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The role of an individual's immigrant background in outcomes in the director and CEO labour markets

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Certificate of Original Authorship

I, Liudmila Radomskaia, declare that this thesis is submitted in fulfilment of the requirements for the award of Doctor of Philosophy, in the Accounting Discipline Group of the UTS Business School at the University of Technology Sydney.

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List of Abbreviations

ABS   Australian Bureau of Statistics

ASIC   Australian Securities and Investments Commission

CEO   Chief Executive Officer

Cth   Commonwealth

FE   Fixed effects

OLS   Ordinary least squares

ROA   Return on assets

SIRCA   Securities Industry Research Centre of Asia-Pacific

UK   United Kingdom

US   United States

Abstract

This thesis explores the impact of individuals' immigrant backgrounds on their careers in the Australian director and CEO labour markets. Prior literature that has examined directors' and CEOs' demographic attributes is largely silent on the effect of an immigrant status on career outcomes in the boardroom and in the labour market for executives. This thesis first documents a negative impact of a director's immigrant background on the likelihood of serving in board leadership roles. This effect is reduced, however, in the presence of other board members with the same ethnicity as the immigrant director. Second, this thesis finds a negative association between a CEO's immigrant background and their compensation. Third, there is a negative association between a director's immigrant background and the number of outside board seats held in future periods, regardless of the incidence of negative events. In addition, the thesis shows that immigrant directors are held more accountable for reductions of dividends and poor firm financial performance, as they are more likely to leave the board of the dividend-cutting firm and less likely to increase the number of outside directorships following poor financial performance. Finally, the thesis shows that the presence of immigrant directors on the board has no impact on the effectiveness of board monitoring.

GEL classification: G30, G34, J15, J31, J71, M12, M14, M51

Keywords: Board of directors, diversity, immigrants, director labour market, board committees, CEO compensation, director turnover, ex-post settling up, CEO turnover

Chapter 1: Introduction

1.1 Introduction

There have been growing societal and regulatory demands to increase board diversity in regards to demographic minorities (Chu & Davis, 2016; Knippen et al., 2019). Accordingly, the impact of individuals' innate demographic attributes on their careers in the boardroom and in top executive positions has received significant scholars' attention (Baker et al., 2020; Knyazeva et al., 2021). Specifically, there is extensive research that examines demographic minorities' representation on corporate boards and the level of compensation they receive in the CEO position (see, for example, Bertrand & Hallock, 2001; Farrell & Hersch, 2005; Peterson et al., 2007; Adams & Ferreira, 2009; Bugeja et al., 2012; Gayle et al., 2012; Hill et al., 2015; Field et al., 2020; Knyazeva et al., 2021). However, prior literature in this area largely focuses on demographic minorities in terms of gender and race. To date, very little is known about the effect of individuals' immigrant backgrounds on their career outcomes in the director and CEO labour markets.

Importantly, an immigrant background is a demographic attribute which differs from race. While race refers to individuals' visual biological characteristics (e.g., skin colour) (Purkiss et al., 2006), an immigrant background is a construct comprised of multiple dimensions, such as an individual's country of birth, generation, language, ethnicity and length of stay in a receiving country (Glick & White, 2003). Prior studies on various career outcomes for racial minorities have examined large racial/ethnic groups: African-American, Hispanic, Asian, Native American, Indian and Middle Eastern ethnicities (Field et al., 2020).[1] Ethnic minorities and

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[1] Ethnic minority groups examined in other studies include: African-Americans (Peterson et al. 2007), African-Americans, Hispanics and Asians (Jiraporn et al., 2009), African-Americans, Hispanics, Asians and Native Americans (Anderson et al., 2011; Hill et al., 2015),

ethnicities in these studies are defined based on an individual's race. However, it is not clear whether individuals of the same race experience different career outcomes in the director and CEO labour markets, conditioned on their immigrant background and its specific dimensions. Given that an individual's country of birth is one of the main dimensions which defines an immigrant background, prior studies on career consequences for ethnic minorities in US discussed above have not examined for example, if an African-American and an immigrant to US born in Kenya are treated differently in the director and CEO labour markets, despite belonging to the same racial group.

Furthermore, the definition of ethnicity considered in this thesis as a dimension of an immigrant background is based on an approach provided by the Australian Bureau of Statistics in the Australian Standard Classification of Cultural and Ethnic Groups (2019). This approach considers ethnicity as the collective identity of a group of individuals, based on one or more following distinct characteristics: a long common history, culture, traditions, a shared geographic origin, shared literature, religion, language, race.[2] This nuanced and complex definition of ethnicity results in identifying more ethnic groups than that based on race.

Given that prior research does not address the role of individuals' immigrant backgrounds in their careers in the director and CEO labour markets, Chapter 2 of this thesis investigates immigrants' representation on corporate boards, on key board committees and in board leadership positions, as well as factors influencing their appointments to these committees and

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[2] This thesis determines directors' and CEOs' immigrant backgrounds based on their ethnicity and country of birth. Following Ellahie et al. (2017) and Pan et al. (2017), directors' and CEOs' surnames are used to identify their ethnicities based on immigration records from ancestry.com.au. Data on countries of birth are collected from ASIC-approved information brokers websites (Ready Search, CreditorWatch). Section 2.3.1 discusses this process in more detail.

to board leadership roles. In addition, Chapter 2 explores immigrants' representation in CEO positions and an association between CEOs' immigrant backgrounds and their compensation.

The findings of Chapter 2 indicate that immigrants' representation on key board committees [3]and in board leadership roles is lower than their representation on boards. The results indicate that a director's immigrant background has no influence on the likelihood of having board committee assignments. However, immigrants are less likely to perform board leadership functions. Among immigrant directors, those who are first generation and those whose cultural background is more dissimilar to the cultural background of the domestic population of the host country are the least successful in terms of holding board committee membership and board leadership positions. According to the evidence in Chapter 2, immigrant candidates are more likely to receive appointments to the main board committees and to board leadership roles in the presence of directors who have the same ethnicity as those immigrant candidates. While the presence on the board of other directors with an immigrant background does not influence the likelihood that the immigrant candidate is appointed to key board committees, it has a negative impact on the immigrant director's appointments to board leadership positions.

Chapter 2 finds no evidence that a CEO's immigrant background and ethnicity is associated with the likelihoods that a director is appointed to board committees and leadership roles. The findings of the chapter also demonstrate that immigrant CEOs receive lower compensation than their non-immigrant peers, and the negative association between a CEOs' immigrant background and their compensation is particularly pronounced for immigrant CEOs whose

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[3] Following Field et al., the audit, nomination, remuneration and governance committees are identified as the key board committees, since they are defined by prior literature as the most important committees for performing board monitoring function and in terms of influence on various firm outcomes (Kesner, 1988; Adams & Ferreira, 2009).

cultural background is more dissimilar to the cultural background of the domestic population of the receiving country.

Since the findings of Chapter 2 indicate that immigrant directors experience negative consequences of their immigrant background in terms of receiving appointments to board leadership roles, the following question arises: whether directors' immigrant backgrounds affect other aspects of their subsequent board career, such as their career outcomes and the ex-post settling up process in the internal and external director labour markets following negative firm events? According to prior literature (see, for example, Kaplan & Reishus, 1990; Srinivasan, 2005; Yermack, 2004; Brickley et al., 1999; Ferris et al., 2003; Asthana & Balsam, 2010; Dou, 2017), director retention on the board and the number of outside directorships held reflect directors' reputation and accomplishments in the internal and external director labour markets, respectively. The ex-post settling up process in the director labour market incentivises and disciplines directors based on their proficiency in fulfilling board responsibilities (Fama & Jensen, 1983). Those directors who perform their board duties efficiently are rewarded with additional board appointments, while those who are negligent at fulfilling their board responsibilities are penalised by the loss of board positions (Srinivasan, 2005). Prior literature, however, is silent on the effect of a director's immigrant background on the ex-post settling up process in the director labour market.

This question is investigated in Chapter 3, which employs dividend cuts, a strike on the remuneration report and poor financial performance as negative events that may incur reputational costs for directors in the director labour market (see, for example, Kaplan & Reishus, 1990; Bugeja et al., 2023; Yermack, 2004; Brickley et al., 1999; Ferris et al., 2003; Asthana & Balsam, 2010). The findings of Chapter 3 indicate that a negative association exists between a director's immigrant background and the number of outside board seats held in

future periods, regardless of the incidence of negative events. Furthermore, immigrant directors are more likely to leave the board of a dividend-cutting firm, however, an immigrant background has no influence on director turnover subsequent to other negative events, such as a strike on the remuneration report and poor financial performance. In addition, immigrant directors are less likely to increase the number of outside directorships following poor financial performance. Furthermore, the chapter finds that the effect of directors' immigrant generational status on the ex-post settling up process differs for internal and the internal labour markets, as well as for particular negative events. Immigrants whose cultural backgrounds are more dissimilar to the cultural background of the domestic population of the host country are less likely to leave the board following negative market returns, however, these group of immigrant directors is the most disadvantaged in terms of the likelihood of increasing the number of outside directorships following dividend cuts and poor financial performance. The findings of the chapter also indicate that the presence of immigrant directors on the board has no impact on the effectiveness of board monitoring in terms of the sensitivity of CEO turnover to performance and abnormal CEO compensation.

This thesis contributes to prior research in several ways. First, it adds to the body of literature on board demographic diversity (Farrell & Hersch, 2005; Peterson et al., 2007; Adams & Ferreira, 2009; Field et al., 2020; Knyazeva et al., 2021) by exploring a director's immigrant background as a demographic attribute which influences the director's career in the boardroom subsequent to an initial appointment to the board. The thesis provides novel empirical evidence on the effects of a director's immigrant background, as well as the effects of an immigrant generational status and a cultural background as one of the dimensions of an immigrant background, on the likelihood of being appointed to the main board committees and to board leadership roles. It documents a negative relationship between a director's immigrant background and the likelihood of performing board leadership functions, as well as a lower

likelihood of receiving appointments to board committees and to board leadership roles for first-generation immigrants and immigrants whose cultural backgrounds are more dissimilar to the cultural background of the domestic population of the host country.

Second, this thesis extends prior research on factors that influence board diversity (Farrell & Hersch, 2005, Field et al., 2020) by providing the first empirical evidence on the role of an incumbent CEO's and directors' immigrant backgrounds and ethnicities in immigrants' appointments to board committees and to board leadership positions. This thesis demonstrates that the presence of other board members with an immigrant background or with the same ethnicity as an immigrant candidate affects the immigrant candidate's assignments to board committees and to board leadership roles. Furthermore, the thesis adds to prior literature on the determinants of CEO compensation (Core et al., 1999; Gayle et al., 2012; Bugeja et al., 2012; Hill et al., 2015), as it shows pay disparity for immigrant CEOs which is determined by their immigrant background, as well as documents a more pronounced negative pay gap for immigrant CEOs whose cultural background is more dissimilar to the national culture of the host country.

This thesis also extends prior academic knowledge about factors influencing directors' career outcomes in the director labour market following negative events (Srinivasan, 2005; Kaplan & Reishus, 1990; Yermack, 2004; Asthana & Balsam, 2010; Dou, 2017; Naumovska et al., 2020). It provides novel empirical evidence on the role of a director's immigrant background in these outcomes suggesting the existence of negative biases against immigrant directors in terms of their retention on the board, as well as in relation to their career outcomes in the labour market for outside directorships. This thesis also sheds light on the effects of an immigrant director's generational status and cultural background on their career outcomes in both the internal and external director labour markets following various negative firm events. Finally, the thesis

bridges a gap in the prior studies that have examined the impact of board members' demographic attributes on board monitoring by investigating the effectiveness of board oversight in the presence of directors with an immigrant background. This thesis documents that the effectiveness of board monitoring performance is not affected by the presence of immigrant directors.

1.2 Thesis structure

The remainder of this thesis is structured as follows. Chapter 2 explores immigrants' representation on corporate boards and in CEO positions and the impact of a director's immigrant background on the likelihood of receiving board committee assignments and appointments to board leadership positions. In addition, Chapter 2 examines the effects of immigrant directors' generational statuses and cultural backgrounds on these appointments, as well as the impact of the incumbent CEOs' and directors' immigrant backgrounds and ethnicities on the immigrant candidate's appointment to board committees and to board leadership positions. The association between CEOs' immigrant backgrounds and their compensation level is also investigated in Chapter 2. Chapter 3 focuses on examining the effects of directors' immigrant backgrounds on their career in the director labour market following negative firm events. In addition, Chapter 3 also investigates if an immigrant director's generational status and cultural background influence the ex-post settling up process in the director labour market subsequent to negative events. Finally, Chapter 3 explores the impact of the presence of immigrant directors on the board on the effectiveness of board oversight in relation to the sensitivity of CEO turnover to performance and abnormal CEO compensation. Chapter 4 presents concluding remarks, discusses limitations of the research conducted in this thesis and suggests avenues for future research.

