

BUSY BOARDS AND FIRM PERFORMANCE: EVIDENCE FROM TURKEY

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Abstract

The main goal of this research is to examine the correlation between busy boards and firm performance. In this regard, panel data analysis was used to examine the data of 212 non-financial firms that were traded on Borsa Istanbul between 2018 and 2021. Two distinct indicators are used to measure firm performance, the dependent variable of the study: Tobin's Q, which is based on the market, and return on assets (ROA), which is based on accounting. The main independent variable was busy boards, which was indicated by busy boards (BusyComm) and average board membership (AvgDirectorship). The analysis findings indicate that, although busy boards and market-based performance (Tobin's Q) are not significantly related, busy boards does positively and significantly affect accounting-based performance (ROA). The conclusions supported the reputation hypothesis that busy managers create value for the firm.

Key words: Corporate Governance, Board Firm, Firm Performance, Turkey.

JEL Code: G34, L21, L25

1. Introduction

Corporate boards of directors are mainly responsible for directing and supervising the interaction between top management and shareholders as well as providing management with advice regarding its correlations with all the appropriate groups (Gómez et al., 2017). Additionally, important to maintaining the firm 's long-term prosperity and guaranteeing legal compliance are boards of directors. Considering these responsibilities, directors are regarded by authorities in the financial markets and the firm world as the cornerstone of corporate success and an important determinant of firm performance (Pillai and Al-Malkawi, 2018). Consequently, numerous studies (Adams and Ferreira, 2009; Arosa et al., 2010; Bachiller et al, 2015; Merendino and Melville, 2019; Fernandez-Temprano and Tejerina-Gaite, 2020) have examined the effect of corporate governance mechanisms such as boards of directors affect firm performance.

Research on the topic usually is focused on how the firm 's performance is affected by the size of the board, the CEO duality, the percentage of female members, and the number of independent directors. These criteria are mainly aimed to determine whether the monitoring function—one of the crucial duties of

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managers—is successfully carried out. Nonetheless, busy boards are an important issue related to board activity and firm performance in carrying out these responsibilities.

The term "busy boards" defines the circumstance in which a board member serves on the boards of more than one firm at the same time (Fich and Shivdasani, 2006). To say it another way, board busyness is a governance practice that shows how involved directors are in various board appointments and other obligations. However, as these connections between companies have advantages and disadvantages for both firms and board of members, the number of directors on various boards has emerged as a contentious corporate governance issue (Sarkar, 2009: 271). Numerous academic studies (Mace, 1986; Rosenstein and Wyatt, 1994; Loderer and Peyer, 2002; Harris and Shimizu, 2004; Field et al., 2013) contend that increased board busyness is especially important for strengthening the board's oversight and monitoring responsibilities, serving as a source of information, legitimizing firms, facilitating easier access to capital, and ultimately enhancing firm performance. However, other academics argue that the existence of busy managers could be detrimental to the value of the firm since it could impair the board's oversight role, decrease accountability, and raise agency costs by intensifying conflict between participants. Based on these empirical results, several corporate organizations have set limits on the number of boards a director may serve on, acknowledging that the time of directors is limited (Ahn, 2010: 2011). For instance, The National Association of Corporate Directors suggests that in order for board members and CEOs to properly carry out their responsibilities, they should hold no more than three external directorships and dedicate at least 160 hours annually to each board. Likewise, it is recommended by the Council for Institutional Investors that directors who work full-time have positions on no more than two boards. "The Communiqué on the Determination and Implementation of Corporate Governance Principles published by the Capital Markets Board" (CMB) emphasizes that *"board members shall allocate sufficient time for firm affairs,"* despite the fact that there is no legal requirement in Turkey. "The Communiqué on the Determination and Implementation of Corporate Governance Principles published by the Capital Markets Board" (CMB) emphasizes that *"board members shall allocate sufficient time for firm affairs, it is important that a board member's dual status as an executive and board member in another firm, or that their consulting services to a different firm, do not create a conflict of interest or interfere with their ability to perform their duties within the organization. In this regard, the member's ability to perform other responsibilities or tasks outside of the firm may be restricted or subject to rules."* despite the fact that there is no legal requirement in Turkey (CMB, 2011).

