

Corporate Governance Dynamics: The Consequences of Ownership Changes on Board Composition

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This paper analyzes the relationship between changes in corporate control and board composition. Unlike prior work on shareholder activism that focuses on minority investors with small ownership stakes, we examine control changes involving a 20% voting block. Using panel data on Swiss listed firms from 1998 to 2024, we document that changes in control are rare but economically important events and occur more frequently in smaller and less profitable firms. Following a change in control, controlling shareholders tend to replace incumbent directors with shareholder-affiliated representatives. However, these ownership changes do not result in improvements in aggregate board skills, and shareholder-affiliated directors receive lower voting support in subsequent director elections.

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1. Introduction

In agency theory, self-interested managers may pursue strategies to the detriment of shareholders (Jensen and Meckling, 1976). For example, managers may engage in empire building (Jensen, 1986), extract excessive compensation (Bertrand and Mullainathan, 2001), entrench themselves (Shleifer and Vishny, 1989), shirk effort (Bertrand and Mullainathan, 2003), or use corporate resources for private consumption (Yermack, 2006). Large shareholders (blockholders) may have incentives to actively monitor management, thereby mitigating the principal-agent problem between shareholders and managers (Shleifer and Vishny, 1986; Edmans, 2014). In particular, they may pressure the board of directors to replace the chief executive officer (CEO) following value-destroying corporate activities.

The board of directors is elected by shareholders to represent their interests in monitoring and advising management and plays a central role in inducing corporate change (Yermack, 2010). Board representation therefore constitutes an important channel through which shareholders exert influence. As a result, securing board seats is a key objective for shareholders seeking to effect corporate change (Bebchuk, Brav, Jiang, and Keusch, 2020; Gantchev, Sevilir, and Shivdasani, 2020; Gow, Shin, and Srinivasan, 2024).

In the United States (US), shareholder influence has been studied primarily in the context of shareholder activism by hedge funds. These activist shareholders typically acquire relatively small voting stakes – often below 10% – yet exert pressure on self-interested managers through interventions (Gillan and Starks, 2007; Goranova and Ryan, 2014; Denes, Karpoff, and McWilliams, 2017; Chuah, DesJardine, Goranova, and Henisz, 2024). Shareholder activism encompasses a range of actions by dissident shareholders who oppose incumbent boards in order to influence corporate policies, including private negotiations, shareholder proposals, and proxy contests (Gillan and Starks, 2007; McCahery, Sautner, and Starks, 2016). Because ownership in US firms is typically dispersed, activist shareholders can exert influence without acquiring control. While activist investors increasingly seek board representation to induce change, this development is relatively recent. Prior to 2010, activist shareholders primarily exerted pressure from outside the boardroom (Connelly, DesJardine, Shi, and Sun, 2025).

Directors appointed by activists are expected to represent the interests of the dissident shareholders on the board and are therefore generally not classified as independent directors. Cavaco, Crifo, Rebérioux, and Roudaut (2017) argue that affiliated directors are primarily selected based on representativeness rather than on their skills. However, prior research on activist-appointed directors shows that such directors often differ systematically from other

board members and can play an important role in inducing strategic and governance changes (Gow, Shin, and Srinivasan, 2024).

Outside the US, ownership structures differ markedly. In many countries, firms are commonly controlled by large shareholders holding substantial voting rights, often defined using a 20% threshold (La Porta, Lopez-de-Silanes, and Shleifer, 1999; Faccio and Lang, 2002). Such investors are often referred to as anchor shareholders, as they may provide firms with strategic expertise, liquidity, or ownership stability and are therefore rarely perceived as hostile owners (Watter and Dubs, 2010). In such settings, corporate control is typically exercised by long-term owners rather than by activist shareholders.

These institutional features are particularly pronounced in Switzerland, which provides the empirical setting for our analysis. Swiss listed firms are characterized by concentrated ownership and governance arrangements in which large shareholders exert substantial influence over board nominations. Typical forms of shareholder activism, such as proxy fights, contested board elections, or public activist campaigns are rare. Board elections are typically uncontested and decided by simple majority vote (Fos, 2017). Moreover, while shareholders holding at least 3% of the voting rights must disclose their ownership stakes, they are not required to disclose their intentions, unlike activists filing Schedule 13D in the United States (Klein and Zur, 2009).

Under Swiss corporate law, shareholders holding at least 0.5% of the voting rights may request the inclusion of items on the agenda of the annual general meeting (AGM), including proposals for the election of directors, and the voting outcome is legally binding on the company. In practice, however, board candidates are usually proposed by the incumbent chairman, the board of directors, or its nomination committee. This contrasts with the United States, where the CEO is often considered to play a dominant role in board appointments (Hermalin and Weisbach, 1998; Shivdasani and Yermack, 1999; Coles, Daniel, and Naveen, 2014). In Switzerland, CEO power is relatively weaker. Furthermore, approximately 65% of the firms in our sample have a shareholder holding at least 20% of the voting rights. Given an average AGM attendance of about 68%, such controlling shareholders possess substantial de facto voting power and can effectively influence board nominations and election outcomes. As a result, shareholders holding large voting blocks can secure board representation through ordinary meeting procedures, without the need for proxy contests or public campaigns.

Building on this institutional setting, we study ownership changes involving large voting blocks rather than minority shareholder activism in firms with dispersed ownership. These changes represent shifts in control rights rather than disciplinary interventions. We focus on the board

of directors as the primary channel through which changes in ownership are translated into governance outcomes. Consistent with theories of board endogeneity, changes in control are therefore expected to be followed by changes in board composition as the new controlling shareholder establishes representation on the board (Hermalin and Weisbach, 1988; 2003).

This paper contributes to the literature in three important ways. First, it shifts the focus from shareholder activism by minority investors to ownership changes involving controlling blockholders. While most prior studies examine governance interventions by hedge funds acquiring small and often temporary stakes, we analyze changes in large voting blocks that constitute changes in corporate control. Second, the paper extends the literature on shareholder-appointed directors by showing that shareholder-affiliated directors are relevant beyond activist settings. Existing research mainly studies such directors in firms with dispersed ownership, where they arise in the context of conflicts between activists and incumbent boards. In contrast, we examine shareholder-affiliated directors in firms with concentrated ownership, where board representation is the standard way through which controlling shareholders exercise influence. Third, the paper contributes to the broader debate on the role of boards by providing evidence that boards constitute a central institutional mechanism through which ownership changes are implemented, rather than merely symbolic or legal entities (Hermalin and Weisbach, 2003).

To test our hypotheses, we analyze a comprehensive panel of Swiss listed firms from 1998 to 2024. Changes in controlling shareholders are rare but economically meaningful events. Out of 4,827 firm-year observations, we identify 105 changes in the largest shareholder holding at least 20% of the voting rights (2.2%). Of these, 98 events enter the regression sample in Table 8 due to the availability of lagged control variables. We further identify 239 changes at the 10% threshold (5.0%). Consistent with Hypothesis 1, changes in controlling shareholders are more likely in firms with weaker operating profitability. In line with Hypothesis 2, ownership changes are followed by substantial board turnover in the same year, driven primarily by the appointment of shareholder-affiliated directors. With respect to Hypothesis 3, we find no evidence that ownership changes lead to an improvement in the board's aggregate skill set. Newly appointed directors do not systematically increase overall board expertise. This finding is consistent with Cavaco, Crifo, Rebérioux, and Roudaut (2017), who show that affiliated directors are selected for representativeness rather than ability, and suggests that this logic extends to shareholder-affiliated directors appointed following control changes. Shareholder-affiliated directors receive significantly lower voting support in director elections, further

indicating that minority shareholders view these appointments as serving the controlling shareholder's interests rather than contributing additional expertise.