Chapter 2: The impact of individuals' immigrant backgrounds on their representation on board committees, in board leadership positions and on their career outcomes in the CEO labour market

2.1 Introduction

There is a long stream of research that examines diversity within corporate boards and top executives in terms of particular demographic characteristics (Baker et al., 2020; Knyazeva et al., 2021). The majority of these studies focus on female directors, whilst significantly less research has focused on racial minority representation (Knyazeva et al., 2021). Evidence provided by prior literature suggests that female and racial minority directors are underrepresented on corporate boards (Farrell & Hersch, 2005; Peterson et al., 2007; Adams & Ferreira, 2009; Field et al., 2020; Knyazeva et al., 2021). However, no research to date investigates the impact individuals' immigrant backgrounds have on their corporate careers, including their representation on boards and in CEO positions[4].

The immigrant background construct has multiple dimensions, including an individual's country of birth, generation, ethnicity, and length of residence in the host country (Glick & White, 2003).[5] Prior literature on the socioeconomic assimilation of immigrants has documented significant occupational attainment and earnings gaps between immigrants and the domestic population of the host country (Chiswick & Miller, 2008; Chiswick & Miller, 2009; Fleming et al., 2016; Gorodzeisky & Semyonov, 2017; Kifle et al., 2019). In addition, these studies demonstrate that occupational and earnings disparity for certain ethnic groups of

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[4] The difference between an immigrant background and concepts of race and ethnicity examined in prior literature is discussed in Section 1.1 of this thesis.

[5] The thesis determines an immigrant background based on an individual's country of birth that defines an immigrant generation (first generation and second-and-higher generation of immigrants) and ethnicity (having an ethnicity that differs from the ethnicity of the domestic population of a receiving country). An approach to measuring an immigrant background is discussed in more detail in Section 2.3.1. of this chapter.

immigrants persists across generations. However, prior studies are silent on the effect of an individual's immigrant background and its specific dimensions on their career outcomes in the director and CEO labour markets.

Accordingly, this chapter has a number of objectives. First, it investigates immigrants' representation on corporate boards and in CEO positions and the role of immigrants' generational statuses and cultural backgrounds in this representation. Second, the chapter explores the impact of a director's immigrant background on the likelihood of being appointed to board committees and board leadership positions. Third, it examines whether the presence of a CEO and other board members with an immigrant status or with the same ethnicity as an immigrant director determines the immigrant director's representation on board committees and in board leadership roles. Finally, this chapter investigates the impact of CEOs' immigrant background on their compensation.

According to the model of human capital (Chiswick, 1978), initial occupational attainment and earnings gaps between immigrants and the domestic population of the receiving country are attributable to limited international transferability of human capital. Due to the nature of responsibilities assigned to board committee members and board leaders, successful candidates for those roles have to possess a very high level of human capital relevant for the local director labour market. Thus, according to the model of human capital (Chiswick, 1978), it is hypothesised that immigrant directors are less likely to be represented on board committees and to serve in board leadership roles than directors without an immigrant background.

Furthermore, proponents of the model of human capital (Chiswick, 1978) and new assimilation theory (Alba & Nee, 1997; 2003) argue that the initial occupational attainment gap and earnings gap narrow over time, as second and-higher generations of immigrants obtain human capital relevant for the host country. In addition, the transferability of human capital and,

therefore, a level of socioeconomic immigrant assimilation is dependent on the relative similarities between national cultures of the sending and the receiving countries, as national cultures determine rules of social and professional interactions, educational, economic and legal systems (Schwartz, 2006), which, in turn, form attributes of human capital distinct for each country. Based on the above, it is inferred that first-generation immigrants and immigrants with a greater difference between their cultural background and the cultural background of the domestic population of the host country are less likely to be represented on board committees and to serve in board leadership roles.

Furthermore, the incumbent CEO's and board members' immigrant statuses and ethnicities may influence immigrant directors' appointments to board committees and to board leadership roles. However, whether their impact is positive or negative is debatable, as existing research provides conflicting arguments and evidence. On the one hand, according to social categorisation theory (Tajfel, 1978; Turner et al., 1987), individuals' perceptions of themselves and others may be affected by ingroup and outgroup biases resulting in favouring ingroup members over outgroup members and devaluing outgroup members' achievements and competence. An immigrant background and ethnicity are salient attributes for social categorisation due to their high distinctiveness (Nelson & Miller, 1995) and, therefore, they may trigger ingroup and outgroup biases of a significant magnitude. As a result, it may be expected that CEOs and board members who have an immigrant status or have the same ethnicity as the immigrant candidates are more likely to support their candidatures for board committee assignments and board leadership positions.

On the other hand, prior literature on tokenism argues that high-ranked females and racial minorities often impede career advancement of other minority group members to protect their unique and valuable status of a member of the corporate elite (Kanter, 1977; Ely, 1994; Duguid

et al., 2012). Therefore, whilst it is hypothesised that the likelihood an immigrant director is appointed to board committees and board leadership roles is associated with the presence of a CEO and (or) board members who have an immigrant background or have the same ethnicity as the immigrant director, the direction of the association is uncertain.

In addition to outcomes in the director labour market, this chapter also explores the role of an individual's immigrant background in the CEO labour market in relation to CEO compensation. On the one hand, according to the findings in Hill et al. (2015), it may be expected that an immigrant CEOs' compensation level is greater, as their immigrant status provides a valuable resource for the firm in the context of the increased pressure for greater diversity (Naumovska et al., 2020). On the other hand, there may be a negative pay gap for immigrant CEOs, attributable to outgroup biases induced by social categorisation (Tajfel, 1978; Turner et al., 1987). Thus, this chapter predicts that an association exists between an immigrant status and CEOs' compensation. Furthermore, first generation immigrant CEOs are predicted to experience a more pronounced pay gap relative to CEOs who are second -and-higher generations of immigrants. Similarly, it is predicted that immigrant CEOs with a greater difference between their cultural background and the cultural background of the domestic population of the host country receive lower compensation compared to those immigrant CEOs whose cultural background is more similar to the cultural background of the domestic population of the receiving country. These conjectures are based on the argument that, on the one hand, the status of this category of immigrant CEOs is of greater rarity and value to the firm, but, on the other hand, it may activate outgroup biases of a larger magnitude due to its greater rarity.

Australian samples of 20,194 director-firm-year observations and 15,783 CEO-firm-year observations for the period between 2008 and 2020 are used to test the hypotheses of this

chapter. Australia provides an interesting setting for this research, as approximately half of its population have been born overseas or are second generation immigrants, with more than 300 ancestries represented in the country (Australian Bureau of Statistics, 2017). In addition, Australia has a skilled immigration points system which has been designed to attract immigrants with a high level of human capital. Directors' and CEOs' immigrant backgrounds and ethnicities are determined based on their countries of birth and surnames, since surnames serve as reliable indicators of ethnicity (Mateos, 2014). As prior research indicates that the audit, nominating, remuneration and governance committees are the most influential in terms of board decisions and performing key board functions (Kesner, 1988), a directors' membership in these committees is examined when testing the hypotheses in relation to immigrants' appointments to board committees. Following Field et al. (2020), board leadership roles are defined as board non-executive chairs and chairs of the above four key board committees.

This chapter documents a leadership gap for immigrant directors, as their representation in board leadership roles and on board committees is lower than their representation on corporate boards. Immigrants with non-Anglo and non-Western European cultural backgrounds are the most disadvantaged category of immigrants in terms of representation on board committees, in board leadership positions and in CEO roles. No evidence is found that a director's immigrant status determines their appointments to board committees. However, a director's immigrant background negatively affects the likelihood of serving in board leadership roles. Consistent with predictions, immigrant directors who are first generation immigrants and those with a greater dissimilarity between their cultural background and the cultural background of the domestic population of the receiving country are less likely to obtain appointments to board committees and to perform board leadership roles relative to other categories of immigrants.

Surprisingly, the evidence provided in this chapter suggests that the incumbent CEO's immigrant status and ethnicity have no influence on immigrant directors' representation on board committees and in board leadership roles. Similarly, there is no indication that an incumbent board member's immigrant status is a determinant of immigrants' appointments to board committees. Yet it has an impact on immigrant directors' appointments to board leadership positions. The presence of other board members with an immigrant status negatively affects the likelihood of such appointments supporting arguments based on tokenism. It appears that immigrant directors serve as mere tokens of diversity and inclusion. However, the presence of directors with the same ethnicity as immigrant candidates increases the likelihood of their appointments to board committees and to board leadership roles, which is consistent with the predictions of social categorisation theory.

Finally, the findings in this chapter indicate that an immigrant background has a negative impact on CEO compensation. Contrary to predictions, it appears that there is no pay disparity between first-generation immigrant CEOs and CEOs who belong to second-and-higher generations of immigrants. However, immigrant CEOs with a greater difference between their cultural background and the national culture of the host country receive lower compensation relative to immigrant CEOs whose cultural background is more similar to the cultural background of the domestic population of the receiving country.

Additional analyses test the hypotheses restricting the sample to new appointments of immigrant directors to board committees and board leadership roles. In contrast to the main findings, there is no indication that a director's immigrant background is associated with the likelihood of them being appointed to board leadership positions. Similarly, immigrant directors' cultural backgrounds and immigrant generational statuses have no impact on their appointments to board committees. Consistent with the main findings, first-generation

immigrant directors are less likely to receive appointments to board leadership roles. The findings of the additional analyses also indicate that first- generation immigrant directors whose cultural background differs significantly from the cultural background of the domestic population of the host country are less successful at receiving appointments to board committees and to board leadership roles than other categories of immigrant directors. Contrary to the main findings, there is no evidence that incumbent board members' immigrant statuses and ethnicities have an impact on immigrant directors' appointments to board committees and to board leadership positions.

In addition, to mitigate the concern that the immigrant background of female directors and CEOs is measured with error, as they are likely to change their surnames by marriage, the hypotheses are tested using samples restricted to male directors and CEOs. The findings provided by the additional testing are mostly consistent with those reported in the main analysis. Furthermore, additional analyses demonstrate that immigrants with non-Anglo and non-Western European cultural backgrounds are more disadvantaged in terms of their representation on board committees, in board leadership positions and the level of CEO compensation they receive relative to immigrants belonging to the Anglo and Western European cultural groups. Furthermore, to address endogeneity concerns, entropy balanced samples are constructed and used to test the hypotheses. The results using the entropy balanced samples are consistent with the main findings.

In addition, to alleviate the concern that foreign directors may be misidentified as immigrant directors, the hypotheses are tested on samples restricted to directors and CEOs of firms whose head offices are located in Australia. The results of this additional analysis reinforce the main findings. The hypotheses are also tested using an alternative measure of a relative difference between an immigrant's cultural background and the cultural background of the domestic

population of the host country. The findings of this analysis are in line with the main results. Finally, additional tests of the hypotheses are conducted by controlling for the effect of directors' and CEOs' race and immigrant directors' and CEOs' English language proficiency, which provide results consistent with the main findings.

This chapter provides three main contributions to prior academic knowledge. First, it extends prior literature on board and top management diversity by examining an immigrant background of individuals as an additional aspect of diversity. It provides empirical evidence on immigrants' representation on corporate boards and board committees and in CEO and board leadership positions. This chapter considers an immigrant background as a complex concept and examines effects of an immigrant generational status and a cultural background as additional dimensions of an immigrant background on appointments to board committees and board leadership roles, as well as on immigrant CEO compensation levels. This chapter documents that a leadership gap exists for immigrant directors that is driven by their immigrant generational status and the relative difference between their cultural background and the cultural background of the domestic population of the receiving country.

Second, this chapter adds to prior studies which examine determinants of board diversity by providing empirical evidence on two potential determinants of immigrants' representation on board committees and in board leadership positions: the incumbent CEO's and board members' immigrant statuses and ethnicities. It demonstrates that the presence of directors with an immigrant background or with the same ethnicity as immigrant candidates influence immigrants' board committee memberships and their assignment to board leadership roles. Third, this chapter extends the body of research on CEO compensation by providing evidence on the role of a CEO's immigrant background as a determinant of their compensation. It documents a negative pay gap for immigrant CEOs, particularly for those CEOs whose cultural

background differs significantly from the culture of the domestic population of the host country.

The remainder of this chapter is structured as follows. Section 2.2 provides a review of prior literature, discusses relevant theory and develops hypotheses. Section 2.3 presents the research design and the regression models used to test the hypotheses, whilst the sample construction is discussed in Section 2.4. Section 2.5 presents the descriptive statistics and the results of the multivariate analyses. Section 2.6 details additional analyses and robustness testing, and Section 2.7 concludes the chapter by summarising the main findings.