As seen above, current research on the relationships between board busyness and firm performance as well as the recent legislation restrictions that various nations have passed highlight the importance of this issue. The lack of a strong regulation on the number of boards a director may serve on in Turkey as of the study's publication emphasizes the significance of research like this one, which can provide a basis for future regulation. A survey of research conducted in Turkey shows that very few studies have measured the direct effect of busy boards on firm performance (Koçoğlu and Sahin, 2023). Research on the topic

(Arioğlu and Arioglu Kaya, 2015; Ataay, 2016; İlhan Nas et al., 2019) focuses more on issues related to busy board member profiles and their advisory and supervisory skills. Because of this, the goal of the work is to fill the gap in the national literature by presenting empirical data regarding the effect of board busyness on firm performance. In addition, determining the importance of board busyness in terms of firm decisions to be taken and to give an idea to the regulators about the legal regulations needed by revealing the current situation. The data of 202 non-financial firms listed on Borsa Istanbul between 2018 and 2021 are investigated using the panel data analysis method for this purpose, and the empirical findings are assessed in connection with the theories developed on board busyness.

The study's subsequent sections present an overview of the relevant literature and development of hypotheses, respectively. Following the disclosure of details on the research design, variables used, and data set, the analysis's conclusions are provided and the outcomes assessed.

2. Literature Review

A literature review on the subject reveals that the effect of board busyness on firm performance is generally evaluated from the perspective of the “busyness hypothesis” and the “reputation hypothesis”. The busyness hypothesis, which was put forth by Ferris et al. (2003), states that joint board memberships may place excessive limits and time pressure on managers, which could impair their ability to monitor and supervise effectful and raise agency costs, which could have a negative effect on firm performance. Meanwhile, the reputational hypothesis developed by Fama and Jensen (1983) suggests that directors who serve multiple board seats may have greater experience (Carpenter and Westphal, 2001; Perry and Peyer, 2005) and a good reputation. Reputable board members are better able to carry out crucial responsibilities like establishing the firm's governance standards, supervising risk management, and conducting audits, all of which contribute to long-term performance improvements. Empirical studies investigating the effect of board busyness on firm performance are summarized in the literature table below (Table 1).

Tablo 1. Literature Review

Author(s)	Sample	Observed	Method	Conclusion
Ferris et al. (2003)	United States Firms	1995	Panel Data Analysis -Time Series	Their results indicated that relationship between busy directors and firm performance are in positively
Fich&Shivdasani (2006)	Firms in Forbes 500 list	1989-1995	Panel Data Analysis	Managerial busyness and both PD/DD and firm profitability have a negative and statistically significant relationship.
Sarkar and Sarkar (2008)	Indian Firms	2003	Panel Data Analysis	Independent manager busyness and firm performance is positively and statistically significantly related, but manager busyness and firm performance is negatively and statistically significantly related.

Chen (2008)	United States Firms	1998-2003	Panel Data Analysis	Managerial busyness and firm performance have a statistically significant and a negative relationship.
Santos et al. (2012)	Brazil Firms	2001,2003,2005	Panel Data Analysis	Managerial busyness and firm performance have a negative but statistically significant relationship.
Lu et al. (2013)	China Firms	2007-2010	Panel Data Analysis	Managerial busyness and firm profitability have a positive and statistically significant relationship.
Kaczmarek et al. (2014)	British Firms	1999-2008	Panel Data Analysis	A statistically important and negative relationship was observed between Managerial Busyness and Firm Performance.
Lei and Deng (2014)	Hong-Kong Firms	2001-2009	Panel Data Analysis	They found that independent director busyness and firm value had a positive and statistically significant relationship.
Iturriaga and Rodriguez (2014)	Spain Firms	2007-2009	Ordinary Least Squares (OLS) estimation	They discovered that the relationship between independent director busyness and firm performance is statistically significant and negative.
Arioğlu and Arioğlu Kaya (2015)	Turkish Firms	2012-2013	Panel Data Analysis	According to their findings, managerial busyness and firm performance have no significant relationship.
Zona et al. (2015)	Italian Firms	2001-2006	Generalized Method of Moment	It is concluded that the performance of the firm is negatively affected by board busyness.
Mohd et al. (2016)	Malaysian Firms	2006-2010	Panel Data Analysis	The busyness of independent directors on the board of directors has a positive and statistically significant related with firm performance, but the busyness of executive directors has a negative and statistically significant relationship with firm performance.
Hauser (2018)	Firms listed in the S&P 1500 index	1996-2014	Ordinary Least Squares (OLS) estimation	Board busyness has a negative, but statistically in significant, relationship with firm performance.
James et al. (2018)	United States Firms	1997-2013	Ordinary Least Squares (OLS) estimation	The results showed that following the financial crisis of 2007–2008, busy managers improved firm performance. Furthermore, it is determined that, in metropolitan firms, busy managers enhance firm performance.
Chakravarty and Hegde (2019)	Indian Firms	2006-2013	Panel Data Analysis	The results showed that there was a statistically significant and positive relationship between manager busyness and firm performance. They added that firm size has an important