The remainder of the paper is structured as follows. Section 2 presents the theoretical framework and develops the hypotheses. Section 3 describes the data. Section 4 outlines the empirical analysis. Section 5 concludes.

2. Theoretical framework and development of hypotheses

Based on agency theory, weak firm performance indicates management failures and ineffective monitoring. In response to underperformance, shareholders may seek changes in corporate governance to realign managerial incentives and improve firm outcomes (Jensen and Meckling, 1976; Shleifer and Vishny, 1997). In firms with dispersed ownership, dissatisfied shareholders can respond to weak performance either by exiting their investment or by exercising voice to induce corporate change (Hirschman, 1970). A large body of empirical work shows that poorly performing or undervalued firms are more likely to attract shareholder activism, takeover attempts, or blockholder interventions (Gillan and Starks, 2007; Klein and Zur, 2009; Brav, Jiang, Partnoy, and Thomas, 2008; Cheffins and Armour, 2011).

Changes in control involve substantially larger capital commitments and personal involvement than shareholder activism by hedge funds, which typically relies on minority stakes and coalition-building rather than the acquisition of control. New controlling shareholders are therefore expected to drive, and not merely trigger, corporate change. Because they bear the full economic risk of their investment, their actions are less consistent with short-term opportunism and reflect a stronger long-term commitment to the firm. In both cases, however, interventions by shareholders – whether by minority activists or by controlling shareholders – are more likely when prior firm performance has been weak.

We therefore formulate the following hypothesis:

Hypothesis 1: Changes in controlling shareholders are more likely following poor performance.

Following a change in control, the primary task of the new controlling shareholder is to implement its strategic and governance preferences. A central instrument for doing so is the board of directors, which is responsible for advising and monitoring management and for shaping key corporate decisions (incl. CEO selection) (Jensen and Meckling, 1976). Because

directors are elected by shareholders, controlling shareholders have both the incentive and the ability to influence board composition to ensure effective representation of their interests.

Prior research emphasizes that board composition is not static but evolves in response to shifts in power within the firm (Hermalin and Weisbach, 1998; 2003). When control changes, incumbent directors may no longer reflect the preferences of the new controlling shareholder, creating incentives to replace directors and appoint representatives aligned with their interests. Unlike minority shareholders, controlling shareholders do not need to rely on proxy contests or public activism to obtain board representation (Brav et al., 2008; Bebchuk, Brav, Jiang, and Keusch, 2020). Instead, changes in controlling ownership constitute a direct shift in control rights, allowing the new controlling shareholder to recompose the board of directors.

This leads to the following hypothesis:

Hypothesis 2: Changes in controlling shareholders are followed by changes in board composition.

Following changes in ownership, newly appointed board members may bring new views and skills aligned with the controlling shareholder's interests. On the one hand, controlling shareholders seek direct representation on the board through affiliated directors. On the other hand, they may also appoint directors to strengthen board decision-making by adding skills and experience that are missing on the incumbent board.

Prior research emphasizes that directors may differ systematically in their roles and selection criteria. Activist-appointed directors often possess distinctive backgrounds and skills and can play an important role in shaping firm policies (Brav, Jiang, Partnoy, and Thomas, 2008; Gow, Shin, and Srinivasan, 2024). In contrast, Cavaco, Crifo, Rebérioux, and Roudaut (2017) argue that affiliated directors are selected primarily for representativeness rather than individual ability, reflecting the need to ensure alignment with the appointing shareholder's interests. However, their study examines various types of affiliated directors in stable ownership settings rather than shareholder representatives following control changes.

This leads to the following hypothesis:

Hypothesis 3: Changes in controlling shareholders are followed by improvements in board skills and expertise.

3. Sample, Definition of Variables, and Data

3.1 Sample

We collected data on firms from the Swiss Performance Index (SPI) spanning from 1998 to 2024. The sample comprises 4,955 firm-year observations from 1998 to 2024. Because changes in controlling shareholders are defined relative to the previous year, observations from 1998 serve as a baseline to construct ownership changes and lagged variables, while the effective estimation sample starts in 1999 and contains 4,827 firm-year observations. We collected information on ownership structure and board composition from annual reports (online and hardcover) from the Swiss Economic Archives, SIX Exchange Regulation “Significant Shareholders”, Commercial Registers, e-Helvetica, NZZ Archive, Historical Dictionary of Switzerland (HLS), “Base of données des élites Suisses”, and further internet research. Additional corporate governance data was provided by Inrate Ltd., while financial data was obtained from Refinitiv Eikon.

3.2 Definition of Variables

Ownership is measured using voting rights. The largest shareholder is defined as the shareholder with the highest fraction of voting rights in a given firm-year.

Change of largest shareholder (20%) is an indicator variable equal to one if the identity of the largest shareholder holding at least 20% of the voting rights changes from year $t-1$ to year t . The variable is also equal to one if a firm has no shareholder with at least 20% of the voting rights in year $t-1$ and a shareholder reaches or exceeds the 20% threshold in year t . It is zero otherwise. This threshold follows the standard definition of control in the international ownership literature (La Porta, Lopez-de-Silanes, and Shleifer, 1999; Faccio and Lang, 2002).

For descriptive and robustness purposes, we also construct analogous indicators for alternative thresholds. *Change of largest shareholder (5%)* and *Change of largest shareholder (10%)* equal one if the identity of the largest shareholder holding at least 5% or 10% of the voting rights changes, respectively, or if a shareholder newly crosses the respective threshold. The 5% threshold is commonly used in studies on U.S. shareholder activism and facilitates comparison with that literature.

Shareholder-affiliated directors is defined as the proportion of board members who are affiliated with a shareholder holding a significant ownership stake. Directors are classified as shareholder-affiliated if they are explicitly designated as representatives of a shareholder group or if they have documented personal, professional, or family ties to a significant shareholder.

Because board nominations are typically made by the incumbent board and are not formally labeled as shareholder proposals, such affiliations are not always disclosed in official filings. We therefore identify shareholder-affiliated directors using biographical, family, and professional links to large shareholders, even when these ties are not explicitly stated in the election agenda.

Board size is the total number of directors serving on the board in a given year. *Board tenure* is the average length of tenure of board members, measured in years. *Board age* is the average age of directors. *Tobin's Q* is measured as the ratio of total assets plus market value of equity minus book value of total equity to total assets. *Sales growth* is calculated as the year-over-year percentage change in net revenues. *Firm age* is defined as the current year minus the year of incorporation. *Total assets* are measured as total assets reported on the firm's balance sheet. *Cash* is the ratio of cash and cash equivalents to total assets. *Leverage* is the ratio of total liabilities to total assets. *R&D expenditure* is measured as the ratio of research and development spending to total assets. *Profitability* is measured by return on assets (ROA), defined as net income divided by total assets.

3.3 Descriptive Statistics and Correlations

Table 1 reports descriptive statistics for the main variables used in the analysis. Control changes are rare events: the indicator for a change in the largest shareholder holding at least 20% of the voting rights has a mean of 0.02. Shareholder-affiliated directors account for approximately one-third of board members on average. Boards consist of about seven directors, with an average tenure of nearly seven years. Firm characteristics exhibit substantial cross-sectional variation, reflecting heterogeneity in size, age, performance, and growth opportunities.