2.2 Literature review and theoretical development

2.2.1. Immigrants' representation on corporate boards and in CEO positions

Most previous studies which examine the role of demographic characteristics in the appointments of directors to corporate boards or to top management positions predominantly focus on gender and female representation (Baker et al., 2020) or racial diversity. These studies have documented an underrepresentation of female and racial minority directors in the boardroom (see, for example, Carter et al., 2003; Farrell & Hersch, 2005; Peterson et al., 2007; Adams & Ferreira, 2009; McDonald & Westphal, 2013; Kim & Starks, 2016; Field et al., 2020; Knyazeva et al., 2021). For example, despite an upward trend in female and racial minority directors' representation on boards, a representation gap persists, particularly for racial minority directors: female and racial minority directors make up only around 21% and 12%, respectively, of all board members, as of 2017 (Field et al., 2020).

Some studies explore directors' cultural backgrounds as another dimension of board diversity. For example, Frijns et al. (2016) investigate the cultural background of directors to develop a measure of national cultural diversity of boards and analyse how it affects firm performance. An emerging stream of research considers the impact of directors' and CEOs' ancestries on

different corporate policies and firm outcomes (see, for example, Liu, 2016; Ellahie et al., 2017; Pan et al., 2017; Nguyen et al., 2018; Giannetti & Zhao, 2019). Masulis et al. (2012) explore how foreign directors on boards influence various aspects of corporate governance and firm performance, whilst Estélyi and Nisar (2016) focus on the determinants of board diversity in terms of foreign directors. In addition, Kang et al. (2022) examine director nationality as one of the dimensions of board demographic diversity and its impact on director dissent toward management proposals.[6]

To my knowledge, there are no studies to date which explore another significant demographic attribute of individuals in the context of board and top management diversity – an immigrant background, and its impact on an individual's career in the director and CEO labour markets. [7]It is not clear whether, similar to females and racial minorities, immigrants experience adverse consequences of their immigrant status in terms of their representation in boardrooms and in the CEO positions, and what role dimensions of an immigrant background such as an immigrant generational status and a cultural background play in their success in the local corporate labour market.

Considering the absence of empirical evidence on the association between an individual's immigrant background and the outcomes in the CEO and director labour markets, this chapter draws on the literature on immigrant assimilation. Immigrant assimilation is measured across several dimensions including socioeconomic status which is determined by educational and occupational attainment and earnings parity (Waters & Jimenez, 2005). Prior literature on immigrant economic assimilation has documented an initial earnings gap between immigrants and the domestic population on an immigrants' arrival to a host country. The pioneering study

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[6] In addition, see, for example, Lu et al. (2022) and Osei Bonsu et al. (2024) that review prior literature examining the impact directors' and CEOs' personal attributes have on various firm outcomes and decision-making.
[7] There are a few studies that examine the effect of a CEO's immigrant background on corporate decisions and policies (see, for example, Bu et al., 2022; Mueller and Reus, 2022).

in this area by Chiswick (1978) attributes the initial earnings disparity to the less-than-perfect international transferability of human capital. The concept of human capital in Chiswick (1978) includes language proficiency, education, professional skills, knowledge and training that are relevant for the labour market in a host country. The earnings gap reduces over time as immigrants acquire human capital which is applicable in a receiving country (Chiswick, 1978). For example, it takes 10-15 years for immigrants to the US to achieve earnings parity with the domestic population with similar human capital characteristics (Chiswick, 1978).

Furthermore, there is an occupational attainment gap between recent immigrants and domestic population. For instance, findings in Chiswick and Miller (2009) show that for first generation immigrants foreign labour market experience has a negative effect on occupational status in the US, and the magnitude of this effect is more pronounced for higher-status occupations. The authors conclude that the occupational attainment gap is driven by limited transferability of human capital across countries, and it is a key factor of socioeconomic assimilation for first generation immigrants (Chiswick & Miller, 2009).

Empirical evidence supporting this notion is not limited to the US as it is found in various settings with immigration programs and systems that differ from the US immigration regime. For example, the likelihood of being employed in high-status occupations (including managerial positions) for first generation immigrants in the UK, France, Belgium and Sweden is less relative to domestic population (Gorodzeisky & Semyonov, 2017). However, second generation immigrants, regardless of their country of origin, do not experience the above disparity, due to acquiring human capital relevant for a host country's labour market, including language proficiency, education, local social and professional networks and work experience (Gorodzeisky & Semyonov, 2017). The same occupational gap between recent immigrants and domestic population, which narrows with time since immigration, is documented for countries

with skills-based points immigration systems such as Australia (Chiswick & Miller, 2008; Fleming et al., 2016; Kifle et al., 2019) and New Zealand (Maani et al., 2015).

The model of human capital developed by Chiswick (1978) and the aforementioned findings are consistent with the classic assimilation theory and new assimilation theory. The classic assimilation theory emerged in the US as an attempt to describe the integration of immigrants who came to the US at the beginning of the 20th century. According to the classic assimilation theory (Park, 1921), with the passage of time immigrants' similarity to domestic population in terms of culture and social status increases, and, therefore, descendants of first-generation immigrants are expected to experience upward social mobility. The classic assimilation theory was subsequently reformulated by Alba and Nee in their new assimilation theory (Alba & Nee, 1997; 2003). New assimilation theory extends the concept of immigrant assimilation developed in prior literature by considering further important dimensions of assimilation – occupational mobility and economic (earnings) assimilation, which together constitute socioeconomic assimilation (Alba & Nee, 1997). According to the proponents of new assimilation theory, second generation immigrants are likely to achieve upward social mobility as they acquire human capital relevant for the host country, including proficiency in the language of the host country (Alba et al., 2011).

Taken together, the tenets of the human capital model and the classic and new assimilation theories suggest that second or third generation immigrants are more likely to achieve socioeconomic parity with domestic population than first generation immigrants. Accordingly, CEOs and directors with an immigrant background who belong to second and higher generations of immigrants have advantages in the CEO and director labour market relative to their counterparts who are first generation immigrants in terms of having greater opportunities

to invest in their human capital and obtain skills and resources that are highly relevant for attaining CEOs' positions and board seats, including strong professional and social networks.

Moreover, besides the time since immigration, there is another factor which determines the degree to which human capital is transferrable across countries, and, therefore, the rate of socioeconomic assimilation of immigrants – the similarity of languages, labour market abilities and skills, workplace culture, professional training and education, professional networks, professional licensing between the sending country and the host country (Chiswick & Miller, 2011). Prior literature documents a distinction between immigrants from developed English-speaking countries and non-English speaking countries to a developed English-speaking host country in relation to outcomes in the labour market. For example, white immigrants with middle and high levels of education from developed English-speaking countries experience earnings parity with the US domestic population (Chiswick & Miller, 2011), i.e., human capital of individuals with a high level of education from developed English-speaking countries to the US is highly internationally transferrable (Chiswick, 1978). Likewise, only immigrants from non- English-speaking countries to Australia initially experience a significant negative earnings gap (McDonald & Worswick, 1999), while recent immigrants from developed English-speaking countries to Australia have parity with domestic population in terms of their occupational status (Chiswick & Miller, 2008; Fleming et al., 2016).

According to Borjas (2015), proficiency in the language of a host country is the core factor in the economic assimilation of immigrants. Although similarity of languages between countries is only one of the dimensions of human capital transferability, Chiswick and Miller (2012) argue that it also represents similarities of cultures and labour market institutions and, therefore, the linguistic distance from the language of a host country of immigrants' mother tongue can be used as an overall measure of skill transferability of immigrants. However, it

may be argued that similarity/dissimilarity of languages between a sending country and a host country does not always coincide with similarities/ dissimilarities across other dimensions of human capital. English is an official language in a number of African countries (for example, such as Ghana, Kenya, Liberia, Nigeria), however, immigrants from those countries experience negative outcomes in the labour market of English-speaking host countries along with their counterparts from non-English-speaking countries (McDonald & Worswick, 1999; Chiswick & Miller, 2008; Chiswick & Miller, 2011).

In addition, prior empirical evidence demonstrates that some immigrant ethnic groups experience differential outcomes in the labour market of a host country which cannot be totally explained by the similarity or dissimilarity of their languages with the language of the host country. For instance, findings in Fleming et al. (2016) show that among first-generation immigrants from non-English speaking countries to Australia, Asians experience the most dramatic disadvantage in the labour market in the form of engaging in lower-ranked occupations, relative to immigrants from Europe and other regions. In addition, only immigrants with a European background achieve an improvement in their occupational attainment with the passage of time, while other groups of immigrants from non-English-speaking countries to Australia do not catch up with domestic population over time (Fleming et al., 2016).

This is consistent with earlier evidence in Kostenko et al. (2012) who find that recent immigrants from Western countries (North America, UK and Northwest Europe) to Australia do not experience disadvantages in terms of retaining higher-status occupations in the labour market of the host country, in contrast to their non-Western counterparts. Similarly, for first-generation immigrants from non-English-speaking European countries to New Zealand the odds of being employed in a higher-ranked occupation are greater relative to immigrants from

the Pacific Island countries and Asia (Maani et al., 2015). In addition, in the European setting, the occupational gap between immigrants and domestic population is wider for first-generation immigrants from non-European countries to UK, France, Belgium and Sweden relative to immigrants from European countries (Gorodzeisky & Semyonov, 2017).

Based on the above, the similarity of languages between a sending country and a host country cannot be used as a comprehensive measure of immigrants' skill transferability. It is necessary to consider explicitly the similarity of national cultures between countries as a measure of the transferability of human capital and, ultimately, a factor of socioeconomic immigrant assimilation, as national cultural traits and values form and influence norms of social interaction, legal and economic systems, policies and institutions (Schwartz, 2006), which, in turn, determine characteristics of human capital specific to every country. Prior research has identified distinct cultural regions comprised of countries with similar national cultures. For example, Schwartz (2006) describes the following transnational cultural groups based on his theory of cultural value orientations: 1) West Europe; 2) Anglo-Saxon countries; 3) Latin America; 4) East Europe; 5) South Asia; 6) Confucian influenced countries; 7) Africa and Middle East.

The above grouping is based on comparing 73 national cultures along seven cultural value orientations that form three key cultural dimensions (Schwartz, 2006). Cultural similarities of countries within the regions can be attributed to a common history, religion, language, rate of technological and economic development and geographical closeness (Schwartz, 2006). The cultural grouping in Schwartz (2006) is very close to the cultural zones identified in Inglehart and Baker (2000), although they compared national cultures in relation to two dimensions: traditional versus secular-rational orientations and survival versus self-expression values.

Immigrants from countries belonging to the same cultural region as the host country are more likely to possess human capital that is highly transferrable to the labour market of the host country, and, therefore, they are more likely to experience socioeconomic parity with domestic population, including obtaining high status positions, regardless of the time since their arrival to the host country. Accordingly, immigrants from countries that are outside the cultural region of the host country, are likely to have a lower level of transferability of their human capital to the host country relative to their counterparts from countries within the same cultural region as the host country. Consequently, they might be less likely to receive appointments to a board of directors and to CEO positions. This is consistent with the empirical evidence provided by Barrios et al. (2022), according to which foreign directors from countries with similar national culture to the culture of the firm's home country are more likely to be appointed to the board of the firm.

Furthermore, the evidence in Fleming et al. (2016) on the persistence of occupational and earnings disparity for some ethnic groups across generations is consistent with the segmented assimilation theory that contests the postulate of the classic and new assimilation theory about successful assimilation of immigrants with the passage of time. Proponents of the segmented assimilation theory argue that the classic assimilation theory is relevant for immigration to the US prior to 1965 as it was mostly comprised of white Europeans, while contemporary immigrants to the US predominantly have non-European ethnic background and they often encounter barriers which prevent them and even their children from the integration to the US society (Portes & Zhou, 1993).

Under the segmented assimilation theory, assimilation is not a one-way path for all groups of immigrants, rather, there are three pathways with divergent outcomes: upward assimilation (achieving socioeconomic parity with the domestic population in the host country), downward

assimilation (low occupational status and low earnings for first and second generations of immigrants) and keeping initial ethnic identity but achieving upward social mobility by second generation of immigrants (Portes & Zhou, 1993). In addition, a recent study of Giavazzi et al. (2019) on the persistence of cultural values of different generations of immigrants to the US shows that some cultural traits stay unchanged across several generations of the descendants of immigrants, and the rate of convergence to the domestic culture of the receiving society is country specific, i.e., is determined by the country of origin of an individual's ancestors.

Therefore, it may be expected that even second, third-and higher generation immigrants from countries outside the cultural region of the host country do not catch up with immigrants whose cultural background is more similar to the domestic population of the host country in terms of their socioeconomic status. Consequently, second-and higher generation immigrants whose cultural background differs significantly from the national culture of the receiving country may be underrepresented on corporate boards and in CEO's roles.

2.2.2 Immigrants' representation on board committees and in board leadership roles

In addition to the representation of directors with an immigrant background on corporate boards, the question of the likelihood of these directors being appointed to board committees and promoted to board leadership roles remains open. Prior literature has been primarily interested in investigating the impact of gender and race on appointments to key board positions. For instance, to determine whether female and racial minority directors have influence in corporate affairs and provide important contributions to board activities, or they serve as mere tokens of minority representation, scholars have investigated board committee assignments of those directors. Board committee assignments reflect a director's scope of responsibilities (Klein, 1998), and corporate outcomes and decisions are mostly influenced by the following key committees: the audit, nominating, compensation and executive committees

(Kesner, 1988). Therefore, female and racial minority directors' membership in those committees has been considered by previous research as an indicator of minority directors' influence on corporate governance and participation in board activities (Adams & Ferreira, 2009).