Latif et al. (2020)	Pakistan Firms	2006-2011	Panel Data Analysis	role in this positive relationship.
Daniliuc et al. (2020)	Australian and United State Firms	2004-2018 (Australia) 1996-2014 (USA)	Panel Data Analysis	Board busyness and firm performance have a negative relationship in organizations with weak corporate governance systems. Their study's findings, which were categorized by the size of the firm, showed that board busyness had a negative effect on firm performance in the 500 largest Australian firms.
Saleh et al. (2020)	Palestinian Firms	2009-2016	Panel Data Analysis	Board busyness and firm performance have a positive relationship, but CEO busyness and performance have a negative relationship.
Song et al. (2021)	United States Firms	1993-2019	Panel Data Analysis	A positive and statistically significant relationship between board busyness and firm performance is found in the study, which uses geographical diversification as a mediating variable.
Mohapatra and Mishra (2021)	Indian Firms	2008-2018	Panel Data Analysis	A positive relationship exists between board busyness and firm performance in firms where the directors have similar sectorial experience; a negative relationship is seen in firms where the directors have different sectorial experiences.
Chakravarty and Hegde (2022)	Indian Firms	2006-2013	Panel Data Analysis	Board busyness and firm performance are positively and statistically significantly related in small firms.
Alhaddad et al. (2022)	Jordanian Firms	2010-2020	Ordinary Least Squares (OLS) estimation	It was discovered that there was a statistically important negative relationship between managerial busyness and firm performance.
Cao et al. (2022)	China Firms	2004-2018	Panel Data Analysis	They observed a statistically important and negative relationship between managerial busyness and firm value.
Trinugroho, et al. (2022)	Indonesian Firms	2014-2020	Panel Data Analysis	Board busyness and firm performance have a statistically significant negative relationship.
Edacherian, et al. (2023)	Indian Firms	2014-2018	Dynamic panel data analysis	The association between board busyness and firm performance is statistically significant and negative.
Koçoğlu and Şahin (2023)	Turkish Firms	2014-2019	Panel Data Analysis	They determined that in family firms, management busyness has a negative effect on firm performance.

As seen from both national and international studies summarized above, since there is no consensus on the direction of the relationship between board

busyness and firm performance, the research hypotheses are "busyness hypothesis" and "reputation hypothesis" created from the perspective of:

H_{1a}: There is a negative relationship between board busyness and firm performance.

H_{1b}: There is a positive relationship between board busyness and firm performance.

3. Research Design

3.1. Data and Sample

The study examining the effect board busyness on firm performance utilizes 848 firm -year observation data of 212 non-financial firms listed on Borsa Istanbul between 2018-2021. While board busyness data is manually collected from the annual reports of the firms included in the analysis, financial data is obtained from the Finnet database and the Public Disclosure Platform's official website. Financial institutions with different asset structures and firms with incomplete data were not included in the study.

3.2. Variables

3.2.1. Measurement of the Dependent Variable

Firms performance is used as the study's dependent variables. In line with the research on the topic (Lu et al., 2013; Hauser, 2018; Hauser, 2018; James et al., 2018; Daniliuc et al., 2020), firm performance is represented by two distinct indicators: market-based (Tobin's Q) and accounting-based (return on assets, or ROA).

3.2.2. Measurement of the Independent Variable

Board busyness is the main independent variable in this study. A board member's presence on three or more firm boards is recognized as an indicator of busyness in numerous studies on board/managerial busyness (Ferris et al., 2003; Fich and Shivdasani, 2006; Cashman et al., 2012; Ahn et al., 2010; Méndez et al., 2015; Hamdan, 2017; Latif et al., 2020). In this study, this situation was adopted as the existence of busyness and the variables *BusyComm* and *AvgDirector* were used as indicators of board busyness. A dummy variable defined *BusyComm* has a value of 1 when at least 50% of the board members are busy and zero otherwise. *AvgDirectorship* is calculated as the ratio of the total number of board seats held by the board members of a particular firm in a given year to the number of board members. Furthermore, two different independent variables were used for robustness tests: *Busy_Member*, which is calculated as the ratio of the number of busy members on the board of directors to the total number of board members, and, *Busy_Chairman* which takes the value 1 if the chairman of the board is busy; otherwise, it takes the value 0.