[Insert Table 1 here]

Table 2 presents the correlation matrix. Ownership changes at the 20% threshold are negatively correlated with firm size and board tenure and positively correlated with the presence of shareholder-affiliated directors. Overall, correlations are moderate, suggesting that multicollinearity is unlikely to affect the multivariate analysis.

[Insert Table 2 here]

3.4 Ownership Structure and Board Representation

This section documents the ownership structure of Swiss listed firms and the relation between large blockholders and board composition. Tables 3 to 6 provide descriptive evidence on the identity of blockholders, the prevalence of shareholder-affiliated directors, and the timing of ownership and board changes.

Table 3 reports blockholder positions by investor category. Families constitute the dominant shareholder group, accounting for the majority of controlling stakes at the 20% threshold. Institutional investors frequently hold minority blocks but rarely appear as controlling shareholders. These patterns indicate that corporate control in Swiss firms is primarily exercised by long-term owners rather than opportunistic institutional investors. Only 2.8% of firms in the sample do not have any blockholder, and only 6.0% lack a shareholder holding at least 5% of the voting rights. For comparison, Holderness (2009) documents that 96% of U.S. firms have at least one shareholder holding 5% or more of the voting rights. In contrast, 63.9% of Swiss firms are controlled by a shareholder holding at least 20% of the voting rights.

[Insert Table 3 here]

Table 4 shows a strong association between ownership concentration and board representation. While only 28% of firms without a blockholder holding at least 5% of the voting rights have shareholder-affiliated directors, this share increases to 95% among firms with a controlling shareholder holding at least 20%. The proportion of shareholder-affiliated directors also rises monotonically with ownership concentration.

[Insert Table 4 here]

Table 5 summarizes firm-level ownership dynamics over the sample period. Most firms exhibit stable ownership structures, particularly at higher ownership thresholds. Only four companies have never had a shareholder holding at least 5% of the voting rights. 128 companies have always had a controlling shareholder holding at least 20% of the voting rights. Eighty-four

companies had a controlling shareholder ($\geq 20\%$) in some years, and 58 never. A non-trivial subset of firms experiences changes in controlling shareholders, indicating that control changes, while infrequent, are economically meaningful events. Seventy-one of the 212 companies that had a controlling shareholder ($\geq 20\%$) at least once experienced at least one control change.

[Insert Table 5 here]

Table 6 provides a descriptive time-series overview of the frequency of ownership changes at different voting thresholds and of board turnover. Control changes occur on average in about 4 (20% stake), 9 (10% stake), and 17 (5% stake) firms per year, with no clear time trend. On average, 136 new directors are elected per year, of which about 7 are shareholder-affiliated in years with any change in the largest shareholder.

[Insert Table 6 here]

4. Empirical Analysis

This section examines the empirical implications of changes in controlling shareholders for corporate governance. The analysis is structured around the three hypotheses developed in Section 2 and concludes with evidence on director election outcomes.

Unless otherwise stated, all regressions include firm and year fixed effects, standard errors clustered at the firm level, and a standard set of controls: Tobin's Q, sales growth, firm size, cash holdings, leverage, R&D intensity, and profitability. All continuous financial variables are winsorized at the 1st and 99th percentiles.

4.1 Determinants of controlling shareholder changes

We begin by analyzing when changes in controlling shareholders occur. Firm performance is measured using operating profitability (ROA) and market-based valuation, consistent with prior work on ownership dynamics and corporate control (Gillan and Starks, 2007; Klein and Zur, 2009; Brav, Jiang, Partnoy, and Thomas, 2008). All explanatory variables are lagged to mitigate concerns that firm performance and ownership changes are determined simultaneously. This

approach reflects a target selection view in which investors seeking to acquire large voting blocks evaluate firm fundamentals and governance benefits ex ante.

An important institutional feature of the Swiss setting concerns disclosure regulation. Until December 2006, shareholders were required to disclose voting stakes only once they exceeded 5%. Effective January 2007, the disclosure threshold was lowered to 3%. As a result, ownership changes in the 3-5% range are observable only after 2007, whereas changes at the 10% and 20% thresholds are observable throughout the sample period. To account for this regulatory change, the ownership-determinant specifications in Tables 7 and 8 include an explicit Post-2007 indicator rather than year fixed effects.

Tables 7 and 8 analyze the determinants of ownership structure and changes in controlling shareholders. In Table 7, the specifications with levels as dependent variables include firm fixed effects, while the specifications with changes as dependent variables include industry fixed effects, as reported in the table. In Table 8, the probit models are estimated without firm fixed effects due to the limited number of control change events, which makes fixed-effects probit estimation infeasible.

Larger firms tend to have lower voting stakes held by the largest shareholder and smaller subsequent changes in the voting rights of the largest shareholder. We do not find evidence that the number of blockholders is systematically related to the covariates. Higher Tobin's Q is associated with smaller subsequent changes in voting rights, suggesting that stronger firm performance is associated with weaker incentives for ownership restructuring.

[Insert Table 7 here]

Table 8 examines the determinants of changes in controlling shareholders. We estimate pooled probit models in which the dependent variable is an indicator for a change in the identity of the largest shareholder at alternative voting thresholds (5%, 10%, and 20%). Due to missing lagged covariates, the estimation sample in Table 8 contains 98 control-change events at the 20% threshold. Ownership changes at the 20% threshold are significantly more likely following periods of weak operating profitability (ROA) and are more frequent in smaller firms. Market-based valuation measures play a more limited role. These results support Hypothesis 1 and indicate that changes in control are not random events but are associated with firm fundamentals. The use of lagged variables helps mitigate, but does not eliminate, concerns of simultaneity bias.

[Insert Table 8 here]

4.2 Board turnover following ownership changes

We next examine whether changes in controlling shareholders are followed by board recomposition. Prior research shows that activist interventions are often accompanied by director turnover (Brav et al., 2008; Bebchuk, Brav, Jiang, and Keusch, 2020), but evidence for control-relevant ownership changes outside activist settings remains limited.

We begin with descriptive evidence on director appointments. Table 9 compares shareholder-affiliated directors with other directors and distinguishes newly appointed shareholder representatives with and without contemporaneous ownership changes. Shareholder-affiliated directors differ systematically from other directors along several characteristics. Overall, they tend to have fewer skills (2.8 vs. 3.0). However, newly appointed shareholder representatives following ownership changes exhibit more skills than other shareholder-affiliated directors (3.4 vs. 2.8). This pattern is partially consistent with evidence from activist settings, where appointed directors possess stronger financial expertise (Gow, Shin, and Srinivasan, 2024).

[Insert Table 9 here]

Table 10 presents the main regression results on board turnover. A change in the largest shareholder holding at least 20% of the voting rights increases the fraction of newly elected directors by 18.2 percentage points ($p < 0.001$). Figure 1 illustrates this pattern: firms appoint an average of 1.79 new directors in the year of a controlling shareholder change, compared to approximately 0.9 directors in years without such changes. This magnitude is in line with activist settlement outcomes documented by Bebchuk, Brav, Jiang, and Keusch (2020).

The effect is monotonic in ownership intensity. Changes at the 5%, 10%, and 20% thresholds are associated with increases of approximately 6, 11, and 19 percentage points, respectively. These results indicate that board recomposition is a central governance response to ownership changes. Because controlling shareholders typically exert influence through board representation, we first document overall director turnover and then examine whether this turnover translates into higher shareholder-affiliated board representation.

[Insert Table 10 here]

[Insert Figure 1 here]

To analyze the timing of board turnover, Table 11 reports a dynamic specification including lagged, contemporaneous, and lead indicators of ownership changes. Board turnover increases sharply in the year of the ownership change, while lag and lead coefficients are statistically insignificant. This pattern indicates that board adjustments occur contemporaneously with changes in control rather than gradually over time, consistent with board recomposition being implemented at or shortly after the ownership change.