Empirical evidence shows that there is no racial or gender bias in assigning board committee memberships, although female and racial minority representation varies across different committees. For example, female representation is greater in audit, nominating and corporate governance committees, i.e., committees which are more focused on performing monitoring functions, while there is an underrepresentation of female directors on compensation committees (Adams & Ferreira, 2009). According to Peterson et al. (2007), who examine the effect of race on receiving board committee membership of the US Fortune 500 firms, the odds for African Americans to sit on key board committees are the same as those for white directors, although African Americans are represented more on audit and public affairs committees. In addition, Jiraporn et al. (2009) find that racial minority directors receive more committee membership assignments than white directors.

Yet it is debatable to what extent board committee membership provides directors with the ability to influence board decisions and make their voices heard during board and committee meetings. This issue is addressed in a study by Field et al. (2020) who adopt an alternative approach to determining the influence of female and racial minority directors. Rather than focusing on mere board committee memberships, Field et al. (2020) define board leadership positions as board non-executive chair and chair of the four key board committees: audit, compensation, nomination, and governance. According to Field et al. (2020), there is a gap between overall female and racial minority directors' representation on corporate boards and their representation in board leadership positions.

However, whether a similar leadership gap exists for directors with an immigrant background remains unclear. Based on the human capital model, the classic and the segmented assimilation theories, given that performing board leadership roles requires a great level of professional competence, leadership skills and abilities, i.e., possessing highly internationally transferrable human capital, it is predicted that:

Hypothesis 1a: Immigrant directors are less likely to be represented on board committees and to serve in board leadership roles.

Hypothesis 1b: First-generation immigrant directors and immigrant directors with a greater difference between their cultural background and the cultural background of the domestic population of the host country are less likely to be represented on board committees and to serve in board leadership roles.

2.2.3 Incumbent CEOs' and directors' immigrant backgrounds and ethnicities and immigrants' representation on board committees and in board leadership positions

Prior literature demonstrates that decision makers in various economic settings prefer to work with individuals who possess similar demographic characteristics. For example, Gompers et al. (2016) find that venture capitalists with the same ethnic background are more likely to collaborate with each other. Corporate boards in the US are also characterised by a high level of homogeneity along a range of demographic characteristics of their members, such as educational level, functional and industry background, gender and race (Westphal & Milton, 2000). For example, based on data from Institutional Shareholder Services for the 1998-2018 period, on average only 9.8% of directors in the total sample are non-Caucasians (Knyazeva et al., 2021).

Empirical evidence from previous studies suggests that there is an association between board demographic homogeneity and a CEO's personal background. Anderson et al. (2011) link directors' homogeneity regarding occupational characteristics (educational and professional background and experience) and social characteristics (gender, ethnicity and age) to powerful CEOs with similar attributes. Similarly, Westphal and Zajac (1995) find that new director candidates with similar demographic characteristics to the incumbent CEO are more likely to be selected to sit on a board when the CEO is more powerful relative to the board. Significant strength of the association between the specific demographic characteristics of new directors and those of CEOs across all dimensions considered in that study (functional background, age, educational level, insider/outsider status) suggests that the director selection process is driven by CEOs preferences (Westphal & Zajac, 1995).

The above evidence on the role of the CEO's personal background in board appointments is inconsistent with the rational economic perspective of the director selection process (Withers et al., 2012). The rational economic perspective considers director selection to be determined by new director candidates' relative abilities to perform their functions, such as monitoring top management to protect shareholder interests (Fama & Jensen, 1983), providing valuable resources to the firm (Pfeffer & Salancik, 1978), and by specific demands of the firm (Withers et al., 2012). Rather, findings in Westphal and Zajac (1995) and Anderson et al. (2011) support a long stream of literature that views director selection as a social process which is influenced by social dynamics and biases of those involved in the process (Withers et al., 2012), such as ingroup and outgroup biases triggered by social categorisation.

According to social categorisation theory, individuals view themselves and others based on the social groups to which they belong (Tajfel 1978; Turner et al., 1987). Social categorisation often results in ingroup and outgroup biases: favouring the ingroup members and developing

negative biases towards outgroup members. Ingroup and outgroup biases may distort an individual's perceptions and assessments of behaviour, professional competence and knowledge of ingroup and outgroup members. As a result, failures of outgroup members are attributed to the absence of necessary skills, while the same failures of ingroup members are justified by misfortune or by a high level of task complexity. Similarly, outgroup achievements are often diminished and attributed to luck (Hewstone, 1990).

Due to these biases, director candidates with similar demographic characteristics to the incumbent CEO may be perceived by the latter as ingroup members and, as a result, may be favoured over their counterparts who do not belong to the same social group as the CEO. Belonging to a certain group is the source of positive self-esteem and identity for group members. Ingroup and outgroup biases can be triggered automatically, but they also can be a conscious action to gain opinion conformity, support and avoid future dissent (Weldon, 2006). Thus, selecting directors with similar demographic characteristics to the CEO for board committee memberships and for board leadership roles is more likely to increase the CEO's relative power, since those directors are less inclined to control top management and they are more sympathetic for the CEO's needs and interests.

The salience of a particular trait for social categorisation (including self-categorisation) is determined by the level of distinctiveness of that trait among other members of the relevant population (Nelson & Miller, 1995). Since an immigrant background is a highly distinctive demographic attribute, it may activate social categorisation and significant ingroup and outgroup biases. Therefore, CEOs with an immigrant background may be more likely to support appointments to board committees and board leadership positions of directors who also have an immigrant background, due to unconscious ingroup bias or driven by a rational motivation to increase their power over the board through loyalty and support of those

directors. Furthermore, the salience of an immigrant background for social categorisation may be affected by ethnicity, given that ethnicity is also a salient attribute of social categorisation which may induce ingroup and outgroup biases of a significant magnitude （Weldon, 2006). Consequently, immigrant director candidates may be more likely to receive appointments to board committees and board leadership roles if they have the same ethnicity as the CEO.

Prior research is silent on whether and how incumbent directors' immigrant backgrounds and ethnicities influence immigrant director appointments to board committees and board leadership positions. According to social categorisation theory, similar to CEOs actions during the director selection process, board members may also be affected by ingroup and outgroup biases, and, as a result, prefer to choose director candidates who possess similar demographic characteristics to them, including an immigrant background. Such candidates may be perceived as ingroup members who are expected to be sympathetic to the incumbent directors' interests and increase their relative power in the boardroom. According to critical mass theory (Kanter, 1977), the higher the proportion of directors with similar demographic attributes, the greater their influence on board decisions, including selecting new director candidates. This argument is consistent with some prior evidence on female and racial minority directors' representation on boards which shows that the representation of women on boards increases with an increase in their representation in the total number of candidates (Tinsley et al., 2017). Thus, it may be expected that the presence of incumbent board members with an immigrant background or with the same ethnicity as the immigrant director candidate has a positive impact on the likelihood of obtaining an appointment to board committees and to board leadership position by the immigrant candidate.

On the other hand, prior research on tokenism shows that females in leadership roles often demonstrate "queen bee" behaviour and block the advancement of other females to preserve

their exclusive status in an organisation (Kanter, 1977; Ely, 1994; Ellemers et al., 2012). Duguid et al. (2012) argue that females and racial minorities in high positions may avoid supporting appointments to their work group individuals with similar demographic characteristics to them because they are perceived as threats to their value as members of the elite group. Group identity is an important source of pride and self-esteem for individuals (Tajfel, 1978), and group members who value their group identity adopt the norms of the group and protect them (Hackman, 1992; Huang et al., 2019). Therefore, females and racial minorities in high-ranked positions guard the dominating values of their group determined by white males by preventing other females and racial minorities from joining the group and serve as tokens of diversity (Kanter, 1977; Hekman et al., 2017). In addition, according to Oakley (2000), females at the top of the corporate hierarchy may experience the glass ceiling because upon achieving a critical mass they could present a threat to the "old boy network" of male CEOs and directors, and to various benefits derived from belonging to this informal male group.

Furthermore, females and racial minorities in powerful positions may impede the advancement of their fellow minority group members because they are penalised with lower performance ratings when they promote greater diversity within their company (Hekman et al., 2017). The findings in Hekman et al. (2017) suggest that each new appointment of a female or a racial minority to a leadership position may reinforce the glass ceiling, and supporting promotions of white males may provide more career advantages to women and racial minorities in high-ranked positions than advocating the advancement of fellow minority group members (Hekman et al., 2017).

Some prior studies which explore the impact of incumbent directors' gender and race on overall board gender and racial diversity, provide evidence supporting the above arguments. For example, according to Farrell and Hersch (2005), the greater number of female directors

appointed to a board, the less likely an additional female director will be appointed to the board, suggesting that female directors serve as mere tokens of female representation. In addition, findings in Field et al. (2020) demonstrate that female and racial minority directors are more likely to perform leadership roles on boards of firms with a female or racial minority director on the nominating committee, while the mere presence of minority directors on the board does not affect this likelihood.

Therefore, due to the tokenism phenomenon, immigrants may be less likely to receive appointments to board committees and to board leadership positions if the incumbent CEO is also an immigrant or has the same ethnicity as the director candidate. A similar effect may occur in the presence of incumbent board members with an immigrant background or with the same ethnicity as the director candidate.

Thus, given the conflicting arguments developed based on social categorisation theory and prior evidence on tokenism discussed above, it is predicted that:

> *Hypothesis 1c:* There is an association between the likelihood an immigrant director is appointed to board committees and board leadership roles and the presence of immigrant directors on the board and (or) the presence of an immigrant CEO.

> *Hypothesis 1d:* There is an association between the likelihood an immigrant director is appointed to board committees and board leadership roles and the presence of board members with the same ethnicity as the director and (or) the presence of a CEO who has the same ethnicity as the director.

2.2.4 A CEO's immigrant background and compensation

There are two theoretical perspectives of CEO compensation adopted by prior research. The perspective of optimal contracting is based on agency theory and posits that CEO compensation is designed by the board to provide top management with incentives to maximize shareholder wealth and is set optimally (Jensen & Murphy, 1990). An alternative approach, managerial power theory, suggests that powerful CEOs are able to receive excess pay as they capture the board (Bebchuk & Fried, 2003). However, this theory does not assist with explaining the effect that a CEO's immigrant background may have on CEO compensation.

Previous empirical research on the minority pay gap has been predominantly focused on gender. Numerous studies have analysed whether there is a gender pay disparity for females at different levels of the corporate hierarchy, including those in the CEO role, and have provided conflicting evidence (see, for example, Bertrand & Hallock, 2001; Gayle et al., 2012; Bugeja et al., 2012). In addition, some findings suggest that the presence of females in corporate leadership roles (CEOs and board chairs) alleviates gender pay disparity (Bell, 2005; Tate & Yang, 2015).

At the same time, empirical evidence on the association between a CEO's racial background and compensation is scarce. Hill et al. (2015) find that racial minority CEOs receive greater compensation than their white counterparts. They attribute this evidence to the rarity of racial minority director status which makes it a valuable resource for the board. A recent study of Naumovska et al. (2020) adopts a similar argument to explore the effect of director minority status in the context of the ex-post settling - up process. The study finds that racial minority directors benefit from their minority status and experience reputational immunity in the director labour market. This reputational immunity is a combined product of the increased demand for

racial minority directors due to outside socioeconomic pressure to promote board diversity, and a perceived limited supply of minority directors (Naumovska et al., 2020).

Based on the evidence in Hill et al. (2015) and Naumovska et al. (2020) it can be argued that immigrant CEOs may present a valuable and highly sought-after resource for the firm, given the recent imperative for greater diversity on corporate boards (Naumovska et al., 2020). In fact, the value of such status may be even greater for CEOs than for directors, since CEOs are usually the most visible public figures of the firm. Thus, an immigrant background of the CEO may positively affect the public image of the firm and increase its legitimacy among different groups of stakeholders. Hence, it may be expected that, due to the high value of their demographic attribute, immigrant CEOs receive greater compensation relative to CEOs belonging to the domestic population of the host country.

However, CEOs with an immigrant background may experience a negative pay gap due to ingroup and outgroup biases activated by social categorisation (Tajfel, 1978; Turner et al., 1987). The magnitude of ingroup and outgroup biases is determined by the salience of the categorisation (Weldon, 2006). Prior studies conducted in the US setting have identified gender and race as salient demographic attributes of directors and CEOs which can trigger ingroup and outgroup biases (Westphal &Milton, 2000; Anderson et al., 2011). For example, driven by outgroup biases, majority CEOs (i.e., white and male CEOs) in their conversations with journalists are more likely to make negative attributions for the low performance of other firms with female and racial minority CEOs (Park & Westphal, 2013). Likewise, Kulich et al. (2011) find that bonuses received by female executives are less sensitive to firm performance than bonuses paid to male executive directors because corporate leadership roles are traditionally viewed as male positions and, therefore, females may be perceived as lacking leadership skills and competence necessary to affect firm performance.