3.2.3 Measurement of Control Variables

Eight variables —board size (BoardSize), percentage of independent directors (BoardIndep), institutional ownership (Inst_Own), managerial ownership (Man_Own), CEO duality (Dual), firm size (Size), leverage ratio (Lev), and firm age (Age)—are included in the model as control variables in the study. These variables are frequently used in the literature (Kaczmarek et al., 2014; Peng et al., 2015; Hamdan, 2017; Hauser, 2018; Trinugroho et al., 2022).

3.3. Regression Model

Based on research in the literature (Ahn, 2010; Lu et al., 2013; James et al., 2018; Alhaddad et al., 2022), the following model is formulated in this study that examines the relationship between board busyness and firm performance:

$$FirmPERF_{it} = \beta_0 + \beta_1 Busyness_{it} + \beta_2 BoardSize_{it} + \beta_3 BoardIndep_{it} + \beta_4 Ins_Own_{it} + \beta_5 Man_Own_{it} + \beta_6 Dual_{it} + \beta_7 Size_{it} + \beta_8 Lev_{it} + \beta_9 Age_{it} + \epsilon_{it}$$

Table 2, provides explanations and methods for measuring each of the variables in Equation (1).

Table 2. Description of Variables

Variable	Explanation
ROA	“The ratio of net income to total assets”
TOBIN'S Q	“The ratio of the book value of total assets minus the book value of equity, plus the market value of equity to the book value of assets”
BusyComm	“It is used as a dummy variable. If 50% or more of the firm’s board of directors are busy, it takes the value 1; if not, it takes the value 0.”
AvgDirectorship	“The average number of seats held by the members of the board of directors of a firm”
BusyMember	“The ratio of the number of busy members in a firm’s board of directors to the total number of members”
BusyChairman	“It is used as a dummy variable. It takes the value 1 if the chairman of the board of directors is busy and 0 otherwise.”
BoardSize	“Total number of members in a firm’s board of directors”
BoardIndep	“The ratio of independent director in a firm’s board of directors to the total number of members”
Inst_Owner	“Proportion of shares owned by institutions”
Man_Owner	“Proportion of shares owned by managers”
Dual	“It was used as a dummy variable. If the CEO and the board chairman are the same person, the value is 1; if not, it is 0.”
Size	“The natural logarithm of total assets”
Lev	“The total liabilities scaled by total assets”
Age	“The difference between the founding year and the current year”

Within the scope of the study, panel data analysis was utilized to estimate the research models based on the cross-sectional and time dimensions. In panel data regression equations, various models (Pooled OLS, fixed effects, random effects) have been developed by applying different approaches to the fixed parameter, the coefficient β to be estimated and the error value ϵ . In this context, F, Breusch-Pagan LM and Hausman specification tests were conducted to determine the appropriate estimation method and the results revealed that the fixed effects model, which eliminates the endogeneity problem in the cross-sectional dimension, is appropriate to estimate the effect of board busyness on firm performance.

Table 3. F-Test Results

H₀: The pooled LSM is valid		
ROA_{it}=		
$\beta_0 + \beta_1 BUSYNESS_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
21.57	0.0000	Rejection
TOBIN'S Q_{it}=		
$\beta_0 + \beta_1 BUSYNESS_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
11.39	0.0000	Rejection
ROA_{it}=		
$\beta_0 + \beta_1 AVRGDIRECTORSHIP_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
21.58	0.0000	Rejection
TOBIN'S Q_{it}=		
$\beta_0 + \beta_1 AVRGDIRECTORSHIP_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
11.14	0.0000	Rejection

Table 4. Breusch-Pagan LM Test Results

H₀: The pooled LSM is valid		
ROA_{it}=		
$\beta_0 + \beta_1 BUSYNESS_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
210.41	0.0000	Rejection
TOBIN'S Q_{it}=		
$\beta_0 + \beta_1 BUSYNESS_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
56.13	0.0000	Rejection
ROA_{it}=		
$\beta_0 + \beta_1 AVRGDIRECTORSHIP_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
209.33	0.0000	Rejection
TOBIN'S Q_{it}=		
$\beta_0 + \beta_1 AVRGDIRECTORSHIP_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
56.78	0.0000	Rejection