When the outcome is shifted forward by one year, the estimated effects become substantially smaller and are generally not statistically distinguishable from zero at the 20% threshold. This timing evidence indicates no pre-trends or delayed adjustments and supports an event-time interpretation of the estimates. Given the Swiss nomination and election process, board changes are implemented through shareholder voting at the annual general meeting and therefore occur contemporaneously with changes in controlling ownership. The absence of significant lead or lag effects indicates that board recomposition takes place at the time of the control change. These results support Hypothesis 2 by showing that ownership changes are followed by significant board turnover

[Insert Table 11 here]

We next examine heterogeneity across investor types and origins. Table 12 shows that board turnover following ownership changes is concentrated among family, private or individual blockholders. Changes involving family or private investors increase the fraction of newly elected directors by 24.9 percentage points ($p < 0.001$). In contrast, changes involving institutional investors or government entities have no statistically significant effect. Alternative investors (hedge funds, private equity, venture capital) display a positive but statistically insignificant coefficient. This heterogeneity suggests that board restructuring reflects differences in governance objectives and monitoring incentives across shareholder types

(Clifford and Lindsey, 2016). Table 13 shows that board turnover responses do not differ systematically between Swiss and Anglo-Saxon investors.

[Insert Table 12 here]

[Insert Table 13 here]

Finally, Table 14 examines whether ownership changes affect board size. While board turnover increases significantly, board size remains largely unchanged. This indicates that new directors primarily replace incumbents rather than expand the board. All board characteristics, including board size, average age, and tenure, are measured at $t-1$ to mitigate concerns of endogeneity.

[Insert Table 14 here]

4.3 Director characteristics and board composition

We now examine whether ownership changes affect board composition beyond director turnover. Prior research on shareholder activism shows that activist-appointed directors tend to be younger and possess stronger financial expertise (Gow, Shin, and Srinivasan, 2024).

Table 15 examines changes in board composition following ownership changes. Changes in controlling shareholders increase the proportion of shareholder-affiliated directors by 8.4 percentage points ($p < 0.01$) and reduce the share of independent directors by 4.6 percentage points ($p < 0.05$). Female representation declines modestly, and average board age decreases by about 1.1 years. By contrast, the share of foreign directors does not change significantly. Importantly, neither average nor total board skill measures change significantly. These results indicate representation-driven rather than skill-driven board changes.

[Insert Table 15 here]

Table 16 decomposes skill changes by specific expertise areas. Ownership changes increase emerging markets expertise by 1.7 percentage points ($p < 0.05$) and reduce digitalization

expertise by 2.5 percentage points ($p < 0.01$). Other skill dimensions – including finance, M&A, international experience, CEO experience, industry knowledge, legal expertise, and sustainability – do not change significantly. Overall, ownership changes do not lead to systematic skill upgrading. Newly appointed directors appear to substitute rather than augment existing skills.

These results reject Hypothesis 3. Ownership changes do not lead to systematic improvements in aggregate board skills. In contrast to activist interventions where appointed directors exhibit superior expertise (Gow, Shin, and Srinivasan, 2024), board recomposition following controlling shareholder changes reflects shifts in representation rather than deliberate investments in board human capital. This finding is consistent with Cavaco et al. (2017), who show that affiliated directors are selected for representativeness rather than ability, and suggests that this logic extends to shareholder-affiliated directors appointed following control changes.

[Insert Table 16 here]

4.4 Director election outcomes

Finally, we examine director election outcomes using AGM-level voting data. Table 17 analyzes shareholder approval measured by the percentage of yes votes. All specifications include AGM fixed effects and standard errors clustered at the firm level, so identification relies on within-meeting variation across director elections.

Shareholder-affiliated directors receive significantly lower approval than other candidates. Newly appointed directors initially receive slightly higher support, but this effect disappears once director and agenda characteristics are controlled for. The negative voting effect for shareholder-affiliated directors remains strong and statistically significant. These findings are consistent with prior evidence that minority shareholders react negatively to perceived conflicts of interest or representative directors (Goranova and Ryan, 2014).

Restricting the sample to firms with a controlling shareholder holding at least 20% of the voting rights yields similar results. Shareholder-affiliated directors continue to receive lower approval, while new appointments are not systematically treated differently from re-elections. This pattern corroborates the representativeness-based explanation for the absence of skill improvements documented in Section 4.3.

[Insert Table 17 here]

5. Conclusions

This study provides evidence that changes in controlling shareholders are associated with contemporaneous but economically meaningful adjustments in board composition. Ownership changes involving large voting blocks are more likely following weaker operating profitability (ROA), while market-based valuation measures play a more limited role. The main takeaway is that ownership changes translate into board recomposition toward shareholder-affiliated representation.

Following such ownership transitions, firms experience a significant increase in the appointment of shareholder-affiliated directors, indicating that board appointments constitute an important governance mechanism through which new controlling owners exercise influence.

The effects of ownership changes on board composition are concentrated around the year of the ownership change and do not point to gradual or continuous board restructuring. Board turnover increases substantially at the time of the control change, while board size remains largely unchanged, indicating that newly appointed directors primarily replace incumbents rather than expand the board.

This finding matters for corporate governance in concentrated ownership regimes. The activism literature shows that minority shareholders seek board seats to improve performance by adding expertise. In contrast, controlling shareholders use board seats mainly to secure alignment and control, not to upgrade board capabilities. After ownership changes, board turnover therefore reflects a shift in control rather than a corrective response to weak governance. In firms with controlling shareholders, boards are primarily a channel through which control is exercised rather than an independent constraint on ownership.

Finally, evidence from director election outcomes shows that shareholder-affiliated directors receive significantly lower voting support than other candidates. The lower voting support is consistent with the interpretation that minority shareholders view these appointments with skepticism, recognizing that shareholder-affiliated directors primarily serve the controlling shareholder's interests rather than contributing distinctive expertise.

Overall, the findings underscore that the role of shareholder-affiliated directors must be interpreted in light of the underlying ownership regime. In firms with concentrated ownership, board representation appears to be a routine and central mechanism through which control is exercised, rather than an exceptional response to governance failures.

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Figures

Figure 1



Tables

Table 1: Descriptive statistics

The table presents summary statistics for the variables. The full sample is based on 4955 firm-year observations from 1998 to 2024. The equality of means is tested using two-sample t-tests and the equality of medians is tested using Wilcoxon tests. Significance at the 1 percent, 5 percent, and 10 percent levels is indicated by ***, **, * respectively.

