**(-5.844)**
Observations		111,776	111,776	111,776	111,594	111,594	111,594
Adjusted R-squared		0.006	0.005	0.006	0.021	0.023	0.025
firm FE		No	No	No	Yes	Yes	Yes
Year FE		Yes	Yes	Yes	Yes	Yes	Yes
Industry FE		Yes	Yes	Yes	No	No	No

Panel B. Market reaction to boards' Advisory versus Monitoring proposals

	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	CAR [-1,+ 1]	CAR[-3,+ 3]	CAR[-5,+ 5]	CAR[-1,+ 1]	CAR[-3,+ 3]	CAR[-5,+ 5]
Advisory	**0.003*** **	**0.003*** **	**0.002*** **	**0.003*** **	**0.003*** **	**0.002*** **
	(8.374)	**(5.199)**	**(3.110)**	**(8.568)**	**(5.399)**	**(3.260)**
Constant	**-0.002*** **	**-0.004*** **	**-0.006*** **	**-0.002*** **	**-0.004*** **	**-0.006*** **
	(-9.264)	**(-14.383)**	**(-17.335)**	**(-6.695)**	**(-10.227)**	**(-12.308)**
Observations	111,594	111,594	111,594	111,776	111,776	111,776
Adjusted R-squared	0.020	0.022	0.025	0.004	0.004	0.005
firm FE	Yes	Yes	Yes	No	No	No
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	No	No	No	Yes	Yes	Yes

Table 6. Boards' Advisory Focus and Firms' Financial Performance

This table reports the relationship between firms' financial performance and the board's relative focus on advisory related topics. All variables are defined in Appendix C. Standard errors are clustered at the firm-level. Robust t-statistics in parentheses. *** , **, and * indicate p<0.01, p<0.05, p<0.1, respectively.

VARIABLES	(1) Tobin's Q	(2) Tobin's Q	(5) ROA	(6) ROA
%Advisory	**0.322*** **	**0.223*** **	**0.007*** **	**0.011*** **
	(8.037)	**(8.055)**	**(4.223)**	**(7.577)**
Size	**-0.371*** **	**-0.591*** **	**0.014*** **	**0.019*** **
	(-21.631)	**(-38.610)**	**(24.263)**	**(20.037)**
Leverage	0.093	**0.621*** **	**-0.149*** **	**-0.172*** **
	(1.140)	**(11.035)**	**(-42.238)**	**(-41.287)**
Top1_ownership	**0.002** **	**-0.005*** **	**0.000** **	**0.000*** **
	(2.056)	**(-4.792)**	**(2.301)**	**(6.477)**
Top10_ownership	**-0.011*** **	**-0.012*** **	**0.001*** **	**0.000*** **
	(-10.264)	**(-14.924)**	**(14.162)**	**(9.416)**
SOE	**0.078** **	**-0.163*** **	**-0.005*** **	**-0.010*** **
	(2.538)	**(-4.327)**	**(-3.860)**	**(-3.895)**
Observations	35,441	35,220	35,441	35,220
Adjusted R-squared	0.279	0.583	0.261	0.440
firm FE	No	Yes	No	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	No	Yes	No

Table 7. Determinants of Boards' Advisory/Monitor Focus

This table reports the relationship between board's relative focus on advisory-related topics and possible determinants of board and firm characteristics. All variables are defined in Appendix C. Standard errors are clustered at the firm-level. Robust t-statistics in parentheses. *** , **, and * indicate p<0.01, p<0.05, p<0.1, respectively.

VARIABLES	(1) %Advisory	(2) %Advisory
Board_size	**-0.035****	0.007
	(-2.379)	(0.441)
% Women Dir	**0.021***	0.004
	(1.729)	(0.303)
Ln (Ave Dir Compensation)	**0.005****	**0.006****
	(1.972)	**(2.235)**
% Ind Dir	-0.013	0.036
	(-0.323)	(0.794)
CEO Chair Duality	-0.001	0.002
	(-0.336)	(0.508)
Ave_Dir Tenure	**-0.013*****	**-0.013*****
	(-9.976)	**(-10.955)**
CEO Tenure	**0.004*****	**0.005*****
	(5.059)	**(6.513)**
Dummy_CEO Turnover	**0.040*****	**0.035*****
	(13.302)	**(12.221)**
Ave_Director Centrality	**0.002*****	**0.002*****
	(8.126)	**(11.757)**
% Busy Ind Dir	**-0.009***	**-0.013*****
	(-1.870)	**(-2.826)**
Ave Ind Dir Education	0.003	-0.000
	(1.204)	(-0.199)
% Ind Dir Diff Location	-0.007	-0.009
	(-1.448)	(-1.374)
Dummy_Ind Dir Finance Exp	0.003	0.000
	(0.946)	(0.158)
Dummy_ Ind Dir Industry Exp	0.003	0.003
	(1.125)	(0.950)
Dummy_Ind Dir Industry Exp	0.004	0.004
	(1.409)	(1.210)
Total # of Proposals	**0.000*****	**0.002*****
	(4.376)	**(19.107)**
Size	**0.008*****	**-0.017*****
	(3.644)	**(-5.269)**
Leverage	**0.067*****	**0.079*****
	(6.991)	**(6.650)**
Top1_ownership	-0.000	**0.001****
	(-0.907)	**(2.571)**
Top10_ownership	**-0.000*****	**-0.001*****
	(-2.993)	**(-4.655)**
SOE	**-0.011****	**-0.022****
	(-2.198)	**(-2.401)**
Observations	35,441	35,220
Adjusted R-squared	0.056	0.227
Firm FE	No	Yes
Year FE	Yes	Yes
Industry FE	Yes	No