Table 5. Hausman Test Results

H ₀ : The difference between the coefficients is not systematic.		
ROA_{it}=		
$\beta_0 + \beta_1 BUSYNESS_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
32.64	0.0002	Rejection
TOBIN'S Q_{it}=		
$\beta_0 + \beta_1 BUSYNESS_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
113.19	0.0000	Rejection
ROA_{it}=		
$\beta_0 + \beta_1 AVRGDIRECTORSHIP_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
33.20	0.0001	Rejection
TOBIN'S Q_{it}=		
$\beta_0 + \beta_1 AVRGDIRECTORSHIP_{it} + \beta_2 BOARDSIZE_{it} + \beta_3 BOARDINDEP_{it} + \beta_4 INSOWN_{it} + \beta_5 MANOWN_{it} + \beta_6 DUAL_{it} + \beta_7 LEV_{it} + \beta_8 SIZE_{it} + \beta_9 AGE_{it} + \epsilon_{it}$		
Statistics	Probability	Decision
109.16	0.0000	Rejection

4. Empirical Findings

4.1. Descriptive Statistics and Multicollinearity Assumption

Descriptive data for the main variables used in this study are shown in Table 6.

Table 6. Descriptive Statistics

Variables	Observation	Mean	Std. Deviation	Min	Max
Roa	848	0.044	0.116	-0.888	0.634
TOBIN'S Q	848	1.603	1.235	0.391	14.169
BusyComm	848	0.173	0.378	0	1
AvgDirectorship	848	1.114	1.333	0	5.285
BoardSize	848	6.932	2.123	3	14
BoardIndep	848	0.301	0.116	0	0.625
Inst_Owner	848	0.340	0.309	0	0.964
Man_Owner	848	0.122	0.218	0	0.914
Dual	848	0.033	0.181	0	1
Size	848	0.572	0.304	0.029	4.401
Lev	848	8.768	0.841	6.769	11.272
Age	848	39.538	15.789	8	105

Note: The table shows accounting-based performance (ROA), market-based performance (TOBIN'S Q), busy board of directors (BusyComm), average number of board seats held by board members (AvgDirectorship), board size (BoardSize), proportion of independent directors (BoardIndep), institutional ownership (Inst_Owner), managerial ownership (Man_Owner), CEO duality (Dual), size (SIZE), financial leverage (Lev), firm age (AGE).

Table 6 shows that the average value of the Tobin's Q variable, which is regarded as a market-based performance indicator, is 1.603 and the average value of the ROA variable, which is an accounting-based performance indicator, is roughly 4%. On average, 17% of the sampled firms have busy boards of directors, while the average number of board members per board member is approximately 1.11. Furthermore, observed are the average board of directors' size of 6.93 and the average percentage of independent members on these boards, which is 0.30. In terms of the firm's ownership structure, the average management ownership rate is 0.12 while the average institutional ownership rate is 0.34. The average CEO duality is 0.033 (3%), indicating that in 3% of the sampled firms, the same individual holds both the chairman and CEO posts. Lastly, over the pertinent time period, the average leverage ratio was 0.57, the average size was 8.76 and the average age was 39.53.

Table 7. Correlation Matrix and VIF Value

	1	2	3	4	5	6	7	8	9	10	11	12	VIF
ROA(1)	1.000												-
TOBIN'S Q (2)	-	1.000											1.06
BusyComm (3)	0.002	-0.029	1.000										2.93
<i>AvrgeDirector ship (4)</i>	0.020	-0.010	0.488***	1.000									8.66
BoardSize (5)	0.028	-0.056*	0.165***	0.305***	1.000								1.64