An immigrant background, among other most fundamental attributes for social categorisation which are visible or readily observable, such as gender, race, culture, religion and language (Weldon, 2006), also can form the basis for intergroup discrimination Therefore, immigrant CEOs may experience outgroup biases when their professional skills, experience and knowledge are undervalued, and positive firm outcomes are less attributed to their actions, which results in lower compensation.

Given the conflicting arguments discussed above and the absence of prior empirical evidence, it is predicted that:

> *Hypothesis 2a:* There is an association between a CEO's immigrant background and compensation.

Furthermore, immigrant generation and cultural background may also affect the strength of the association between a CEO's immigrant background and compensation. On the one hand, first generation immigrant CEOs and immigrant CEOs whose cultural background is more dissimilar to the cultural background of the domestic population of the receiving country are likely to extract even more benefits from their status than their counterparts, due to its greater rarity. On the other hand, according to social categorisation theory, the rarity of their status may trigger outgroup biases of a significant magnitude because as rarity of a particular attribute in the population increases, its salience for social categorisation rises as well (Turner et al., 1987). Therefore, it may result in an even greater pay gap relative to immigrant CEOs with a cultural background similar to the cultural background of the domestic population of the receiving country or to CEOs who are second, third-and- higher generations of immigrants.

Therefore, it is conjectured that:

Hypothesis 2b: The association between CEO compensation and their immigrant background increases when CEOs are first generation immigrants and (or) there is a greater difference between their cultural background and the cultural background of the domestic population of the host country.

2.3 Research design

2.3.1. Immigrants' representation on board committees and in board leadership roles

This chapter explores directors' immigrant and cultural backgrounds as predictors of their board committee memberships and performing board leadership roles in Hypotheses 1a-1b. The following model is estimated to empirically test Hypothesis 1a on the full sample of directors:

$$Director\ Committee\ (Director\ Lead) = \alpha + \beta_1 Immigrant\ Director +$$
$$\beta_2 Control\ Variables + \varepsilon_i \tag{1}$$

The dependent variable *Director Committee* is included in Model (1) to test Hypothesis 1a regarding an immigrant directors' membership in board committees. *Director Committee* is an indicator variable equal to 1 if a director is a member of the audit, remuneration, nomination, governance committee, and 0 otherwise. The dependent variable *Director Lead* is used to test Hypothesis 1a in relation to the likelihood an immigrant director serves in board leadership roles. It is an indicator variable equal to 1 if a director is the chair of the board, the chair of the audit, remuneration, nomination, governance committee, and 0 otherwise. Following Field et al. (2020), board leadership positions are defined as the chair of the board and chair of the following committees: audit, remuneration, nomination and governance, as these four committees play a key role in performing monitoring function (Adams & Ferreira, 2009).

The independent variable of interest to test Hypothesis 1a, *Immigrant Director,* is an indicator variable set to 1 if a director is an immigrant, and 0 otherwise. Immigrant directors are identified based on their ethnicity and country of birth. This thesis follows the approach of the Australian Bureau of Statistics outlined in the Australian Standard Classification of Cultural and Ethnic Groups (2019), which defines ethnicity as the shared identity of a group of individuals based on one or more following distinct characteristics: common history, culture and traditions, a shared geographic origin, shared literature, religion, language, race.

Following Ellahie et al. (2017) and Pan et al. (2017), surnames are used to define directors' ethnicities using immigration records from ancestry.com.au. According to demographic and population genetics research, there is a correlation between an individual's surname and ethnicity that persists across multiple generations, and surnames can be used as markers of belonging to a certain ethnic group (Mateos, 2014). Since all the tests in this chapter are conducted using samples of Australian directors and CEOs and given that Australians with English, Irish and Scottish ancestries make up 56.4% of the total Australian population (Australian Bureau of Statistics, 2017), all individuals in the samples with non-English, non-Irish and non- Scottish surnames are classified as immigrants, regardless of their country of birth, as well as directors with English, Irish and Scottish surnames who were born overseas.

The surname-based approach to identifying ethnicity creates noise in measuring a director's immigrant background as it is based on the assumption that all individuals bear the surnames of their parents that they were given at birth and do not change their surnames, for example, upon marriage. Since historically it is traditional for females to change their surnames upon marriage, additional tests are conducted for all hypotheses of this chapter by excluding females from the samples to check that the findings are robust. In addition, it is not possible to identify second, third-and-higher generations of immigrants from Anglo-Saxon countries (individuals

with English, Irish and Scottish surnames who were born in Australia), and they are classified as a part of domestic population. However, this misclassification should lead to biasing against finding results.

In addition, Model (1) incorporates a set of variables to control for director, board and firm characteristics identified in prior research. The control variables include *Director Age* (in years), *Number Outside Board Seats*, *Director Tenure* (measured as the number of years served on the board), *Female* (an indicator variable equal to 1 if the director is a female, 0 otherwise), *Board Size* measured as the number of directors on the board (Farrell & Hersch, 2005), *Percent Independent Directors* (measured as the percent of independent directors on the board), *CEO is Chair* (an indicator variable equal to 1 if the CEO is a chair, 0 otherwise). Finally, firm-level characteristics include *Firm Size* measured as the natural logarithm of market capitalisation of the firm (Farrell & Hersch, 2005; Peterson et al., 2007), *ROA* as a measure of firm performance, *Volatility* measured as the standard deviation of annual stock returns over the previous three years as according to Farrell and Hersch (2005) and Adams and Ferreira (2009), there is a link between volatility and board diversity. In addition, Model (1) incorporates firm and year fixed effects, and robust standard errors clustered at the director level (Field et al., 2020).

To examine the impact of an immigrant director's generational status and cultural background on their appointments to board committees and to leadership roles, and to explore the effect of the incumbent CEOs' and board members' immigrant backgrounds as a factor in influencing board committee and leadership appointments (Hypotheses 1b-1c), the following model is estimated and run on a subsample of immigrant directors:

$$Director\ Committee\ (Director\ Lead)$$
$$= \alpha + \beta_1 Director\ Born\ Overseas + \beta_2 Cultural\ Distance$$
$$+ \beta_3 Director\ Born\ Overseas\ x\ Cultural\ Distance$$
$$+ \beta_4 Presence\ Immigrant\ Directors\ +\ \beta_5 Immigrant\ CEO$$
$$+ \beta_6 Control\ Variables + \varepsilon_i$$

(2)

The dependent variable *Director Committee* is an indicator variable equal to 1 if an immigrant director is a member of the audit, remuneration, nomination, governance committee, and 0 otherwise. The dependent variable *Director Lead* is an indicator variable equal to 1 if an immigrant director is the chair of the board, the chair of the audit, remuneration, nomination, governance committee, and 0 otherwise.

Director Born Overseas is an indicator variable set to 1 if a director was born overseas, and 0 otherwise. It is the variable of interest to test the prediction of Hypothesis 1b that immigrant directors belonging to second-and-higher generations of immigrants (i.e., immigrant directors born in the host country) are more likely to be members of board committees and to be engaged in board leadership roles than first generation immigrant directors (i.e., immigrant directors born overseas). For the purposes of this thesis immigrant generations are defined based on the guidelines of the Australian Bureau of Statistics (2012) in accordance with an individual's country of birth. First generation immigrants are individuals with an immigrant background who were born overseas, while second, third-and-higher generation immigrants are immigrants born in the host country.[8]

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[8] This identification of first-generation immigrants is recognised as a limitation since it may result in misidentification of foreigners i.e., individuals who reside in foreign countries (Masulis et al., 2012), as immigrant directors and CEOs. To mitigate this concern, the hypotheses of this chapter are additionally tested using samples restricted to directors and CEOs of firms headquartered in the host country (Australia). The results (untabulated) are consistent with the main findings.

The variable *Cultural Distance* is included in Model (2) to examine whether the difference between the cultural backgrounds of immigrant directors and the cultural background of the domestic population of the receiving country negatively affects the likelihood of immigrant directors participating in board committees and serving in board leadership positions. *Cultural Distance* measures the relative distance of an immigrant director's cultural background from the cultural background of the domestic population of the host country. Directors' cultural backgrounds are defined by the cultural cluster to which the country of a director's ethnicity belongs. Cultural clusters represent country groupings based on similarities of their national cultures (Ronen & Shenkar, 2013).

Using work-related values and attitudes as a basis for classification prior literature (for instance, Hofstede, 2001; Inglehart and Baker, 2000; House et al., 2004; Schwartz, 2006; Ronen & Shenkar, 2013) provides taxonomies of global cultural clusters which are similar to each other. To construct the measure of cultural distance between an immigrant director's cultural background and the cultural background of the domestic population of the host country (represented by the variable *Cultural Distance*), first, the following cultural clusters are defined based on the classifications developed in Hofstede (2001), Inglehart and Baker (2000), House et al. (2004), Schwartz (2006), Ronen and Shenkar (2013): 1) Anglo; 2) West Europe; 3) Latin America; 4) Confucian Asia; 5) East Europe; 6) Southern Asia; 7) Africa and Middle East.

Although some of the above studies (for instance, House et al., 2004) propose a more detailed grouping of national cultures, given the closeness of some cultural clusters to each other and a relatively small number of observations for some clusters, the higher level of aggregation is utilised in the thesis to determine cultural clusters. Second, for each cultural cluster the following values of the continuous variable *Cultural Distance* are assigned in increasing order of their distance from the Anglo cultural cluster to which the host country (Australia) belongs,

with West Europe being the closest to the Anglo culture and Africa and Middle East the most distant from the Anglo cluster in terms of a cultural background:

- Anglo=1;

- West Europe=2;

- Latin America =3;

- Confucian Asia =4;

- East Europe =5;

- Southern Asia=6;

- Africa and Middle East=7.

The above determination of the cultural distance between the Anglo cluster and the other cultural clusters is guided by mapping the cultural distances between cultural groups provided in Schwartz (2006)[9]. Table 1 summarises the process of determining the measure of cultural distance represented by the variable *Cultural Distance* based on countries of directors' ethnicities.

[Insert Table 1 here]

The interaction term *Director Born Overseas x Cultural Distance* is included in Model (2) to investigate whether the relative distance between an immigrant director's cultural background and the cultural background of the domestic population of the host country attenuates the impact of immigrant directors' generational statuses on their likelihood of serving on board committees and as board leaders. *Presence Immigrant Directors* and *Immigrant CEO* are the

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[9] The hypotheses of this chapter are additionally tested using an alternative measurement of variable *Cultural Distance,* which follows the approach in Barrios et al. (2022) and determines cultural homophily between the host country and the sending country based on traditional versus secular-rational values and survival versus self-expression values in Inglehart and Welzel (2005). The measurement of this variable is discussed in Section 2.6.6. of this chapter. The results of this additional analysis (untabulated) are consistent with the main findings.

variables of interest to test Hypothesis 1c which predicts that the likelihood of being appointed to board committees and to board leadership roles for immigrant directors is greater when the CEO is an immigrant, and (or) in the presence of board members who are immigrants. *Presence Immigrant Directors* is an indicator variable equal to 1 if the firm has at least one other immigrant director on the board, and 0 otherwise. *Immigrant CEO* is also an indicator variable which takes on the value of 1 if the CEO of the firm is an immigrant, and 0 otherwise. When testing Hypothesis 1c the interaction term *Director Born Overseas x Cultural Distance* is excluded from Model (2).

Finally, the effect of ethnicity of the incumbent CEO and other board members on immigrant candidates' appointments to board committees and board leadership roles is examined. To test Hypothesis 1d which posits that the presence of an incumbent CEO and (or) other board members with the same ethnicity as the immigrant candidate increases the chances for the latter to be appointed to board committees and the board leadership roles, the variables *Presence Directors Same Ethnicity* and *CEO Same Ethnicity* are included in Model (2) to replace the *Presence Immigrant Directors* and *Immigrant CEO* variables. *Presence Directors Same Ethnicity* is an indicator variable set to 1 if there is at least one board member with the same ethnicity as the immigrant director, and 0 otherwise. *CEO Same Ethnicity* is an indicator variable equal to 1 if the CEO has the same ethnicity as the immigrant director, and 0 otherwise. The interaction term *Director Born Overseas x Cultural Distance* is excluded from Model (2) when testing Hypothesis 1d. Furthermore, Model (2) includes the same control variables and fixed effects as Model (1).