Figure 1. Trends of Board Meeting Proposals by Year

These two figures present the trends of average number of proposals per board meeting (Figure 1.a) and the total number of proposals per year for all board meetings (Figure 1.b).

Figure 1.a. Average number of proposals per meeting by year

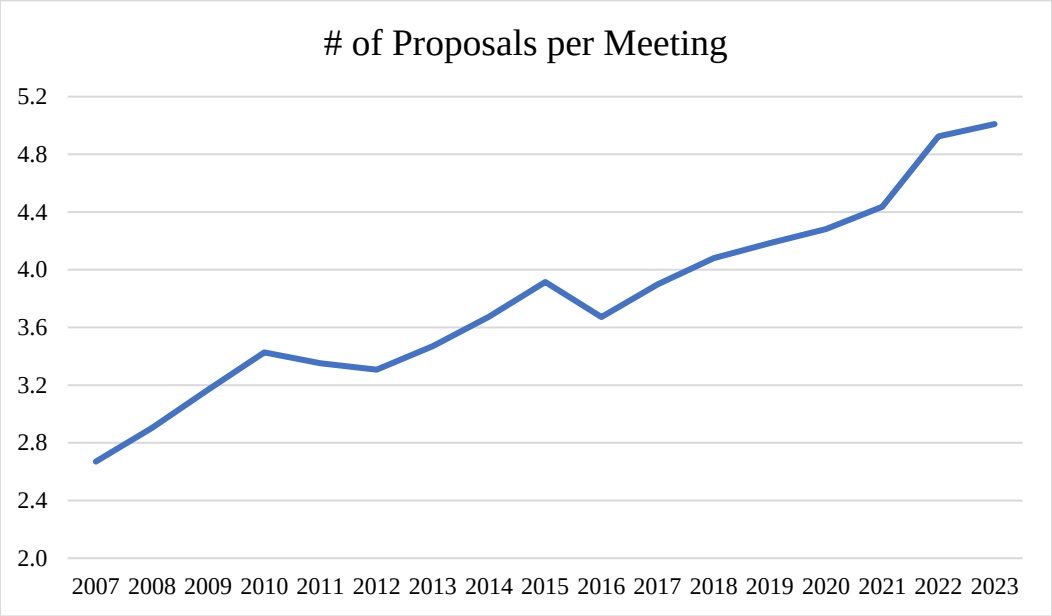


Figure 1.b. Average number of proposals from all board meetings by year

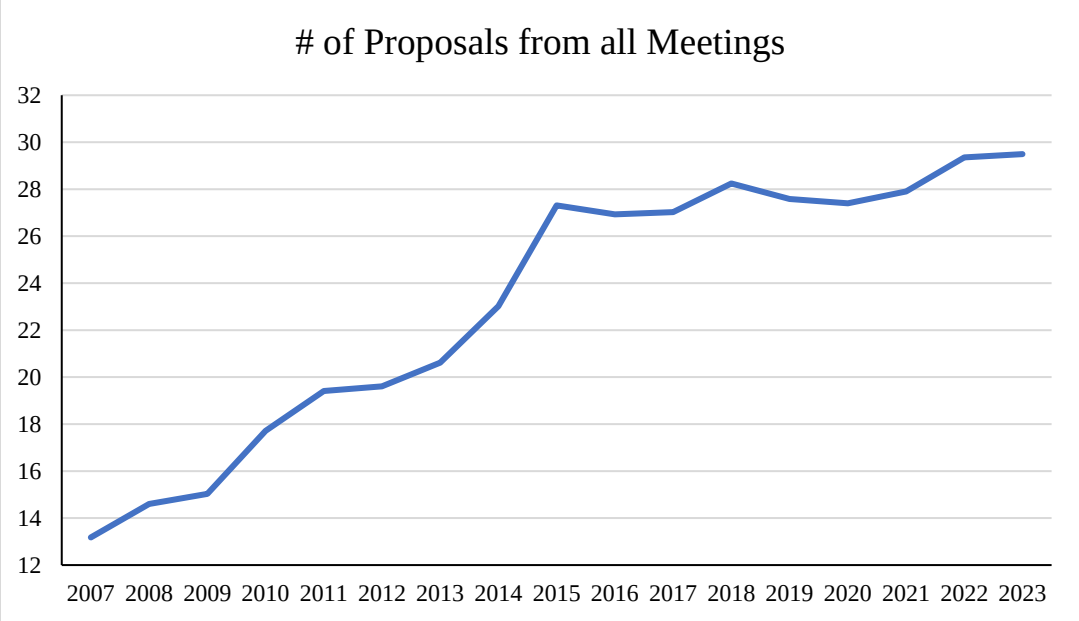


Figure 2. Trends of Board Meeting Topics by Year