BoardIndep (6)	-0.000	0.003	-0.025	-0.013	-0.103***	1.000							1.06
Inst_Owner (7)	0.080**	-0.045	0.280***	0.388***	0.276***	-0.025	1.000						1.66
Man_Owner (8)	0.008	0.082**	-0.198***	-0.258***	-0.223***	0.106***	-0.512***	1.000					1.46
DUAL (9)	-0.042	-0.006	-0.221***	-0.318***	-0.269***	0.038	-0.349***	0.337***	1.000				1.30
LEV (10)	-0.493***	0.050	-0.036	-0.028	0.108	0.047	-0.000	0.088**	-0.015	1.000			1.07
SIZE (11)	0.151***	-0.202***	0.189***	0.239***	0.515***	0.051	0.420***	-0.305***	-0.311**	0.105***	1.000		1.76
AGE (12)	0.084**	-0.013	-0.010	0.034	0.211***	0.030	0.160***	-0.104***	-0.188**	-0.048	0.259**	1.000	1.14
<p>Note(s): The table shows accounting-based performance (ROA), market-based performance (TOBIN'S Q), busy board of directors (BusyComm), average number of board seats held by board members (AvrgDirectorship), board size (BoardSize), proportion of independent directors (BoardIndep), institutional ownership (Inst_Owner), managerial ownership (Man_Owner), CEO duality (Dual), size (SIZE), financial leverage (Lev), firm age (AGE). ***, **, * represent significance at 1%, 5% and 10%, respectively.</p>													

The Correlation matrix and Variance Inflation Factor (VIF) between the variables used in the econometric models are displayed in Table 7. According to the results in the table, there is a positive relationship between ROA and both variables (*BusyComm*, *AvrgDirectorship*) used as board busyness indicators and a negative relation with Tobin's Q. The fact that the correlation coefficients between the independent variables are less than 0.80 (Bryman and Cramer, 2002; Gujarati and Porter, 2009) and the variance inflation factor (VIF) is less than 10 (Kutner et al., 2005; Hair et al. 2008) indicates that there is no multicollinearity problem. The relationships between the independent variables are less than the critical values, as shown by the values in Table 7, suggesting that there is no multicollinearity problem.

Table 8. Estimation Results

	ROA (1)	ROA (2)	TOBIN'S Q (1)	TOBIN'S Q (2)
BusyComm	0.017 (0.013)		0.3685(0.1889)	
AvrgDirectorship		0.007**(0.001)		0.103(0.054)
BoardSize	-0.002(0.001)	-0.002(0.001)	0.054(0.021)	0.052(0.019)
BoardIndep	-0.108**(0.023)	-0.107**(0.023)	-0.859**(0.198)	-0.871**(0.194)
Inst_Owner	0.042(0.057)	0.036(0.059)	0.219(0.299)	0.169(0.326)
Man_Owner	0.074***(0.012)	0.073**(0.012)	0.654(0.446)	0.659(0.457)
DUAL (9)	0.049**(0.011)	0.049**(0.011)	-0.179(0.098)	-0.189(0.109)
LEV (10)	-0.247**(0.052)	-0.247**(0.052)	0.486**(0.131)	0.478***(0.140)
SIZE (11)	0.164(0.071)	0.166(0.070)	-1.859(0.772)	-1.820(0.761)
AGE (12)	-0.060**(0.011)	-0.059**(0.011)	-0.623**(0.075)	-0.623***(0.076)
C (CONSTANT)	1.065**(0.330)	1.023**(0.326)	40.67**(7.374)	40.33**(7.274)
Year SE	Yes	Yes	Yes	Yes
Firm SE	Yes	Yes	Yes	Yes
Number of Observations	848	848	848	848
R²	0.241	0.241	0.258	0.256

Note(s): The table shows accounting-based performance (ROA), market-based performance (TOBIN'S Q), busy board of directors (BusyComm), average number of board seats held by board members (AvrgDirectorship), board size (BoardSize), proportion of independent directors (BoardIndep), institutional ownership (Inst_Owner), managerial ownership (Man_Owner), CEO duality (Dual), size (SIZE), financial leverage (Lev), firm age (AGE).

The findings of the fixed effect panel regression are shown in this table. robust standard errors are indicated by the values in parenthesis.

***, **, * represent significance at 1%, 5% and 10%, respectively.

The regression analysis findings for the econometric models developed for the study are shown in Table 8. Accounting-based performance (ROA) is the dependent variable in columns (1) and (2), and market-based performance (Tobin's Q) is the dependent variable in columns (3) and (4). The *BusyComm* variable has a positive coefficient (0.017), as can be seen in column (1), however the probability value (p-value=0.280) is not statistically significant. These findings indicate that the relationship between the *BusyComm* variable and accounting-based performance (ROA) is positive but not statistically significant. Used in the models as another indicator of board busyness, the *AvrgDirectorship* variable in column (2) has a positive relationship with ROA and is statistically significant at the 5% level ($\beta=0.007$, p-value = 0.011). This finding supports

hypothesis H1b and suggests that, in the analyzed firms, having busy board members will improve firm performance.