2.3.2 A CEO's immigrant background and compensation

Next this chapter focuses on the analysis of the association between a CEO's immigrant status and their compensation. According to Hypothesis 2a, there is a remuneration difference for

immigrant CEOs relative to CEOs belonging to the domestic population of the host country. To test this conjecture, the following model is estimated:

$$CEO\ Compensation = \alpha + \beta_1 Immigrant\ CEO + \beta_2 Control\ Variables + \varepsilon_i \qquad (3)$$

Model (3) is tested on the full sample of CEOs. The dependent variable *CEO Compensation* is defined as the natural logarithm of total annual CEO compensation which includes salary, bonus, shares, options and other compensation. *Immigrant CEO* is an indicator variable coded as 1 if the CEO is an immigrant, and 0 otherwise.

In addition, Model (3) includes independent variables identified from prior literature to control for CEO, governance and firm characteristics related to CEO compensation. CEO characteristics include *CEO Tenure* (measured as the number of years served in the position), *CEO Age* (measured in years), *CEO is Chair* (an indicator variable equal to 1 if the CEO is a chair, 0 otherwise), *Female CEO* (an indicator variable equal to 1 if the CEO is a female, 0 otherwise), *First Year CEO* (an indicator variable equal to 1 if the CEO is in their first year of appointment, 0 otherwise), *CEO Ownership* measured as the percentage of the firm's outstanding shares owned by the CEO. In addition, to account for corporate governance characteristics, Model (3) incorporates *Board Size* measured as the number of directors on the board, *Percent Independent Directors* (measured as the percent of independent directors on the board), and *Remuneration Committee Independence* (an indicator variable equal to 1 if all members of the remuneration committee are independent directors, 0 otherwise).

Finally, control variables related to firm attributes include: *Firm Size* measured as the natural logarithm of market capitalisation of the firm for the prior year, *Book-to Market* (to account for growth and investment opportunities according to Murphy (1985)) measured at the end of the prior year; *ROA* (for the prior year) and *RET* (measured as annual stock return for the prior

year) to control for firm performance (Core et al., 1999), *Volatility* measured as the standard deviation of annual stock returns over the previous three years, *Leverage* (measured as average total liabilities to average total equity for the prior year). Model (3) also includes firm and year fixed effects, and robust standard errors clustered at the CEO level.

Furthermore, to examine whether a pay gap is more pronounced for first-generation immigrant CEOs and for immigrant CEOs whose cultural background is more dissimilar to the cultural background of the domestic population of the receiving country (Hypothesis 2b), the following model is estimated on a subsample of CEOs who have an immigrant background:

$$CEO\ Compensation\ = \alpha + \beta_1 CEO\ Born\ Overseas + \beta_2 Cultural\ Distance +$$
$$\beta_3 CEO\ Born\ Overseas\ x\ Cultural\ Distance + \beta_4 Control\ Variables +$$
$$\varepsilon_i \hspace{10cm} (4)$$

The dependent variable, *CEO Compensation,* is measured similar to Model (3) as the natural logarithm of total annual compensation. *CEO Born Overseas* is the variable of interest to explore the impact of an immigrant CEO's generational status on their compensation, and is an indicator variable set to 1 if the immigrant CEO was born overseas, and 0 otherwise. The continuous variable *Cultural Distance* is included as a measure of the distance between the CEO's cultural background and the cultural background of the domestic population of the host country. The approach to determining the values of this variable is the same as in Model (2). The interaction term *CEO Born Overseas x Cultural Distance* is used to examine whether an association between the immigrant CEO's cultural background and compensation is stronger for first generation immigrants. In addition, Model (4) includes control variables and fixed effects which are consistent with Model (3).

2.4 Sample construction

The samples of Australian directors and CEOs are obtained from the Connect 4 Boardroom database for the 2008-2020 period. Financial data are extracted from the Morningstar DatAnalysis Premium database, data on CEO ownership are obtained from the Securities Industry Research Centre of Asia-Pacific (SIRCA) database. Data on directors' board committee membership and board leadership positions are derived from the Connect 4 Boardroom database. Data on directors' and CEOs' places of birth and missing data on directors' and CEOs' age are hand collected from ASIC-approved information brokers websites (Ready Search, CreditorWatch). Data on directors' and CEOs' ethnicities are hand collected based on immigration records from ancestry.com.au. Each individual surname is analysed, and ethnicity is assigned based on the country of origin for the surname as indicated by the records from ancestry.com.au. The country of origin of the surname is determined based on data on the surname's meaning from the family history section of ancestry.com.au, together with data on the sending country of individuals with this surname from immigration records of this website. In situations where it is not possible to find relevant records in ancestry.com.au or those records provide conflicting data about an individual's ethnicity, the observations are excluded from the samples. The sample of directors includes only directors of those firms for which data on immigrant backgrounds of all their board members are available. Executive directors are excluded from the sample of directors. Table 2 describes the process of constructing the samples of directors (Panel A) and CEOs (Panel B).

[Insert Table 2 here]

2.5 Descriptive statistics and empirical findings

2.5.1. Descriptive statistics

Table 3 Panel A presents the proportion of immigrants on corporate boards, on board committees, in board leadership roles and in CEO positions for the full period (2008-2020) and changes during the period. Overall, immigrants make up 39.08% of all directors, which is approximately 12% lower than the proportion of immigrants in the Australian population according to the 2021 ABS Census data (Australian Bureau of Statistics, 2022). This proportion has remained relatively stable over the observed period increasing slightly from 36.52% in 2008 to 39.43% in 2020, which is consistent with an overall increase in the proportion of immigrants in the Australian population (Australian Bureau of Statistics, 2022). 31.17% of all directors in the full sample are first generation immigrants, which is slightly greater than the proportion of first-generation immigrants in the Australian population in 2021 – 27.60% (Australian Bureau of Statistics, 2022).

[Insert Table 3 Panel A here]

The proportion of immigrant directors with board committee assignments in the full sample is slightly less than the percentage of immigrants represented on corporate boards – 36.98%. Similar to overall immigrants' representation on corporate boards, there has been a small increase in the proportion of immigrants with board committee memberships from 33.47% in 2008 to 38.46% in 2020. First generation immigrants make up 29.56% of all board committee assignments in the full sample growing from 26.63% in 2008 to 28.69% in 2020.

Relative to immigrants' representation on board committees, their representation in board leadership roles is slightly lower – 34.87% for the full sample, indicating that there is a leadership gap between the overall immigrants' representation on corporate boards and board leadership roles, which is consistent with the findings in Field et al (2020) regarding racial minority directors. However, there has been a more significant increase in the proportion of

immigrants performing board leadership roles compared to the overall immigrants' board representation and immigrants' representation on board committees: from 29.13% in 2008 to 37.54% in 2020. Similar to the representation on board committees, first generation immigrants dominate over second-and higher generations of immigrants in terms of their representation in board leadership roles, as 27.40% of all directors serving in board leadership roles were born overseas.

There is a greater representation of immigrants in CEO positions compared to their representation on corporate boards, as 43.01% of all CEOs in the sample are immigrants. Following the same trend as for immigrants' representation on corporate boards, the proportion of immigrant CEOs has increased over the sample period from 42.91% in 2008 to 46.04% in 2020. First generation immigrant CEOs make up 31.80% of all CEOs in the sample, which is similar to the structure of the immigrants' representation on corporate boards.

Table 3 Panel B summarises the cultural backgrounds of the subsamples of immigrant directors and immigrant CEOs. The results in Panel B indicate that, although a gap between immigrants' representation on corporate boards and the proportion of immigrants in the Australian population is not significant, the greatest proportion of immigrants on corporate boards, on board committees and in board leadership positions belongs to individuals from the Anglo cultural group (56.72% of overall representation on corporate boards, 61.44% of representation on board committees and 62.51% of representation in board leadership roles) and the Western Europe group (23.05% of overall representation on corporate boards, 22.73% of representation on board committees and 23.08% of representation in board leadership roles). In contrast, immigrants with other cultural backgrounds have a significantly lower proportion of representation on corporate boards and experience a more pronounced leadership gap between their overall representation on boards and their appointment to board committees and board

leadership positions. For example, there are only 6.54% of immigrant directors with the Confucian Asia cultural background, and only 4.92% and 3.82% of them have board committee assignments and perform board leadership roles, respectively.

[Insert Table 3 Panel B here]

In addition, Table 3 Panel B reveals similar results for immigrant CEOs, as 55.62% and 26.20% of them belong to the Anglo and Western Europe cultural groups, respectively, while CEOs with the Confucian Asia and Southern Asia cultural background make up only 4.99% and 4.51% of the subsample of immigrant CEOs. This is, to some extent, is in contrast to the overall structure of the Australian population, as, although England is the country in which the greatest number of first-generation immigrants to Australia were born (3.8% of the total Australian population), it is followed by India (2.8% of the total Australian population), and China is the third largest country in terms of the proportion of first generation immigrants to Australia (with 2.3% of the total Australian population) in 2021 (Australian Bureau of Statistics, 2022).

Furthermore, Table 3 Panel C presents a breakdown of immigrant directors' and CEOs' countries of birth. The results disclosed in Panel C indicate that immigrants from English-speaking countries comprise approximately 74% of the subsample of immigrant directors, and they dominate over immigrants from other countries in terms of receiving board committee assignments (approximately 79% of all immigrants' committee assignments) and leadership positions (almost 81% of all immigrants' leadership positions are held by immigrants from English-speaking countries). Similarly, approximately 78% of all immigrant CEOs come from English-speaking countries.

[Insert Table 3 Panel C here]

Table 3 Panel D reports descriptive statistics for the subsamples of immigrant and non-immigrant directors. The average of 0.798 for the variable *Director Born Overseas* in the subsample of immigrant directors indicates that first-generation immigrants prevail in the subsample. As, by definition, none of the individuals classified as non-immigrants were born overseas, the mean *Born Overseas* for the subsample of non-immigrant directors is zero. Based on the average of 2.058 of *Cultural Distance* for the subsample of immigrants, immigrant directors with an Anglo and Western European cultural background dominate in this subsample. Since all non-immigrant directors belong to the Anglo cultural group, the mean of the *Cultural Distance* variable for the subsample of non-immigrant directors equals 1.

[Insert Table 3 Panel D here]

In addition, the results indicate that the likelihood of being represented on board committees (*Director Committee*) and in board leadership roles (*Director Lead*) differs significantly between immigrant directors and non-immigrant directors providing preliminary support for Hypothesis 1a. There is a positive statistically significant difference of 0.062 (at the 1% level) for means on *Director Committee,* which indicates that immigrant directors are less likely to have board committee assignments relative to non-immigrant directors. Similarly, the positive statistically significant difference in means on *Director Lead* demonstrates that immigrant directors are less likely to serve in board leadership roles.

There is a greater presence of other board members and CEOs who are immigrants when immigrant directors are present on boards, as suggested by the negative significant differences in the means on *Presence Immigrant Directors* and *Immigrant CEO,* respectively. The positive statistically significant differences for the means on *Presence Directors Same Ethnicity* and *CEO Same Ethnicity* indicate that for immigrant directors the presence of other board members

and the CEO with the same ethnicity as immigrant directors are lower than for non-immigrant directors.

Immigrant directors are younger than non-immigrants, according to the positive statistically significant difference in means on *Director Age* (1.883). On average, they hold fewer outside board seats as indicated by the positive statistically significant at the 1% level difference in means on *Number Outside Board Seats*. In addition, immigrant directors have shorter average tenure relative to their non-immigrant counterparts (there is a positive statistically significant difference in means of 0.544 on *Director Tenure*). There is no significant difference in female representation between immigrant directors and non-immigrant directors (*Female*). The positive significant difference in means on *Percent Independent Directors* indicates that immigrant directors serve on boards with a lower proportion of independent directors[10], while board size and CEO duality do not differ significantly between the subsamples.

Furthermore, immigrant directors, on average, are more likely to be present on boards in smaller firms, as there is a positive statistically significant difference in means on *Firm Size*, and in less profitable firms as indicated by the positive statistically significant at the 1% level difference in means on *ROA*. There is no significant difference between the subsamples in terms of firm risk as indicated by *Volatility*.

Table 3 Panel E presents descriptive statistics for the subsamples of immigrant and non-immigrant CEOs. Similar to the descriptive statistics for the subsamples of immigrant and non-immigrant directors, the mean of 0 on the variable *CEO Born Overseas* and the mean of 1 on *Cultural Distance* for the subsample of non-immigrant CEOs reflect the immigrants'

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[10] The proportion of independent directors is based on the classification of independent directors in the Connect4 database. Classifying all non-executive directors as independent results in the average proportion of independent directors of 74% in the full sample of directors. The hypotheses of this chapter are additionally tested using this alternative measurement of the proportion of independent directors, and the results (untabulated) are consistent with the main findings.

identification approach adopted by this chapter: all CEOs born overseas belong to the subsample of immigrant CEOs, and all non-immigrant CEOs have been assigned to the Anglo cultural group with the value of 1 for *Cultural Distance*. Immigrant CEOs have an average *CEO Born Overseas* and *Cultural Distance* equal to 0.739 and 2.019, respectively, which indicates that, similar to the results reported in Table 3 Panel D for directors, first-generation immigrants and immigrants belonging to the Anglo and the Western European cultural groups play a dominant role in the subsample of immigrant CEOs.