These two figures illustrate the annual trends in board meeting topics over time. Figure 2.a displays the overall trend for each of the 13 proposal types by summarizing the average total numbers of each type in our sample for each year. Figure 2.b aggregates these proposals based on their monitoring versus advisory nature, showing the evolution of these two broader categories of proposals over time.

Figure 2.a. Number of Board Meeting Proposals by 13 Types by Year

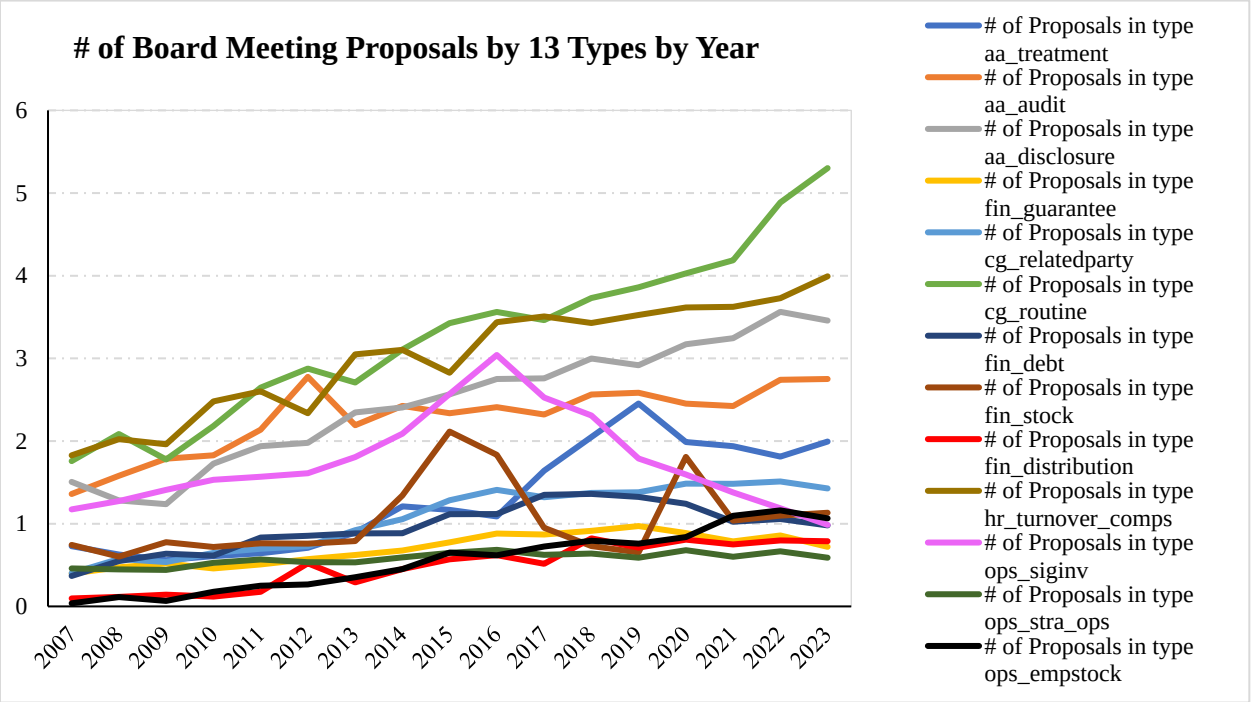
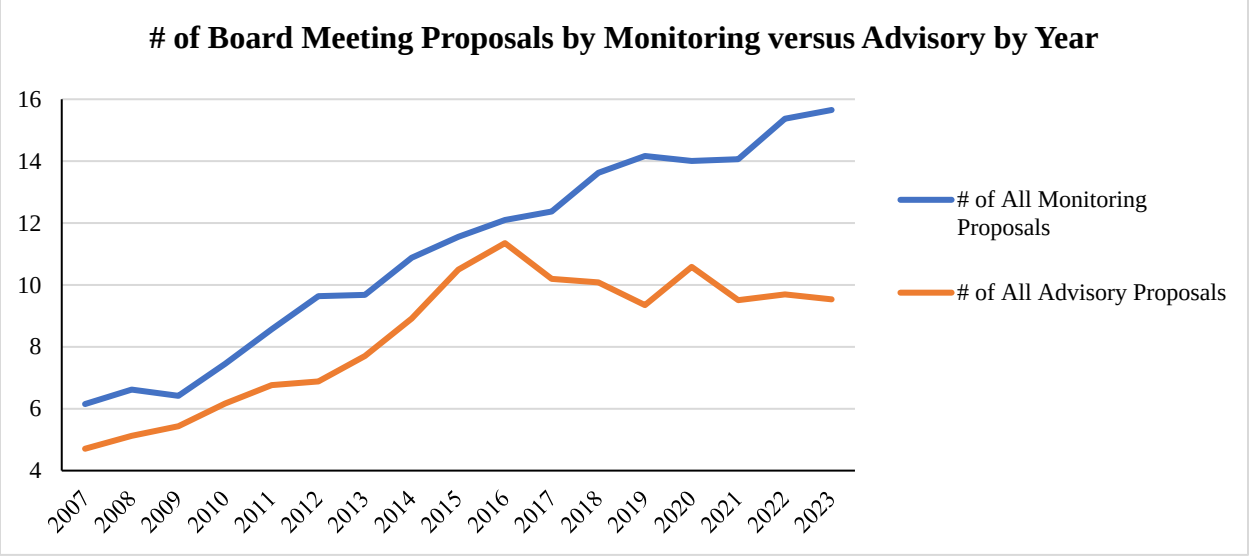