Variable	Description	N	Mean	Median	Min.	Max.	S.D.
Change of largest shareholder (any)	1, if the largest shareholder changed from t-1	4716	0.11	—	—	—	0.31
Change of largest shareholder (5%)	1, if the largest shareholder with 5% changed from t-1	4716	0.10	—	—	—	0.29
Change of largest shareholder (10%)	1, if the largest shareholder with 10% changed from t-1	4716	0.05	—	—	—	0.22
Change of largest shareholder (20%)	1, if the largest shareholder with 20% changed from t-1	4716	0.02	—	—	—	0.15
Shareholder-affiliated directors	Proportion of shareholder-affiliated directors	4955	0.34	0.33	0.00	1.00	0.26
Board size	Number of directors	4955	7.1	7.0	1.0	40.0	2.8
Board tenure	Average term of office	4955	6.8	6.1	0.0	33.3	3.9
Board age	Average age of directors	4955	57.7	57.8	39.8	76.1	4.1
Tobin's Q	Ratio of total assets plus market value of equity minus book value of total equity to total assets	4955	1.69	1.20	0.55	8.15	1.29
Sales growth	Growth on net revenues	4955	0.05	0.03	-0.90	1.78	0.30
Firm age	Current year minus year of incorporation	4955	74.5	60.0	0.0	505.0	62.2
Total assets	Total shareholder's equity and liabilities	4955	24784	1067	0.12	2392825	131398
Cash	Ratio of cash and cash equivalents to total assets	4955	0.16	0.12	0.00	0.88	0.16
Leverage	Ratio of total liabilities to total assets	4955	0.56	0.56	0.04	1.00	0.25
R&D expenditure	Ratio of R&D spending to total assets	4955	0.02	0.00	0.00	0.28	0.05
Profitability	Ratio of net income to total assets	4955	3.19	4.18	-56.12	26.59	11.31

Table 2: Correlation matrix

The table presents Pearson correlations among the variables. Significance at the 1 percent, 5 percent, and 10 percent levels is indicated by ***, **, and * respectively.

Variables	Change of largest shareholder (20%)	Shareholder-affiliated directors	Board size	Board tenure	Board age	Tobin's Q	Sales growth	Firm age	Total assets	Cash	Leverage	R&D expenditure
Change of largest shareholder (20%)	1											
Shareholder-affiliated directors	0.071***	1										
Board size	-0.049***	-0.087***	1									
Board tenure	-0.099***	0.114***	-0.1***	1								
Board age	-0.055***	-0.151***	0.126***	0.385***	1							
Tobin's Q	-0.005	-0.117***	-0.074***	-0.049***	0.031**	1						
Sales growth	0.002	0.001	-0.029**	-0.028*	-0.039***	0.116***	1					
Firm age	-0.021	0.047***	0.166***	0.084***	0.063***	-0.161***	-0.059***	1				
Total assets	-0.062***	-0.149***	0.677***	-0.156***	0.168***	-0.161***	-0.03**	0.216***	1			
Cash	0.013	-0.029**	-0.169***	-0.044***	-0.049***	0.269***	0.025*	-0.16***	-0.265***	1		
Leverage	-0.011	-0.041***	0.32***	-0.155***	-0.057***	-0.199***	-0.023*	0.199***	0.486***	-0.281***	1	
R&D expenditure	-0.005	-0.171***	-0.122***	-0.076***	0.041***	0.376***	0.025*	-0.197***	-0.273***	0.373***	-0.165***	1
Profitability	-0.07***	-0.053***	0.088***	0.183***	0.111***	0.155***	0.16***	0.066***	0.186***	-0.165***	-0.19***	-0.243***

Table 3: Data on blockholders

Investor category	Number of positions	Cum. voting rights	Voting rights per investor	Share	Largest shareholder	Largest shareholder (5%)	Largest shareholder (10%)	Largest shareholder (20%)
Family	6328	1410	22.3%	57.9%	58.5%	57.7%	54.0%	42.4%
Government	980	352	35.9%	14.4%	11.3%	11.2%	10.8%	10.7%
Institutional	5456	325	6.0%	13.3%	15.5%	13.5%	5.5%	1.9%
Industrial	1113	300	27.0%	12.3%	9.4%	9.3%	8.7%	7.5%
Alternative	460	49.2	10.7%	2.0%	2.5%	2.4%	2.2%	1.4%
No blockholder	—	—	—	—	2.8%	6.0%	18.9%	36.1%

Table 4: Blockholders and shareholder-affiliated directors

	Firms w/o largest shareholder ($\geq 5\%$)	Firms w/ largest shareholder ($\geq 5\%$)	Firms w/ largest shareholder ($\geq 10\%$)	Firms w/ largest shareholder ($\geq 20\%$)
Number	294	4661	4021	3164
Shareholder-affiliated directors (yes=1)	28%	83%	90%	95%
Shareholder-affiliated directors (%)	5%	36%	40%	43%

Table 5: Unique company observations on ownership dynamics over the sample period

	Always	Sometimes	Never	N	w/o change	w/ change		N
Firms w/o largest shareholder ($\geq 5\%$)	4	266		270	270	0		
Firms w/ largest shareholder ($\geq 5\%$)	217	49	4	270	126	140	(65%)	266
Firms w/ largest shareholder ($\geq 10\%$)	173	79	18	270	133	119	(69%)	252
Firms w/ largest shareholder ($\geq 20\%$)	128	84	58	270	141	71	(55%)	212

Table 6: Data on changes in ownership and boards

Year	Firms	Firms with change of largest shareholder	Firms with change of largest shareholder (≥5%)	Firms with change of largest shareholder (≥10%)	Firms with change of largest shareholder (≥20%)	Firms with newly elected directors	Newly elected director s	Newly elected Shareholde r-affiliated directors	Newly elected Shareholder -affiliated directors (w/ any change)
1999	137	8	5	4	2	54	99	24	0
2000	155	11	10	5	1	66	140	43	1
2001	162	11	10	6	1	64	108	38	4
2002	166	18	15	9	4	73	156	52	6
2003	168	18	14	10	6	65	124	34	8
2004	170	25	22	13	4	65	126	35	9
2005	179	26	23	16	7	89	162	58	12
2006	187	27	22	12	7	81	137	41	8
2007	193	38	36	22	12	75	123	37	13
2008	197	28	24	11	3	81	134	27	3
2009	196	22	17	8	2	85	149	54	16
2010	196	25	22	11	4	70	114	30	3
2011	193	24	23	12	4	87	138	51	12
2012	197	17	16	8	5	77	136	39	4
2013	198	23	19	8	5	89	154	54	13
2014	195	20	17	7	2	86	124	33	3
2015	202	19	16	8	3	84	147	58	1
2016	198	22	17	9	4	98	171	67	14
2017	192	21	17	10	6	78	115	43	7
2018	198	14	12	7	2	89	133	41	6
2019	194	11	9	5	2	89	148	47	6
2020	193	19	19	8	6	85	143	41	10
2021	194	16	14	5	3	88	145	39	5
2022	192	17	14	5	3	98	147	39	3
2023	189	11	10	6	4	87	128	37	12
2024	186	26	23	14	3	82	126	37	7
Avg.	186	20	17	9	4	80.2	136	42	7
Total	4827	517	446	239	105	2085	3527	1099	186

Table 7: Determinants of blockholder structure

The table presents fixed effects regression results for voting rights and the number of blockholders. Columns (I) and (IV) include firm fixed effects, while columns (II) and (III) include industry fixed effects. The sample consists of 4685 SPI firm-year observations. Cluster-robust standard errors (clustered at the firm level) are reported in parentheses, and significance at the 1, 5, and 10 percent levels is indicated by ***, **, and * respectively.