[Insert Table 3 Panel E here]

Furthermore, similar to immigrant directors, immigrants appointed to the CEO role serve in firms with a greater presence of board members with an immigrant background relative to non-immigrant CEOs, as shown by the negative significant difference in means on *Presence Immigrant Directors*. However, the positive statistically significant difference in the mean on *Presence Directors Same Ethnicity* indicates that immigrant CEOs serve in firms in which the presence of board members with the same ethnicity as the immigrant CEO is lower than for non-immigrant CEOs.

Immigrant and non-immigrant CEOs do not differ significantly in terms of their average age. Similar to immigrant directors, immigrant CEOs, on average, have shorter tenure as indicated by the positive statistically significant difference in means on *CEO Tenure.* The positive and significant at the 10% level difference in means on *Female CEO* indicates that female immigrants are less likely to be represented in the CEO positions than females without an immigrant background.

Immigrant CEOs, on average, serve in firms which have smaller boards, according to the positive significant difference in means on *Board Size*, and in firms with a lower proportion of

independent directors, as indicated by the positive significant difference in means of 0.036 on *Percent Independent Directors.* Similar to immigrant directors, immigrant CEOs are more likely to serve in smaller and less profitable firms, as there are positive statistically significant differences in means on *Firm Size* and *ROA,* respectively. In addition, the negative and significant difference in means of 0.137 on *Volatility* suggests that immigrant CEOs, on average, serve in firms with a higher level of risk relative to non-immigrant CEOs.

Finally, Table 3 Panel F reports descriptive statistics for the subsamples of immigrant and non-immigrant CEOs used to test Hypotheses 2a-2b on an association between a CEO's immigrant background and their compensation. Immigrant CEOs receive lower compensation relative to the CEOs without an immigrant background as indicated by the positive and statistically significant difference in means on *CEO Compensation*. First-generation immigrants and immigrants with an Anglo and Western European cultural background dominate within the subsample of immigrant CEOs with an average of *CEO Born Overseas* and *Cultural Distance* equal to 0.766 and 1.971, respectively, whilst, by definition, all non-immigrant CEOs were born in Australia and belong to the Anglo culture. There is no difference between the subsamples in terms of CEOs' average age, which is 52 years. Immigrant CEOs, on average, have shorter tenure, lower proportion of females and are more likely to be in the first year of their tenure, according to the significant differences in means on *CEO Tenure*, *Female CEO* and *First Year CEO.* In addition, they serve in firms with larger boards, with lower percentage of independent directors on the board and less independent remuneration committees. The average level of CEO ownership within the subsample of immigrant CEOs is 3.3%, which is comparable to the mean within the non-immigrant CEOs subsample. Finally, immigrant CEOs hold their positions in smaller, less profitable firms with lower Book to Market ratio as indicated by the positive and significant differences in means for *Firm Size, ROA, RET* and

Book to Market. However, CEO duality, firm risk and leverage within the subsample of immigrant CEOs do not differ from those within the non-immigrant subsample.

[Insert Table 3 Panel F here]

2.5.2 Correlation matrix

Pairwise correlation coefficients for variables employed to test Hypothesis 1a are presented in Table 4 Panel A. Consistent with the predictions of the hypothesis, both *Director Committee* and *Director Lead* are significantly and negatively correlated with *Immigrant Director* at the 1% level (correlations of -0.066 and -0.086, respectively)*.* There are significant and positive correlations between *Director Age, Number Outside Board Seats, Director Tenure, Percent Independent Directors, Volatility, ROA* and *Director Committee,* as well as *Director Lead.* Variables *Board Size, Female* are significantly and positively correlated with *Director Committee,* while their correlations with *Director Lead* are significant and negative. The correlation between *Firm Size* and *Director Committee* is significant and positive. Similarly, *Firm Size* is positively correlated with *Director Lead,* however, this correlation is insignificant. The correlations between *CEO is Chair* and both *Director Committee* and *Director Lead* are positive but insignificant.

[Insert Table 4 Panel A here]

Table 4 Panel B presents a correlation matrix for all variables used to test Hypotheses 1b-1d. In line with the expectations postulated in Hypothesis 1b, *Director Born Overseas* is significantly and negatively correlated with *Director Lead* (correlation of -0.026)*,* and *Cultural Distance* has significant and negative correlations with both *Director Committee* (correlation of -0.157)*,* and *Director Lead* (correlation of -0.126)*.* However, the correlation between *Director Born Overseas* and *Director Committee* is positive and insignificant, which is

inconsistent with the prediction of Hypothesis 1b regarding the effect of an immigrant generational status on board committee membership.

[Insert Table 4 Panel B here]

There is a negative and significant correlation between *Immigrant CEO* and *Director Committee* (correlation of -0.022)*,* while *Presence Immigrant Directors* is significantly and positively correlated with *Director Committee* (correlation of 0.031) and significantly and negatively correlated with *Director Lead* (correlation of -0.048)*.* These correlations are consistent with the conjectures of Hypothesis 1c. Yet, in contrast to the prediction of the hypothesis in relation to the impact of the presence of an immigrant CEO on immigrant directors' appointments to board leadership positions, the negative correlation between *Immigrant CEO* and *Director Lead* is insignificant. As predicted by Hypothesis 1d, both *Director Committee* and *Director Lead* are significantly and positively correlated with *CEO Same Ethnicity* (correlations of 0.065 and 0.051, respectively) and *Presence Directors Same Ethnicity* (correlations of 0.106 and 0.076, respectively)*.*

Pairwise correlation coefficients for all variables utilised to test Hypothesis 2a are reported in Table 4 Panel C. *CEO Compensation* is significantly and negatively correlated with variable of interest *Immigrant Director* at the 1% level (correlation of -0.032), which is consistent with the expectation of the hypothesis. There are significant and positive correlations between *CEO Age, CEO Tenure, Female CEO, Board Size, Percent Independent Directors, Volatility, Firm Sze, Remuneration Committee Independence, ROA, Leverage, RET* and *CEO Compensation*, while *First Year CEO* has a significant negative correlation with *CEO Compensation.* The correlations between *CEO Compensation* and *CEO Ownership, CEO is Chair* and *Book to Market* are negative but insignificant.

[Insert Table 4 Panel C here]

Finally, Table 4 Panel D presents a correlation matrix for all variables used to test Hypothesis 2b. The correlation between *CEO Compensation* and *CEO Born Overseas* is negative but insignificant, which contradicts the prediction of the hypothesis about the impact of the CEO's immigrant generational status on the level of CEO compensation. However, consistent with the conjecture of Hypothesis 2b regarding the effect of immigrant CEOs' cultural backgrounds on CEO pay, there is a significant and negative correlation between *Cultural Distance* and *CEO Compensation* (correlation of -0.056).

[Insert Table 4 Panel D here]

2.5.3 Univariate testing of the hypotheses

Table 5 reports the results of univariate testing using several subsamples of immigrant directors and CEOs. First, the subsample of first-generation immigrant directors is compared to the subsample of second-and-higher generation immigrant directors in Panel A. The findings do not provide support for Hypothesis 1b regarding immigrants' committee assignments, as there is no significant difference in means between the subsamples in relation to the proportion of immigrants represented on board committees (*Director Committee*). However, the positive and significant difference in means on *Director Lead* reported in Column (5) indicates that first generation immigrants are less likely to be represented in board leadership roles than other generations of immigrant directors. Whilst the average first-generation immigrant director belongs to the Anglo or Western European cultural group, the subsample of second-and-higher generation immigrants has a greater proportion of directors with other cultural backgrounds, since the means on *Cultural Distance* within the subsamples are 1.911 and 2.636, respectively. First-generation immigrant directors are more likely to be represented on boards in the presence of other board members with an immigrant background or with the same ethnicity as the

immigrant directors, since differences in means on *Presence Immigrant Directors* and *Presence Directors Same Ethnicity* are negative and significant.

In addition, the proportion of firms in which the CEO has the same ethnicity as the immigrant director is greater within the subsample of first-generation immigrants according to the negative and significant difference in means on *CEO Same Ethnicity.* Yet the proportion of firms in which the CEO is an immigrant is not statistically different between the subsamples.

[Insert Table 5 Panel A here]

Furthermore, the average first-generation immigrant director is 3 years older, holds fewer outside directorship positions, serves on larger boards with a greater proportion of independent directors, as indicated by the significant differences in means on *Director Age, Number Outside Board Seats, Board Size* and *Percent Independent Directors* reported in Column (5) of Panel A. Interestingly, female representation is greater within the subsample of first-generation immigrant directors, according to the negative and significant difference in means for *Female.* In addition, first-generation immigrants hold board positions in larger firms with lower level of firm risk. The subsamples do not differ in terms of the average director tenure, CEO duality and firm profitability.

Panel B of Table 5 presents the analysis of the subsample of immigrant directors with the Anglo and Western European cultural backgrounds (observations with *Cultural Distance* equal to 1 and 2) and the subsample of immigrant directors from other cultural groups (observations with *Cultural Distance* >2). The positive and significant differences in means on *Director Committee* and *Director Lead* reported in Column (5) demonstrate that immigrants with an Anglo and Western European cultural background are more successful at obtaining board

committee seats and board leadership positions than immigrants who come from national cultures more distant from the Anglo culture.

There is a greater level of the presence of the immigrant CEO or other board members who are immigrants within the subsample of immigrant directors from the non-Anglo and non-Western European cultural groups. However, other directors or the CEO with the same ethnicity as the immigrant director are less likely to be present in this subsample according to the positive and significant differences in means on *Presence Directors Same Ethnicity* and *CEO Same Ethnicity*. In addition, immigrant directors with the non-Anglo and non-Western European cultural backgrounds are younger, have fewer outside board seats and shorter tenure. They hold positions on smaller boards and in smaller, less profitable firms, with lower level of risk and with lower proportion of independent directors, as suggested by the positive and significant differences in means on *Board Size, Firm Size, ROA, Volatility* and *Percent Independent Directors* reported in Column (5) of Panel B. There are no differences between the subsamples in terms of the proportion of first-generation immigrants, female director representations and CEO duality.

[Insert Table 5 Panel B here]

Panel C of Table 5 details the results of comparing the subsample of immigrant directors appointed to boards on which there are other board members who are immigrants to the subsample of immigrant directors who are the sole immigrant on the board. The negative and significant difference in means on *Director Committee* indicates that the proportion of immigrants appointed to board committees is greater in the presence of other directors who have an immigrant background. Yet immigrants are less successful at obtaining board leadership positions when there are other immigrants on the board, as the difference in means on *Director Lead* is positive and significant. There is a greater proportion of first-generation

immigrants, CEOs who are immigrants, other board members and CEOs with the same ethnicity as the immigrant director within the subsample with the presence of other board members who are immigrants. In addition, the average immigrant director in the subsample with the presence of other immigrant directors is older, is more likely to be a female, serves on larger boards, in larger and more profitable firms, with a greater proportion of independent directors. Directors' cultural backgrounds, tenure, number of outside board seats held, CEO duality and firm risk do not differ significantly between the subsamples.

[Insert Table 5 Panel C here]

The results of comparing the subsample of immigrant directors who serve in firms in which the CEO is also an immigrant to the subsample of immigrant directors who hold positions on boards of firms in which the CEO does not have an immigrant background are reported in Panel D of Table 5. Whilst the proportion of immigrants appointed to board committees is greater within the subsample with a non-immigrant CEO (the difference in means on *Director Committee* is positive and significant at the 10% level), there is no difference between the subsamples in terms of immigrants' representation in board leadership roles. Immigrants with cultural backgrounds which are more distant from the Anglo culture are more likely to be present on boards when the CEO is an immigrant, as indicated by the negative and significant difference in means on *Cultural Distance.*

There is a greater proportion of other immigrants present on boards within the subsample with an immigrant CEO, whilst the proportion of CEOs who have the same ethnicity as the immigrant director is lower in this subsample. On average, immigrant directors within the subsample with an immigrant CEO are younger, hold fewer outside board seats, have longer tenures, serve in firms with smaller boards, with lower proportion of independent directors. Furthermore, the proportion of female directors within the subsample with an immigrant CEO

is lower. In addition, firms within the subsample with an immigrant CEO are smaller, less profitable and have greater level of risk, according to the significant differences in means on *Firm Size, ROA* and *Volatility* reported in Column (5) of Panel D. Finally, the proportion of first-generation immigrant directors, the level of the presence of other directors with the same ethnicity and CEO duality are comparable between the both subsamples.