Figure 2.b. **Number of Board Meeting Proposals by Monitoring versus Advisory by Year**



Appendix A. Board Meeting Disclosure Data: Examples

This example is taken from the 8th Meeting of the 3rd Board of Directors of Shandong Denghai Seed Co., Ltd. (Stock Code: 002041). The original disclosure is in Chinese characters. We provide a direct translation using Google Translate.

Machine Translated by Google

Stock Code: 002041 Stock Name: Denghai Seeds Announcement No.: 2008-045

Shandong Denghai Seed Co., Ltd.

Announcement of Resolutions of the Ninth Meeting of the Third Board of Directors

The Company and all members of the Board of Directors guarantee that the contents of the announcement are true, accurate and complete, and contain no false records or misleading statements.

description or material omission.

The 8th Meeting of the 3rd Board of Directors of Shandong Denghai Seed Co., Ltd. (hereinafter referred to as the "Company")

The notice was sent by fax and email on October 18, 2008 and was issued on October 28, 2008.

The meeting was held at 11 p.m. in the meeting room on the third floor of the company's training center.

The meeting was chaired by Mr. Li Denghai, Chairman of the Board. The meeting was held in accordance with the procedures of the Company Law and the

According to the provisions of the Company's Articles of Association, the meeting is legal and valid.

After deliberation by the directors present at the meeting, the meeting passed the following resolutions:

1. The Company's 2008 Third Quarter Report was reviewed and approved, with 11 votes in favor and 0 votes against.

There were 0 abstentions.

The full text of the Company's 2008 Third Quarterly Report was published in the China

China Securities Journal, Securities Times and the CNINFO website (http://www.cninfo.com.cn).

2. The Proposal on Making Provision for Inventory Impairment was reviewed and approved, with 11 votes in favor and 10 votes against.

0 votes, 0 abstentions,

According to the changing characteristics of market demand and the requirements of the New Accounting Standards, the company has set the germination rate of inventory to

For corn seeds that did not meet national standards, a provision for inventory impairment was made, with the amount of loss being RMB 29.1 million.

3. Reviewed and approved the proposal on confirming the investment in the fourth phase of the Jiuquan factory expansion of Denghai Pioneer Company.

11 votes in favor, 0 votes against, 0 abstentions,

For details of the investment in the fourth phase of the expansion of the Jiuquan plant of Denghai Pioneer Company, please refer to the report published in October 2008.

On July 30 , the CNINFO website (http://www.cninfo.com.cn), China Securities Journal and Securities Daily reported that

The "Announcement on Overseas Investment by Shandong Denghai Seed Co., Ltd." in Securities Times, the announcement number is

2008-046.

This is to announce.