	Voting rights of largest shareholder		Change in voting rights of largest shareholder	Change in voting rights of all blockhol ders		<i>log</i> Number of blockhol ders
	(I)		(II)	(III)		(IV)
(Intercept)			-0.07077 (***) (0.011)	-0.05811 (***) (0.012)		
Tobin's q (t-1)	0.00082 (0.005)		-0.00236 (***) (0.001)	-0.00229 (**) (0.001)		-0.01134 (0.009)
Sales growth (t-1)	0.00936 (0.007)		-0.00492 (0.004)	-0.00965 (**) (0.005)		-0.01484 (0.020)
<i>log</i> Firm age (t-1)			0.00001 (0.000)	0.00001 (0.000)		
<i>log</i> Total assets (t-1)	-0.03232 (***) (0.007)		-0.00038 (0.001)	-0.00156 (**) (0.001)		-0.00295 (0.024)
Cash (t-1)	-0.02451 (0.032)		-0.00844 (0.010)	-0.01471 (0.009)		0.01269 (0.141)
Leverage (t-1)	-0.00425 (0.027)		-0.00002 (0.005)	0.00754 (0.007)		-0.10595 (0.102)
R&D expenditure (t-1)	-0.01966 (0.139)		0.02607 (0.036)	0.05232 (0.036)		-0.46854 (0.312)
Profitability (t-1)	-0.00015 (0.000)		0.00001 (0.000)	0.00020 (0.000)		0.00100 (0.001)
Post 2007	0.02069 (*) (0.011)		0.00672 (***) (0.002)	0.00708 (***) (0.002)		0.30904 (***) (0.032)
Firm FE	Yes		No	No		Yes
Industry FE	No		Yes	Yes		No
Year FE	No		No	No		No
Observations	4685		4685	4685		4685

Table 8: Determinants of change of largest shareholder

The table presents probit regression results for change of the largest shareholder. The sample consists of 4453 SPI firm-year observations. Standard errors are reported in parentheses, and significance at the 1, 5, and 10 percent levels is indicated by ***, **, and * respectively.

	Change of largest shareholder		Change of largest shareholder (5%)		Change of largest shareholder (10%)		Change of largest shareholder (20%)	
	(I)		(II)		(III)		(IV)	
(Intercept)	-1.51679	(***)	-1.16817	(***)	-0.15724		-0.71537	(**)
	(0.181)		(0.189)		(0.251)		(0.326)	
Tobin's q (t-1)	0.01860		0.01002		0.00800		0.01223	
	(0.021)		(0.022)		(0.026)		(0.036)	
Sales growth (t-1)	0.00112		0.02867		0.00077		0.00993	
	(0.078)		(0.080)		(0.092)		(0.122)	
log Firm age (t-1)	-0.00112	(**)	-0.00124	(***)	-0.00192	(***)	-0.00049	
	(0.000)		(0.000)		(0.001)		(0.001)	
log Total assets (t-1)	0.01781		-0.00785		-0.08799	(***)	-0.09088	(***)
	(0.013)		(0.014)		(0.019)		(0.025)	
Cash (t-1)	0.01843		-0.07840		-0.33183		-0.06773	
	(0.165)		(0.172)		(0.207)		(0.265)	
Leverage (t-1)	0.12820		0.04031		-0.06351		0.17297	
	(0.123)		(0.127)		(0.153)		(0.202)	
R&D expenditure (t-1)	2.73406	(***)	2.23219	(***)	0.56560		-2.30241	(**)
	(0.546)		(0.565)		(0.675)		(1.000)	
Profitability (t-1)	-0.00759	(***)	-0.00720	(***)	-0.00829	(***)	-0.01284	(***)
	(0.002)		(0.002)		(0.003)		(0.003)	
Post 2007	-0.07300		-0.03275		-0.10520		-0.06961	
	(0.056)		(0.059)		(0.070)		(0.092)	
Firm FE	No		No		No		No	
Industry FE	No		No		No		No	
Year FE	No		No		No		No	
Observations	4453		4453		4453		4453	
Events	492		425		223		98	

Table 9: Director characteristics of newly elected shareholder representatives

The table presents statistics on the differences of characteristics between non-shareholder-affiliated directors and Shareholder-affiliated directors on the board of directors. The sample is based on 35,273 director-firm-year observations from 1998 to 2024. The equality of means is tested using two-sample t-tests and the equality of medians is tested using Wilcoxon tests. Significance at the 1 percent, 5 percent, and 10 percent levels is indicated by ***, **, * respectively.

	Non- shareholder- affiliated directors	Shareholder- affiliated directors	t-test / (Wilcoxon- test)	Newly elected directors (all)	Newly elected Shareholder- affiliated directors (w/o shareholder change)	Newly elected Shareholder- affiliated directors (w/ shareholder change)	t-test / (Wilcoxon- test)
Number of director-observations	23558	11715		3643	943	186	
<i>in %</i>	<i>66.79</i>	<i>33.2</i>		—	<i>25.9</i>	<i>5.1</i>	
Woman	0.12	0.10	*** / (***)	0.17	0.14	0.03	*** / (***)
Foreign	0.27	0.21	*** / (***)	0.34	0.28	0.53	*** / (***)
Age	58.6	56.5	*** / (***)	53.7	51.6	52.7	— / (—)
Tenure	5.9	8.3	*** / (***)	0.00	0.00	0.00	— / (—)
Executive	0.05	0.13	*** / (***)	0.06	0.05	0.15	*** / (***)
Independence	0.73	0.00	*** / (***)	0.00	0.00	0.00	— / (—)
Experiences							
– Finance	0.61	0.61	— / (—)	0.64	0.65	0.72	** / (*)
– M&A	0.27	0.23	*** / (***)	0.27	0.23	0.35	*** / (***)
– Emerging Markets	0.14	0.13	*** / (***)	0.15	0.13	0.17	— / (—)
– International	0.64	0.51	*** / (***)	0.67	0.53	0.80	*** / (***)
– CEO	0.54	0.48	*** / (***)	0.52	0.41	0.53	*** / (***)
– Industry	0.56	0.55	*** / (***)	0.59	0.51	0.62	*** / (***)
– Legal	0.20	0.22	*** / (**)	0.17	0.22	0.13	*** / (***)
– Digitalization	0.08	0.05	*** / (**)	0.10	0.06	0.04	— / (—)
– Sustainability	0.01	0.01	— / (—)	0.02	0.02	0.01	— / (—)
Number of skills	3.0	2.8	*** / (***)	3.1	2.7	3.4	*** / (***)

Table 10: Change of largest shareholders, type, and new directors

The table presents fixed effects regression results for the proportion of new board members. The sample consists of 4685 (lead: 4422) SPI firm-year observations. Cluster-robust standard errors (clustered at the firm level) are reported in parentheses, and significance at the 1, 5, and 10 percent levels is indicated by ***, **, and * respectively. All models include firm and year fixed effects.

	New board members (in %) (t=0)				New board members (in %) (t+1)				
	(I)		(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)
Change of largest shareholder (t=0)	0.05572 (0.012)	(***)				0.02223 (0.010)			
Change of largest shareholder (5%) (t=0)			0.06465 (0.013)	(***)			0.02853 (0.011)	(***)	
Change of largest shareholder (10%) (t=0)				0.10842 (0.020)	(***)			0.03029 (0.016)	(*)
Change of largest shareholder (20%) (t=0)					0.18180 (0.031)	(***)			-0.01261 (0.020)
Board size (t-1)	-0.13182 (0.018)	(***)	-0.13304 (0.018)	(***)	-0.13189 (0.018)	(***)	-0.13253 (0.017)	(***)	-0.02617 (0.014)
Board tenure (t-1)	0.00441 (0.001)	(***)	0.00439 (0.001)	(***)	0.00444 (0.001)	(***)	0.00447 (0.001)	(***)	0.00453 (0.001)
Board age (t-1)	0.00576 (0.001)	(***)	0.00580 (0.001)	(***)	0.00576 (0.001)	(***)	0.00567 (0.001)	(***)	0.00348 (0.001)
Tobin's q (t-1)	0.00710 (0.003)	(**)	0.00710 (0.003)	(**)	0.00657 (0.003)	(**)	0.00625 (0.003)	(**)	0.00361 (0.003)
Sales growth (t-1)	0.00597 (0.008)		0.00566 (0.008)		0.00651 (0.008)		0.00566 (0.008)		-0.00821 (0.010)
log Total assets (t-1)	0.01676 (0.007)	(**)	0.01717 (0.007)	(**)	0.01837 (0.007)	(***)	0.01775 (0.007)	(**)	0.00445 (0.006)
Cash (t-1)	0.04968 (0.027)	(*)	0.05013 (0.027)	(*)	0.05173 (0.026)	(**)	0.05230 (0.026)	(**)	0.00566 (0.028)
Leverage (t-1)	0.04463 (0.024)	(*)	0.04699 (0.023)	(**)	0.04960 (0.022)	(**)	0.04867 (0.023)	(**)	0.03482 (0.027)
R&D expenditure (t-1)	0.03948 (0.115)		0.04259 (0.114)		0.02996 (0.109)		0.06170 (0.110)		0.07314 (0.125)
Profitability (t-1)	-0.00199 (0.000)	(***)	-0.00198 (0.000)	(***)	-0.00195 (0.000)	(***)	-0.00189 (0.000)	(***)	-0.00076 (0.000)
Firm FE	Yes		Yes		Yes		Yes		Yes
Industry FE	No		No		No		No		No
Year FE	Yes		Yes		Yes		Yes		Yes