The relationship between board busyness and market-based performance (Tobin's Q) is displayed in columns (3) and (4). The variables that represent board busyness, *BusyComm* ($\beta = 0.368$, p-value = 0.146) and *AvrgDirectorship* ($\beta = 0.103$, p-value = 0.155), have a positive but statistically insignificant relationship with Tobin's Q. The results usually indicate that while busy managers have positive effects on accounting profitability, their presence does not significantly affect a firm's performance in the market.

When the control variables of the study effects on firm performance are investigated, independent member ratio (*BoardIndep*), leverage ratio (*Lev*), and firm age (*Age*) variables and firm performance are found to be negative related; manager ownership (*Man_Owner*) and CEO duality (*Dual*) are found to be positively and statistically significant relationship with firm performance. On the other hand, it was determined that the firm performance was unaffected by the other control variables in the study, namely board size (*BoardSize*), institutional ownership (*Inst_Owner*), and firm size (*Size*).

4.1. Robustness Test

Regression analyses on the fundamental research model were repeated using additional busy board measurements (*BusyMember*, *BusyChairman*) in order to check the consistency of the main prediction results (Table 9).

Table 9. Robustness Test Results

	ROA (1)	ROA (2)	TOBIN'S Q (1)	TOBIN'S Q (2)
BusyMember	0.038*(0.012)		0.175 (0.137)	
BusyChairman		0.039*** (0.005)		0.243 (0.155)
BoardSize	-0.003* (0.001)	-0.002 (0.001)	0.049* (0.019)	0.052* (0.019)
BoardIndep	-0.109** (0.023)	-0.115** (0.022)	-0.911** (0.213)	-0.941** (0.233)
Inst_Owner	0.033 (0.062)	0.029 (0.062)	0.247 (0.337)	0.198 (0.301)
Man_Owner	0.074*** (0.012)	0.076*** (0.013)	0.701 (0.479)	0.711 (0.484)
DUAL (9)	0.049** (0.011)	0.050** (0.011)	-0.206 (0.119)	-0.201 (0.113)
LEV (10)	-0.247** (0.052)	-0.246** (0.053)	0.476** (0.138)	0.483** (0.137)
SIZE (11)	0.170* (0.069)	0.174* (0.070)	-1.827 (0.778)	-1.793 (0.744)
AGE (12)	-0.059** (0.011)	-0.060** (0.011)	-0.630*** (0.075)	-0.636*** (0.078)
C (CONSTANT)	0.9773** (0.3001)	0.9878* (0.3190)	40.736** (7.5301)	40.615** (7.327)
Year SE	Yes	Yes	Yes	Yes
Firm SE	Yes	Yes	Yes	Yes
Number of Observations	848	848	848	848
R²	0.243	0.250	0.255	0.257

Note(s): The table shows accounting-based performance (ROA), market-based performance (TOBIN'S Q), busy board busy board member (BusyMember), busy chairman of the board (BusyChairman), board size (BoardSize), proportion of independent directors (BoardIndep), institutional ownership (Inst_Owner), managerial ownership (Man_Owner), CEO duality (Dual), size (SIZE), financial leverage (Lev), firm age (AGE).

The findings of the fixed effect panel regression are shown in this table. robust standard errors are indicated by the values in parenthesis.

***, **, * represent significance at 1%, 5% and 10%, respectively.

The findings of the robustness test indicate that the variables *BusyMember* ($\beta = 0.038$, p-value = 0.052) and *BusyChairman* ($\beta = 0.039$, p-value = 0.006) and accounting-based performance (ROA) have a positive and statistically significant relationship. Conversely, *BusyMember* ($\beta = 0.175$, p-value=0.290) and *BusyChairman* ($\beta = 0.243$, p-value=0.216) variables have a positive but statistically insignificant relationship with the Tobin's Q variable, which is used as a market-based performance indicator in the study model. These results, which support the main estimation results, indicate that board busyness influences accounting performance positively but has no effect on market-based performance.

CONCLUSION

In the last few years, a lot of research has focused on board busyness, which is the term for board members who serve on many boards of directors simultaneously. Different opinions exist on the relation between board busyness and firm performance, according to previous studies in the literature. According to some of these research, managers who are busy yet have a larger network and more expertise may find it simpler to obtain critical resources and carry out their advisory responsibilities more successfully, both of which improve firm performance. Other research' findings, however, demonstrate that time-constrained busy managers are unable to effectively carry out their monitoring and advisory responsibilities, which has a detrimental effect on firm performance.