Shandong Denghai Seed Co., Ltd. Board of Directors

October 28, 2008

Appendix B. BERT 30 Classes and the Mapping into 13 Classes (Board meeting level)

Manually classified class for BERT	Manually Mapped		Dummy >=1 Proposal of the Type		# Proposals of the Type	
Proposal Type-30 Classes	Mapping to 13 Classes	n	Mean	S.D.	Mean	S.D.
Accounting Treatment	aa_treatment	295,523	0.08	0.3	0.1	0.34
Finance Management and Other Finance		295,523	0.06	0.2	0.07	0.32
Budgeting		295,523	0.05	0.2	0.06	0.27
Auditor Appointment	aa_audit	295,523	0.1	0.3	0.11	0.34
Internal Control		295,523	0.08	0.3	0.1	0.38
Internal Chater and Bylaws		295,523	0.14	0.3	0.16	0.43
Financial Reporting and Disclosures	aa_disclosure	295,523	0.18	0.4	0.22	0.52
Disclosure of Capital Usage		295,523	0.15	0.4	0.19	0.5
Debt Financing	fin_debt	295,523	0.03	0.2	0.05	0.41
Bank Loans		295,523	0.09	0.3	0.1	0.36
Stock Issuance	fin_stock	295,523	0.06	0.2	0.14	0.72
Other Financing		295,523	0.03	0.2	0.03	0.18
Dividend Payout	fin_distribution	295,523	0.06	0.2	0.07	0.29
Stock Repurchase		295,523	0.01	0.1	0.02	0.16
Guarantee	fin_gurantee	295,523	0.1	0.3	0.11	0.38
Related Party Transactions		295,523	0.15	0.4	0.18	0.49
Other Governance Matters	cg_routine	295,523	0.08	0.3	0.15	0.65
Organize Shareholder Meetings		295,523	0.29	0.5	0.29	0.46
CEO Report		295,523	0.04	0.2	0.04	0.21
Board Report		295,523	0.05	0.2	0.07	0.33
Employee Stock Option	ops_empstock	295,523	0.07	0.3	0.1	0.44
Board Member Turnover	hr_turnover_comps	295,523	0.16	0.4	0.24	0.68
Executive Turnover		295,523	0.09	0.3	0.16	0.59
Executive Evaluation and Compensation		295,523	0.07	0.3	0.09	0.38
Strategy and Operation	ops_stra_ops	295,523	0.05	0.2	0.05	0.26
Legal		295,523	0.02	0.1	0.02	0.13
Social Responsibility		295,523	0.02	0.1	0.02	0.14

Manually classified class for BERT	Manually Mapped		Dummy >=1 Proposal of the Type		# Proposals of the Type	
Proposal Type-30 Classes	Mapping to 13 Classes	n	Mean	S.D.	Mean	S.D.
Significant Asset Disposal	ops_siginv	295,523	0.03	0.2	0.03	0.21
Significant Asset Addition		295,523	0.15	0.4	0.19	0.52
Significant Asset Restructure		295,523	0.03	0.2	0.04	0.28

Appendix C. Variable Definition

Variable Name	Data Source	Definition
Firm-year level		
Tobin's Q	CSMAR	Sum of the market value of equity and the book value of liability scaled by the book value of total assets
ROA	CSMAR	Net income scaled by total assets
Size	CSMAR	Natural logarithm of the book value of total assets
Leverage	CSMAR	Ratio of total debts to total assets
Top1 ownership	CSMAR	Percentage of shares held by the largest shareholder
Top10 ownership	CSMAR	Percentage of shares held by the largest ten shareholders
SOE	CSMAR	Indicator that equals one if the firm's ultimate controlling shareholders are state-owned entities, and zero otherwise
Board size	CSMAR	Natural logarithm of the total number of directors on the board
%Women Dir	CSMAR	Total number of female directors over the total number of directors on the board
Ln (Ave Dir Compensation)	CSMAR	The natural logarithm of the average director compensation of all board members
% Ind Dir	CSMAR	Total number of independent directors over the total number of directors on the board
CEO Chair Duality	CSMAR	Indicator that equals one if the CEO also serves as the chair of the board, and zero otherwise
Ave Dir Tenure	CSMAR	Average tenure of all directors on the firm's board, where tenure is the number of years served as a director of the focal firm
CEO Tenure	CSMAR	Number of years the current CEO has served as CEO
Dummy_CEO Turnover	CSMAR	Indicator that equals one if the CEO at the beginning of the year is different from the CEO at the end of the year
Ave Dir Centrality	CNRDS	The average director centrality, as evaluated by the Pajek Software's Degree Centrality for directors.
% Busy Ind Dir	CSMAR	Total number of busy independent directors over the total number of independent directors on the board. Busy independent director holds at least one additional directorship in other listed firms, and zero otherwise
Ave_Ind Dir Education	CNRDS and CSMAR	Average education levels for all directors on the board. The education level for each director ranges from one to five: 1 for no college degree, 2 for a degree from junior college, 3 for a bachelor's degree, 4 for a master's degree, and 5 for a Ph.D.