Table 11: Ownership changes and new directors

The table presents fixed effects regression results for the proportion of new board members. The sample consists of 4194 SPI firm-year observations. Cluster-robust standard errors (clustered at the firm level) are reported in parentheses, and significance at the 1, 5, and 10 percent levels is indicated by ***, **, and * respectively. All models include firm and year fixed effects.

	%new board members (t=0)
	(I)
Change of largest shareholder (20%) (t-1)	0.00703 (0.020)
Change of largest shareholder (20%) (t=0)	0.17172 (***) (0.035)
Change of largest shareholder (20%) (t+1)	-0.00737 (0.020)
Board size (t-1)	-0.13997 (***) (0.020)
Board tenure (t-1)	0.00527 (***) (0.001)
Board age (t-1)	0.00631 (***) (0.001)
Tobin's q (t-1)	0.00546 (*) (0.003)
Sales growth (t-1)	0.01551 (*) (0.009)
<i>log</i> Total assets (t-1)	0.02056 (**) (0.008)
Cash (t-1)	0.05070 (*) (0.030)
Leverage (t-1)	0.06228 (***) (0.024)
R&D expenditure (t-1)	0.10808 (0.117)
Profitability (t-1)	-0.00195 (***) (0.001)
Firm FE	Yes
Industry FE	No
Year FE	Yes

Table 12: Change of largest shareholders, type, and new directors

The table presents fixed effects regression results for the proportion of new board members. The sample consists of 4685 SPI firm-year observations. Cluster-robust standard errors (clustered at the firm level) are reported in parentheses, and significance at the 1, 5, and 10 percent levels is indicated by ***, **, and * respectively. All models include firm and year fixed effects.

	%new board members (t=0)							
	(I)		(II)		(III)		(IV)	
Change of largest shareholder (20%) (t=0)	0.10502 (0.036)	(***)	0.18443 (0.033)	(***)	0.18199 (0.035)	(***)	-0.01201 (0.038)	
Change of largest shareholder (20%) x Family (t=0)	0.13148 (0.054)	(**)					0.24856 (0.055)	(***)
Change of largest shareholder (20%) x Alternative (t=0)			-0.05495 (0.111)				0.14390 (0.114)	
Change of largest shareholder (20%) x Industrial (t=0)					-0.00728 (0.064)		0.18723 (0.068)	(***)
Family	-0.01081 (0.011)						0.00260 (0.011)	
Alternative			0.06757 (0.025)	(***)			0.06680 (0.026)	(**)
Industrial					0.01791 (0.017)		0.01573 (0.018)	
Board size (t-1)	-0.13360 (0.018)	(***)	-0.13383 (0.018)	(***)	-0.13292 (0.018)	(***)	-0.13266 (0.018)	(***)
Board tenure (t-1)	0.00452 (0.001)	(***)	0.00446 (0.001)	(***)	0.00450 (0.001)	(***)	0.00446 (0.001)	(***)
Board age (t-1)	0.00577 (0.001)	(***)	0.00586 (0.001)	(***)	0.00565 (0.001)	(***)	0.00598 (0.001)	(***)
Tobin's q (t-1)	0.00626 (0.003)	(**)	0.00626 (0.003)	(**)	0.00650 (0.003)	(**)	0.00659 (0.003)	(**)
Sales growth (t-1)	0.00516 (0.008)		0.00519 (0.008)		0.00585 (0.008)		0.00522 (0.008)	
log Total assets (t-1)	0.01733 (0.007)	(**)	0.01770 (0.007)	(**)	0.01780 (0.007)	(**)	0.01802 (0.007)	(**)
Cash (t-1)	0.05341 (0.025)	(**)	0.04677 (0.027)	(*)	0.05298 (0.026)	(**)	0.04792 (0.026)	(*)
Leverage (t-1)	0.04727 (0.023)	(**)	0.04924 (0.023)	(**)	0.04934 (0.023)	(**)	0.04894 (0.023)	(**)
R&D expenditure (t-1)	0.05024 (0.109)		0.08624 (0.107)		0.06428 (0.110)		0.07170 (0.107)	
Profitability (t-1)	-0.00189 (0.000)	(***)	-0.00187 (0.000)	(***)	-0.00191 (0.000)	(***)	-0.00195 (0.000)	(***)
Firm FE	Yes		Yes		Yes		Yes	
Industry FE	No		No		No		No	
Year FE	Yes		Yes		Yes		Yes	

Table 13: Change of largest shareholders, origin, and new directors

The table presents fixed effects regression results for the proportion on new board members. The sample consists of 4685 SPI firm-year observations. Cluster-robust standard errors (clustered at the firm level) are reported in parentheses, and significance at the 1, 5, and 10 percent levels is indicated by ***, **, and * respectively. All models include firm and year fixed effects.

	%new board members (t=0)					
	(I)		(II)		(III)	
Change of largest shareholder (20%) (t=0)	0.18457 (0.047)	(***)	0.18339 (0.035)	(***)	0.19105 (0.058)	(***)
Change of largest shareholder (20%) x Switzerland (t=0)	-0.00502 (0.055)				-0.01175 (0.063)	
Change of largest shareholder (20%) x Anglo-Saxon (t=0)			-0.01111 (0.078)		-0.01825 (0.089)	
Switzerland	0.00170 (0.012)				0.00531 (0.015)	
Anglo-Saxon			0.00467 (0.010)		0.00785 (0.013)	
Board size (t-1)	-0.13225 (0.018)	(***)	-0.13279 (0.017)	(***)	-0.13217 (0.018)	(***)
Board tenure (t-1)	0.00446 (0.001)	(***)	0.00447 (0.001)	(***)	0.00445 (0.001)	(***)
Board age (t-1)	0.00567 (0.001)	(***)	0.00568 (0.001)	(***)	0.00568 (0.001)	(***)
Tobin's q (t-1)	0.00625 (0.003)	(**)	0.00625 (0.003)	(**)	0.00622 (0.003)	(**)
Sales growth (t-1)	0.00567 (0.008)		0.00567 (0.008)		0.00570 (0.008)	
log Total assets (t-1)	0.01780 (0.007)	(**)	0.01764 (0.007)	(**)	0.01773 (0.007)	(**)
Cash (t-1)	0.05233 (0.026)	(**)	0.05245 (0.026)	(**)	0.05255 (0.026)	(**)
Leverage (t-1)	0.04893 (0.023)	(**)	0.04840 (0.023)	(**)	0.04896 (0.023)	(**)
R&D expenditure (t-1)	0.06093 (0.110)		0.06161 (0.111)		0.05914 (0.111)	
Profitability (t-1)	-0.00189 (0.000)	(***)	-0.00189 (0.000)	(***)	-0.00190 (0.000)	(***)
Firm FE	Yes		Yes		Yes	
Industry FE	No		No		No	
Year FE	Yes		Yes		Yes	

Table 14: Change of the largest shareholder and board size

The table presents regression coefficient estimates for board size. The sample consists of 4685 SPI firm-year observations. Cluster-robust standard errors (clustered at the firm level) are reported in parentheses, and significance at the 1, 5, and 10 percent levels is indicated by ***, **, and * respectively. All models include firm and year fixed effects.