This study goals to determine the relationship between firm performance and board busyness. Using data from 212 non-financial firms traded on Borsa Istanbul between 2018 and 2021, the panel data regression analysis's results showed that there was no statistically significant relationship between the board busyness and the performance of the firm in models that used Tobin's Q as a market-based performance indicator. On the other hand, the accounting-based performance indicator ROA and board busyness have a positive and statistically significant relationship. This conclusion shows that a manager serving on the boards of directors of different firms has a positive effect on firm performance, which is consistent with the findings of research in the literature (Ferris, 2003; Sarkar and Sarkar, 2009; Lei and Deng, 2014; Saleh et al., 2020; Song et al., 2021). According to the reputation hypothesis suggested by Fama and Jensen (1983), directors who serve many different boards are more effective in developing monitoring and advisory functions as well as serving as crucial sources of information. The results of this study, which provide support to the reputation hypothesis, show that managers who serve on many boards and thus have greater interaction with the outside world might benefit the performance of

their firms by obtaining information, skills, and experience. Furthermore, it is possible to evaluate the positive effect of busy managers on firm performance as resulting from the fact that these managers are more likely than other managers to attend board meetings and show a greater commitment to their duties. As a matter of fact, the results of the robustness tests show that while there is a positive and statistically significant relationship between board busyness and accounting performance (ROA), board busyness has no effect on market performance (Tobin's Q). The study's findings are expected to have an important effect on how corporate governance strategies are developed as well as be useful for regulators and policymakers in their efforts to raise the standard of corporate governance in Turkey.

When the relation between the control variables in the model and firm performance is examined, there is a negative relation between the independent member ratio and firm performance. There is no consensus in the literature regarding the direction of the relation between the independent member ratio and firm performance. Lu et al., (2013), Reguera-Alvarado and Bravo (2017), Kao et al. (2018) state that independent members play an active role in board decisions and increase firm performance by reducing agency costs arising from possible conflicts of interest. Conversely, Yermack (1996), Bhagat and Black (2002), Atilgan, (2017), Zhou et al., (2018), Harymawan et al., (2019), Çiftçi et al. (2019) stated that firm performance will decrease if (i) independent members do not have as much knowledge and equipment about the firm they work for as internal members, and (ii) the consultancy role of independent members exceeds the monitoring role. Similarly, it has been determined that there is a negative and statistically significant relation between leverage ratio and firm performance. This finding, which is accordingly the literature (Hauser, 2018; Saleh et al., 2020; Song et al., 2021), is evaluated as an increase in companies' borrowing rates, which may increase resource costs, causing excessive debts to be unmanageable in risky environments and negative affecting firm performance. Again, the analysis results show that firm age has a negative effect on firm performance. Some studies on the subject have revealed that the performance of mature firms is negative affected because they cannot renew themselves despite their firm experience and the power to purchase new technologies (Latif et al., 2013; Kaczmarek et al., 2014; Tekin and Demirel, 2017). As a matter of fact, Sarkar and Sarkar (2000) stated that young companies can adapt to environmental sensitivities and regulations more easily than mature companies and thus are more likely to own new assets. On the other hand, it has been determined that managerial ownership and CEO duality have a positive effect on firm performance. Although there are different opinions in the context of managerial ownership, many studies on the subject (Berle and Means, 1932; Piesse et al., 2005; Ahmed, 2009; Buachoom, 2017; Al Farooque et al., 2019) indicate that managers have an important share in the working capital of the firm. It is considered an important source of motivation in terms of increasing and maintaining performance. In agency theory, one of the important theories addressing CEO duality, it is suggested that duality can reduce possible conflicts of interest between top management and firm parties, thus leading to faster and more efficient decision-making processes (Donaldson and Davis, 1991). Therefore, duality is seen as an element that increases firm performance.

Although the relationship between board busyness and firm performance has been examined in international literature for a long time, it has not been sufficiently studied in Turkey. Thus, there is open direction for improvement in the study, which completes a perceived gap in the available national literature on this topic. The generalizability of the findings will be enhanced by future research on the topic looking at the relationship between board busyness and firm performance in the case of different industries and performing comparative studies with countries similar to Turkey's institutional characteristics. Furthermore, it is believed that examining different forms of corporate governance and firm special variables will significantly advance the field.

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