Variable Name	Data Source	Definition
Dummy_Ind Dir Finance Exp	CSMAR	Indicator that equals one if at least one of the independent directors possess finance expertise. An independent director is evaluated to have finance expertise if he or she has worked in regulatory authorities, policy banks, commercial banks, insurance companies, securities companies, fund management companies, investment banks, and others.
Dummy_Ind Dir Industry Exp	CNRDS	Indicator that equals one if at least one of the independent directors possess industry expertise. If the independent director has work experience or an academic degree relevant to the company's industry, they are considered to have industry expertise.
Dummy_Ind Dir Legal Exp	CNRDS	Indicator that equals one if at least one of the independent directors possess legal expertise. Legal background includes having obtained a law degree, holding a legal professional qualification, serving as a faculty member in a law school, or working in the judicial system, such as in the prosecution or courts.
Total # of Proposals (all board meetings in the year)	CNINFO and our BERT model	Total number of proposals that a firm's board discussed in all of its board meetings during the year
# of Proposals in type aa_treatment	CNINFO and our BERT model	Total number of proposals related to accounting treatment, finance management, and budgeting issues in all of its board meetings during the year
# of Proposals in type aa_audit	CNINFO and our BERT model	Total number of proposals related to auditor appointment, internal control, or corporate bylaw or internal policy issues in all of its board meetings during the year
# of Proposals in type aa_disclosure	CNINFO and our BERT model	Total number of proposals related to financial reporting and disclosure, as well as dedicated disclosures for the usage of funded capital in all of its board meetings during the year
# of Proposals in type fin_debt	CNINFO and our BERT model	Total number of proposals related to bond issuing, private debt financing, and bank loan in all of its board meetings during the year
# of Proposals in type fin_stock	CNINFO and our BERT model	Total number of proposals related to stock issuing and other financing in all of its board meetings during the year
# of Proposals in type fin_distribution	CNINFO and our BERT model	Total number of proposals related to dividend payout or share repurchase in in all of its board meetings during the year
# of Proposals in type cg_routine	CNINFO and our BERT model	Total number of proposals related to organize shareholder meetings, CEO reports, Board reports, or other governance matters in all of its board meetings during the year
# of Proposals in type hr_turnover_comps	CNINFO and our BERT model	Total number of proposals related to executive turnover, board member turnover, or executive compensation matters in all of its board meetings during the year

Variable Name	Data Source	Definition
# of Proposals in type ops_siginv	CNINFO and our BERT model	Total number of proposals related to the addition, disposal, or restructure of significant assets matters in all of its board meetings during the year
# of Proposals in type fin_guarantee	CNINFO and our BERT model	Total number of proposals related to guarantee matters in all of its board meetings during the year
# of Proposals in type ops_stra_ops	CNINFO and our BERT model	Total number of proposals related to significant operation or strategy matters in all of its board meetings during the year
# of Proposals in type cg_relatedparty	CNINFO and our BERT model	Total number of proposals related to related party transaction matters in all of its board meetings during the year
# of Proposals in type ops_empstock	CNINFO and our BERT model	Total number of proposals related to employee stock option matters in all of its board meetings during the year
% Advisory	CNINFO and our BERT model	Total number of advisory type of proposals over the total number of proposals in all of its board meetings during the year. We classify the following types of proposals into advisory types: 1) fin_debt, 2) fin_stock, 3)fin_distribution, 4) ops_siginv, 5) ops_stra_ops, 6) ops_emp; 7) hr_turnover_comps.
% Monitor	CNINFO and our BERT model	Total number of monitor type of proposals over the total number of proposals in all of its board meetings during the year. We classify the following types of proposals into monitor types: 1) aa_treatment, 2) aa_audit, 3)aa_disclosure, 4) fin_gurantee, 5) cg_relatedparty, 6) cg_routine.
Board meeting level		
Total # Proposals (per Meeting)	CNINFO	Total number of proposals in each board meeting
CAR[-1,+1]	CSMAR	We calculated the cumulative abnormal returns (CAR) over the [-1, +1] window using daily stock returns from the CSMAR dataset. The CAPM model was estimated over a [-150, -30] trading day window prior to the event to predict abnormal returns. If the event day was a non-trading day, we used the first trading day after the board meeting as day 0. The CAR was then computed by summing the abnormal returns over the [-1, +1] window relative to the event day.
CAR[-3,+3]	CSMAR	We calculated the cumulative abnormal returns (CAR) over the [-3, +3] window using daily stock returns from the CSMAR dataset. The same estimation methodology and window are applied for calculating CAR[-3, +3] as was used for CAR[-1,+1].
CAR[-5,+5]	CSMAR	We calculated the cumulative abnormal returns (CAR) over the [-5, +5] window using daily stock returns from the CSMAR dataset. The same estimation methodology and window are applied for calculating CAR[-5, +5] as was used for CAR[-1,+1].