	<i>log</i> Board size (I)	Δ Board size (II)
Change of largest shareholder (20%)	0.00440 (0.027)	0.05636 (0.150)
Board size (t-1)	0.65549 (***) (0.016)	
Board tenure (t-1)	0.00092 (0.001)	0.01665 (***) (0.006)
Board age (t-1)	0.00154 (0.001)	-0.00917 (0.007)
Tobin's q (t-1)	0.00903 (**) (0.004)	0.05097 (***) (0.016)
Sales growth (t-1)	0.00446 (0.010)	-0.07498 (0.145)
<i>log</i> Total assets (t-1)	0.03253 (***) (0.006)	0.00447 (0.040)
Cash (t-1)	0.00142 (0.029)	0.12960 (0.140)
Leverage (t-1)	0.02938 (0.021)	0.13446 (0.105)
R&D expenditure (t-1)	-0.02652 (0.113)	-0.23272 (0.458)
Profitability (t-1)	0.00059 (0.000)	0.00708 (***) (0.002)
Firm FE	Yes	Yes
Industry FE	No	No
Year FE	Yes	Yes

Table 15: Change of largest shareholders and board composition

The table presents fixed effects regression results for changes in board composition. The sample consists of 4264 SPI firm-year observations. Cluster-robust standard errors (clustered at the firm level) are reported in parentheses, and significance at the 1, 5, and 10 percent levels is indicated by ***, **, and * respectively. All models include firm and year fixed effects.

	Δ Shareholder-affiliated directors (I)		Δ Independent directors (II)		Δ Women (III)		Δ Foreigners (IV)		Δ Board age (V)		Δ Number of skills (average) (VI)		Δ Number of skills (total) (VII)	
Change of largest shareholder (20%)	0.08419	(***)	-0.04551	(**)	-0.01631	(*)	0.00689		-1.10440	(***)	0.02769		0.35659	
	(0.019)		(0.020)		(0.008)		(0.019)		(0.288)		(0.040)		(0.495)	
Board tenure (t-1)	-0.00186	(***)	0.00413	(***)	0.00001		0.00145	(**)	0.01835		0.00152		0.07686	(***)
	(0.001)		(0.001)		(0.000)		(0.001)		(0.017)		(0.002)		(0.020)	
Board age (t-1)	0.00263	(***)	-0.00301	(***)	0.00159	(***)	0.00145	(**)	-0.27758	(***)	0.00759	(***)	0.00722	
	(0.001)		(0.001)		(0.000)		(0.001)		(0.016)		(0.002)		(0.021)	
Tobin's q (t-1)	-0.00365		0.00231		0.00062		0.00053		0.00231		0.00187		0.19090	(***)
	(0.002)		(0.002)		(0.001)		(0.001)		(0.035)		(0.006)		(0.049)	
Sales growth (t-1)	0.00639		-0.00633		0.00276		-0.00110		-0.12759		-0.00192		0.05059	
	(0.007)		(0.007)		(0.002)		(0.008)		(0.097)		(0.015)		(0.218)	
log Total assets (t-1)	0.00030		0.00195		0.00470	(*)	0.00606	(*)	-0.07681		0.00651		-0.03357	
	(0.003)		(0.006)		(0.002)		(0.003)		(0.077)		(0.011)		(0.096)	
Cash (t-1)	-0.00018		0.00185		0.00033		0.04236	(**)	-0.33343		0.05237		0.50748	
	(0.020)		(0.023)		(0.010)		(0.021)		(0.326)		(0.044)		(0.465)	
Leverage (t-1)	0.01100		-0.00959		0.00581		0.00960		0.34250		0.00220		0.55820	
	(0.019)		(0.021)		(0.007)		(0.016)		(0.292)		(0.034)		(0.342)	
R&D expenditure (t-1)	-0.01697		-0.01971		0.08227		-0.02351		0.37757		-0.02342		-0.36674	
	(0.065)		(0.080)		(0.051)		(0.098)		(1.550)		(0.193)		(1.587)	
Profitability (t-1)	-0.00068	(*)	0.00021		0.00025	(**)	0.00004		0.00793	(*)	-0.00099		0.01352	(*)
	(0.000)		(0.000)		(0.000)		(0.000)		(0.005)		(0.001)		(0.008)	
Firm FE	Yes		Yes		Yes		Yes		Yes		Yes		Yes	
Industry FE	No		No		No		No		No		No		No	
Year FE	Yes		Yes		Yes		Yes		Yes		Yes		Yes	

Table 16: Change of largest shareholders and skills of board composition

The table presents firm- and year-fixed-effects regression results for changes in board skill composition. The sample consists of 4,264 SPI firm-year observations. All models include the standard control variables. Cluster-robust standard errors (clustered at the firm level) are reported in parentheses. ***, **, and * denote significance at the 1%, 5%, and 10% levels.

Dependent variable	Estimate	S. E.	Sig.
ΔFinance	-0.01350	(0.018)	
ΔM&A	0.02638	(0.018)	
ΔEmerging Markets	0.01658	(0.008)	**
ΔInternational	0.01117	(0.014)	
ΔCEO	-0.00604	(0.018)	
ΔIndustry	0.01019	(0.017)	
ΔLegal	0.00834	(0.012)	
ΔDigitalization	-0.02543	(0.008)	***
ΔSustainability	-0.00235	(0.003)	

Table 17: Shareholder-affiliated directors and voting support

The table presents the regression results for voting support at the director-election level. The sample consists of 9771 director-election observations from SPI firms. The dependent variable is the percentage of yes-votes. Cluster-robust standard errors (clustered at the firm level) are reported in parentheses, and significance at the 1, 5, and 10 percent levels is indicated by ***, **, and * respectively. The model includes (ordinary) annual general meeting fixed effects.

	Yes-votes					
	(I)		(II)		(III)	
Shareholder-affiliated directors	-1.77210 (***)		-1.18332 (***)		-1.02297 (***)	
	(0.310)		(0.287)		(0.254)	
New director	1.14440 (***)		-0.28718		-0.40247	
	(0.223)		(0.285)		(0.333)	
Chairman			-1.66786 (***)		-1.86309 (***)	
			(0.456)		(0.664)	
Gender			0.34797 (*)		-0.07037	
			(0.183)		(0.273)	
Foreign			-0.28019		0.11721	
			(0.274)		(0.307)	
Age			-0.00726		0.00246	
			(0.014)		(0.013)	
Tenure			-0.75276 (***)		-0.53401 (***)	
			(0.151)		(0.177)	
Inrate recommendation (1=no)			-2.45104 (***)		-2.38396 (***)	
			(0.384)		(0.495)	
Effects	AGM		AGM		AGM	
Sample	All		All		Controlled companies (>20%)	