Variable Name	Data Source	Definition
I_aa treatment	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to accounting treatment, finance management, and budgeting issues
I_aa audit	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to auditor appointment, internal control, or corporate bylaw or internal policy issues
I_aa disclosure	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to financial reporting and disclosure, as well as dedicated disclosures for the usage of funded capital
I_fin debt	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to bond issuing, private debt financing, and bank loan
I_fin stock	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to stock issuing and other financing
I_fin distribution	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to dividend payout or share repurchase in
I_fin guarantee	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to guarantee matters
I_ops siginv	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to the addition, disposal, or restructure of significant assets matters
I_ops empstock	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to employee stock option matters
I_ops stra ops	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to significant operation or strategy matters
I_hr turnover	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to executive turnover, board member turnover, or executive compensation matters
I_cg relatedparty	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to related party transaction matters
I_cg other	CNINFO and our BERT model	Indicator that equals one if the board meeting contains at least one proposal related to organize shareholder meetings, CEO reports, Board reports, or other governance matters

Online Appendices

Table A.1 Detailed Data for Figures 1 and 2

This table summarizes the specific numbers we use to produce Figures 1 and 2.

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
# of Proposals per Meeting	2.67	2.90	3.17	3.43	3.35	3.31	3.47	3.67	3.91
# of Proposals from all Meetings	13.18	14.60	15.03	17.72	19.41	19.61	20.62	23.02	27.31
# of Proposals in type aa_treatment	0.73	0.63	0.56	0.61	0.64	0.71	0.89	1.21	1.17
# of Proposals in type aa_audit	1.36	1.58	1.79	1.83	2.14	2.78	2.19	2.42	2.34
# of Proposals in type aa_disclosure	1.51	1.28	1.24	1.73	1.94	1.98	2.35	2.41	2.56
# of Proposals in type fin_guarantee	0.40	0.47	0.52	0.46	0.51	0.57	0.62	0.68	0.78
# of Proposals in type cg_relatedparty	0.40	0.57	0.54	0.65	0.70	0.73	0.92	1.05	1.28
# of Proposals in type cg_routine	1.76	2.08	1.78	2.18	2.65	2.88	2.71	3.11	3.43
# of Proposals in type fin_debt	0.37	0.55	0.64	0.61	0.83	0.85	0.88	0.88	1.12
# of Proposals in type fin_stock	0.74	0.60	0.78	0.72	0.76	0.76	0.79	1.34	2.11
# of Proposals in type fin_distribution	0.10	0.12	0.14	0.12	0.18	0.52	0.29	0.45	0.57
# of Proposals in type hr_turnover_comps	1.83	2.02	1.96	2.48	2.60	2.34	3.05	3.10	2.83
# of Proposals in type ops_siginv	1.17	1.27	1.41	1.53	1.57	1.61	1.81	2.09	2.57
# of Proposals in type ops_stra_ops	0.46	0.45	0.44	0.53	0.57	0.54	0.53	0.59	0.65
# of Proposals in type ops_empstock	0.04	0.11	0.07	0.18	0.25	0.27	0.35	0.45	0.65
# of All Monitoring Proposals	6.15	6.62	6.42	7.45	8.57	9.64	9.68	10.88	11.56
# of All Advisory Proposals	4.71	5.12	5.43	6.17	6.76	6.88	7.71	8.92	10.49

Year	2016	2017	2018	2019	2020	2021	2022	2023
# of Proposals per Meeting	3.67	3.90	4.08	4.19	4.28	4.44	4.92	5.01
# of Proposals from all Meetings	26.93	27.03	28.25	27.58	27.40	27.91	29.35	29.49
# of Proposals in type aa_treatment	1.09	1.64	2.05	2.45	1.99	1.94	1.81	1.99
# of Proposals in type aa_audit	2.41	2.32	2.56	2.58	2.45	2.42	2.74	2.75
# of Proposals in type aa_disclosure	2.75	2.76	3.00	2.92	3.17	3.24	3.56	3.46
# of Proposals in type fin_guarantee	0.88	0.87	0.91	0.97	0.89	0.79	0.86	0.72
# of Proposals in type cg_relatedparty	1.41	1.32	1.37	1.38	1.48	1.48	1.51	1.43
# of Proposals in type cg_routine	3.56	3.46	3.73	3.86	4.03	4.19	4.89	5.30
# of Proposals in type fin_debt	1.12	1.35	1.36	1.32	1.24	1.02	1.06	0.98
# of Proposals in type fin_stock	1.83	0.95	0.73	0.65	1.81	1.04	1.10	1.13
# of Proposals in type fin_distribution	0.62	0.52	0.82	0.71	0.81	0.75	0.80	0.79
# of Proposals in type hr_turnover_comps	3.44	3.51	3.43	3.52	3.62	3.62	3.73	3.99
# of Proposals in type ops_siginv	3.04	2.53	2.31	1.79	1.59	1.38	1.19	0.99
# of Proposals in type ops_stra_ops	0.68	0.62	0.64	0.59	0.68	0.60	0.67	0.59
# of Proposals in type ops_empstock	0.62	0.72	0.79	0.76	0.84	1.10	1.16	1.06
# of All Monitoring Proposals	12.10	12.37	13.63	14.17	14.01	14.06	15.37	15.65
# of All Advisory Proposals	11.35	10.20	10.08	9.35	10.58	9.51	9.69	9.53

Table A.2. Boards' Advisory Focus and Firms' Financial Performance (Robustness)

This table serves as a robustness analysis of our Table 6. It reports the relationship between firms' financial performance and the board's relative focus on advisory related topics, controlling for both the firm characteristics and board characteristics. All variables are defined in Appendix C. Standard errors are clustered at the firm-level. Robust t-statistics in parentheses. *** , **, and * indicate p<0.01, p<0.05, p<0.1, respectively.

VARIABLES	(1) Tobin's Q	(2) Tobin's Q	(3) ROA	(4) ROA
%Advisory	**0.319*** **	**0.192*** **	**0.009*** **	**0.011*** **
	(7.850)	**(6.858)**	**(5.214)**	**(7.414)**
Size	**-0.423*** **	**-0.673*** **	**0.009*** **	**0.014*** **
	(-23.797)	**(-41.696)**	**(14.845)**	**(14.716)**
Leverage	0.124	**0.601*** **	**-0.139*** **	**-0.169*** **
	(1.569)	**(10.685)**	**(-40.535)**	**(-40.535)**
Top1_ownership	**0.002***	**-0.005*** **	**0.000*** **	**0.000*** **
	(1.806)	**(-5.332)**	**(3.747)**	**(6.375)**
Top10_ownership	**-0.009*** **	**-0.009*** **	**0.001*** **	**0.000*** **
	(-7.777)	**(-11.141)**	**(13.412)**	**(9.312)**
SOE	**0.113*** **	**-0.107*** **	0.002	**-0.007*** **
	(3.489)	**(-2.794)**	(1.561)	**(-2.663)**
Board_size	-0.062	-0.054	**0.008** **	0.002
	(-0.700)	(-0.850)	**(2.080)**	(0.471)
% Women Dir	-0.092	-0.039	**0.008** **	**0.007***
	(-1.036)	(-0.617)	**(2.118)**	**(1.933)**
Ln (Ave Dir Compensation)	**0.063*** **	**0.109*** **	**0.014*** **	**0.013*** **
	(3.751)	**(9.463)**	**(19.700)**	**(17.384)**
% Ind Dir	**0.929*** **	**0.444** **	-0.004	-0.005
	(3.625)	**(2.463)**	(-0.369)	(-0.458)
CEO Chair Duality	**-0.060** **	**-0.055*** **	0.000	0.001
	(-2.236)	**(-3.141)**	(0.290)	(1.033)
Ave_Dir Tenure	**0.036*** **	**0.042*** **	**0.001*** **	-0.000
	(3.997)	**(8.057)**	**(3.215)**	(-0.518)
CEO Tenure	**0.016*** **	**0.022*** **	-0.000	0.000
	(2.992)	**(7.005)**	(-0.796)	(0.577)
Dummy_CEO Turnover	**0.049*** **	-0.017	**-0.007*** **	**-0.003*** **
	(2.971)	(-1.233)	**(-7.295)**	**(-3.913)**
Ave_Director Centrality	**0.010*** **	0.004***	-0.000	**-0.000*** **
	(7.329)	(4.574)	(-1.000)	**(-3.436)**
% Busy Ind Dir	**-0.176*** **	0.002	0.002	-0.001
	(-5.326)	(0.089)	(1.149)	(-0.453)
Ave_ Ind Dir Education	0.006	**-0.016***	0.001	-0.000
	(0.445)	**(-1.714)**	(0.875)	(-0.078)
% Ind Dir Diff Location	**0.120*** **	0.018	-0.001	-0.001
	(3.158)	(0.703)	(-0.982)	(-0.715)
Dummy_Ind Dir Finance Exp	**0.057*** **	0.016	-0.001	0.000
	(2.856)	(1.310)	(-0.666)	(0.543)
Dummy_ Ind Dir Industry Exp	**-0.095*** **	**-0.055*** **	**0.002***	0.000
	(-4.430)	**(-3.968)**	**(1.764)**	(0.172)
Dummy_ Ind Dir Legal Exp	-0.028	0.011	0.001	**0.002***
	(-1.365)	(0.887)	(1.344)	**(1.956)**
Total # of Proposals	0.000	**0.006*** **	-0.000	**0.000*** **
	(0.526)	**(12.928)**	(-0.311)	**(4.388)**
Observations	35,441	35,220	35,441	35,220
Adjusted R-squared	0.291	0.591	0.286	0.449
firm FE	No	Yes	No	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	No	Yes	No