[Insert Table 5 Panel D here]

Panel E of Table 5 demonstrates the results of univariate testing of the subsample of immigrant directors represented on boards which have other board members with the same ethnicity as the immigrant directors and the subsample of immigrant directors of the firms in which there are no other board members with the same ethnicity as the immigrant appointees. The findings indicate that there is a greater proportion of immigrants represented on board committees and in board leadership roles within the subsample with the presence of other board members with the same ethnicity as the immigrant directors. This conclusion is made based on the negative and significant differences in means on *Director Committee* and *Director Lead* reported in Column (5) of Panel E. There is a greater proportion of first-generation immigrants and lower representation of immigrants with more distant cultural backgrounds from the Anglo culture within the subsample with the presence of other directors with the same ethnicity.

In addition, this subsample has a greater level of the presence of other board members with an immigrant status and a greater proportion of CEOs who also have the same ethnicity as the immigrant directors. However, the proportion of CEOs with an immigrant background does not differ between the subsamples. Immigrant directors within the subsample with the presence of other directors with the same ethnicity, on average, are older, have more outside board seats, have longer tenures and are more likely to be females. Firms within this subsample have larger boards with a greater level of board independence as indicated by the negative and significant

differences in means on *Board Size* and *Percent Independent Director.* In addition, they are larger in size, more profitable and less risky.

[Insert Table 5 Panel E here]

Panel F of Table 5 presents the results of comparing the subsample of immigrant directors of those firms in which the CEO has the same ethnicity as the immigrant directors to the subsample of immigrant directors without the presence of the CEO with the same ethnicity. The negative and significant differences in means on *Director Committee* and *Director Lead* reported in Column (5) suggest that the proportion of immigrant directors obtaining board committee memberships and board leadership positions is greater in the presence of the CEO who shares their ethnicity. Similarly, there is a greater representation of first-generation immigrants within this subsample. Yet the proportion of immigrants with a greater cultural distance between their cultural backgrounds and the Anglo culture is lower within the subsample with the presence of a CEO with the same ethnicity. In addition, the presence of other board members who are immigrants or who have the same ethnicity is greater in the presence of a CEO with the same ethnicity as immigrant directors. However, the proportion of CEOs who are immigrants is lower within this subsample. In addition, female representation is greater in the presence of a CEO with the same ethnicity as immigrant director candidates. Immigrant directors within the subsample with the presence of a CEO with the same ethnicity are 2 years older, on average, possess more outside directorships, have longer tenure, serve on larger boards with a greater proportion of independent directors, in larger and more profitable firms as the differences in means on *Director Age, Number Outside Board Seats, Director Tenure, Board Size, Percent Independent Directors, Firm Size* and *ROA* are negative and significant. There are no significant differences between the subsamples in terms of CEO duality and firm risk.

[Insert Table 5 Panel F here]

Next the analysis turns to immigrant CEOs. Panel G of Table 5 presents the results of univariate testing of the subsamples of first-generation and second-and higher immigrant generations of CEOs. The analysis indicates that CEO compensation level does not differ between the subsamples, as the difference in means on *CEO Compensation* is insignificant. While the subsample of first-generation immigrant CEOs is mostly comprised of individuals with an Anglo and Western European cultural background, the proportion of CEOs from more distant national cultures relative to the Anglo culture is greater among second-and higher immigrant generations. The average first-generation immigrant CEO is 3 years older, has shorter tenure and is more likely to be in the first year of their appointment as suggested by the significant differences in means on *CEO Age, CEO Tenure* and *First Year CEO* reported in Column (5) of Panel G. The proportion of female CEOs is low in the both subsamples, although it is greater within the subsample of first-generation immigrants. In addition, first-generation immigrant CEOs serve in firms with larger boards, in which CEOs are more likely to serve as chars of the board, and with lower profitability according to the significant differences in means on *Board Size, CEO is Chair* and *RET.* The positive and significant difference in means on *CEO Ownership* shows that first-generation immigrant CEOs, on average, own a lower number of shares of their firms. There are no differences between the subsamples in relation to the proportion of independent directors on board, firm size, independence of remuneration committees, firm risk, book to market ratio, leverage and ROA.

[Insert Table 5 Panel G here]

Finally, Panel H of Table 5 reports the results of univariate testing of the subsample of immigrant CEOs belonging to the Anglo and Western European cultural groups (*Cultural Distance* equal to 1 and 2) and the subsample of immigrant CEOs with other cultural

backgrounds (*Cultural Distance* >2). The positive and significant difference in means on *CEO Compensation* demonstrates that immigrant CEOs with a non-Anglo and non-Western European cultural background receive lower compensation. In addition, they are younger, have a greater proportion of firm ownership, sit on smaller boards with a lower proportion of independent directors, with less independent remuneration committees, in smaller and less profitable firms with lower leverage. Furthermore, the subsample of immigrant CEOs with non-Anglo and non-Western European cultural backgrounds has a lower proportion of first-generation immigrants and greater female representation as indicated by the significant differences in means on *CEO Born Overseas* and *Female CEO*. Such characteristics as CEO tenure, the proportion of CEOs in the first year of their appointments, CEO duality, firm risk and book to market ratio do not differ between the subsamples.

[Insert Table 5 Panel H here]

Overall, the results of the univariate tests support the hypotheses developed in this chapter, except for Hypothesis 1b regarding first-generation immigrants' appointments to board committees, Hypothesis 1c in relation to the CEO's immigrant status as a determinant of immigrants' appointments to board leadership roles, and Hypothesis 2b in terms of the effect of an immigrant generational status on CEO compensation.

2.5.4 Results of multivariate analyses

Immigrants' appointments to corporate boards

The multivariate analysis starts with presenting preliminary evidence on an association between individuals' immigrant backgrounds and their appointments to corporate boards. The following model is estimated on a subsample of directors appointed to corporate boards during the observed period:

$$Immigrant\ Appointee = \alpha + \beta_1 Presence\ Immigrant\ Directors\ +$$
$$\beta_2 Immigrant\ CEO\ + \beta_3 Control\ Variables + \varepsilon_i \qquad\qquad (5)$$

The dependent variable *Immigrant Appointee* is an indicator variable equal to 1 if an appointee to the corporate board is an immigrant, and 0 otherwise. The definitions of the independent variables *Presence Immigrant Directors* and *Immigrant CEO* are consistent with those used in Model (2), and the set of the control variables and fixed effects is the same as in Model (1), except for the control variable *Director Tenure*, which is not included in Model (5).

The results of testing are presented in Table 6. The negative and significant coefficient on *Presence Immigrant Directors* indicates that immigrants are less likely to be appointed to boards in the presence of board members who are immigrants. This evidence may be attributable to tokenism suggesting that immigrants on boards serve as tokens of board diversity, and incumbent board members with an immigrant background do not support immigrants' appointments to boards to preserve their unique status. However, there is no association between immigrants' appointments to director positions and the CEO's immigrant status, as the coefficient on variable *Immigrant CEO* is insignificant. It appears that younger immigrants with fewer outside board positions are more successful at obtaining board appointments as suggested by the negative and significant coefficients on *Director Age* and *Number Outside Board Seats,* respectively. In addition, there is a positive association between the likelihood of an immigrant being appointed to a director position and board size according to the positive and significant coefficient on *Board Size*. CEO duality is negatively associated with this likelihood as indicated by the negative and significant coefficient on *CEO is Chair.* Furthermore, the evidence reported in Table 6 suggests that board candidates' gender, the proportion of independent directors on the board, firm size, risk and profitability are not associated with immigrants' appointments to boards.

[Insert Table 6 here]

The impact of a director's immigrant background, generational status and cultural background on their representation on board committees and in board leadership roles

The multivariate analysis continues with testing Hypothesis 1a which posits that there is a negative association between a director's immigrant status and the likelihood that they are represented on board committees. Linear probability models are estimated and run on the full sample of directors to test this prediction. The results of investigating the impact of directors' immigrant backgrounds on their representation on board committees are reported in Column (1) of Table 7. The coefficient on the variable of interest *Immigrant Director* is negative and insignificant providing no support for Hypothesis 1a in relation to the effect of directors' immigrant statuses on their membership in board committees.

[Insert Table 7 here]

Next the analysis turns to exploring the role of an immigrant generational status and a cultural background on immigrant directors' representation on board committees. Following Hypothesis 1b, it is expected that being a first-generation immigrant and having a cultural background which differs significantly from the cultural background of the domestic population of the receiving country negatively affects the likelihood of immigrant directors being represented on board committees. The results of testing this conjecture using a subsample of immigrant directors presented in Column (2)-(4) of Table 7 support Hypothesis 1b regarding immigrant directors' board committee assignments. In particular, the negative and significant coefficient of -0.045 on the variable *Director Born Overseas* in Column (2) suggests that first-generation immigrants directors are 4.5 percentage points less likely to be present on board committees. Given that an average board size in the full sample of directors is 5, there is a 20% unconditional likelihood for a director to be a member of at least one board committee or to

perform a board leadership role. Therefore, the evidence that first-generation immigrants are 4.5% less likely to serve as board committee members has a relative economic effect of 22.5% (4.5% / 20%).

According to the findings reported in Column (3)-(4) of Table 7, there is a negative and significant association between the dependent variable *Director Committee* and *Cultural Distance,* the variable of interest to test Hypothesis 1b. This indicates that the greater the difference between an immigrant director's cultural background and the cultural background of the domestic population of the receiving country, the less likely the immigrant director is to obtain board committee membership. The results of testing the joint effect of an immigrant generational status and a cultural background on immigrant directors' representation on board committees are reported in Column (5) of Table 7. The negative and insignificant coefficient on the interaction term *Director Born Overseas x Cultural Distance* indicates that an immigrant generational status does not influence the likelihood an immigrant director whose cultural background is more dissimilar to the cultural background of the domestic population of the host country is represented on board committees.

The results related to the control variables presented in Table 7 are largely consistent with prior research on gender and racial minority representation on board committees. The positive and significant coefficients on *Director Age, Number Outside Board Seats, Director Tenure, Percent Independent Directors, Firm Size, Female* indicate that there is a positive association between the likelihood of being represented on board committees and immigrant directors' age, total number of outside board seats held, tenure, percentage of independent directors on the board, firm size and being a female, which is consistent with the findings in Adams and Ferreira (2009) and Jiraporn et al. (2009). In addition, the likelihood of immigrant directors obtaining board committee memberships is positively related to CEO duality, firm profitability and risk

as suggested by the positive and significant coefficients on *CEO is Chair, ROA* and *Volatility* in Column (2)-(5) of Table 7. Board size is not significantly associated with the likelihood an immigrant director is appointed to a board committee (the coefficients on *Board Size* are positive and insignificant in Column (2)-(5) of Table 7).

The analysis continues with exploring whether directors' immigrant and cultural backgrounds affect the likelihood of an appointment to leadership roles, such as board chair and chairs of the key board committees: audit, remuneration, nomination, and governance. The results of testing the prediction of Hypothesis 1a that immigrant directors are less likely to hold board leadership positions are presented in Column (1) of Table 8. The negative and significant coefficient of -0.049 on variable *Immigrant Director* provides support for the hypothesis, as it indicates that immigrant directors are 4.9 percentage points less likely to be represented in board leadership roles than their non-immigrant counterparts. A relative economic effect of this finding equals to 24.5% (4.9% / 20%).

[Insert Table 8 here]

Column (2)-(5) of Table 8 reveal the results of testing Hypothesis 1b which posits that first-generation immigrants and immigrants with a greater distance between their cultural background and the cultural background of the domestic population of the receiving country are less successful at obtaining board leadership positions. The coefficients on variable *Director Born Overseas* in Column (2) and Column (4) of Table 8 are negative and significant, which indicates that first-generation immigrant directors are less likely to serve in board leadership roles than second-and-higher generation immigrant directors. The results reported in Column (3)-(4) of Table 8 support the prediction of Hypothesis 1b that a greater distance between immigrant directors' cultural backgrounds and the cultural background of the domestic population of the host country is negatively related to the likelihood of them being

appointed to board leadership roles, as the coefficients on variable *Cultural Distance* are negative and significant.

Thus, taken together, the findings presented in Column (2)-(4) in Table 8 support Hypothesis 1b regarding immigrant directors' representation in board leadership roles. Interestingly, for immigrant directors the negative impact of being a first-generation immigrant is more pronounced in relation to the likelihood of receiving a board leadership role than for obtaining a board committee assignment. Column (5) of Table 8 presents the results of testing the joint effect of an immigrant generational status and a cultural background on the immigrant directors' representation in board leadership positions. As the coefficient on the interaction term *Director Born Overseas x Cultural Distance* is negative and insignificant, there is no indication that first-generation immigrants with cultural backgrounds which are distant from the Anglo culture experience more pronounced leadership gap relative to directors with similar cultural backgrounds but belonging to second-and-higher generations of immigrants.

The coefficients on the control variables reported in Table 8 are mainly consistent with those detailed in Field et al. (2020) in relation to gender and racial minority representation in board leadership positions. Specifically, immigrant directors who are more senior, with a longer tenure and with more outside board seats are more likely to be represented in board leadership roles, as indicated by the positive and significant coefficients on *Director Age, Director Tenure, Number Outside Board Seats* in Column (2)-(5) of Table 8. In addition, the negative and significant coefficients on *CEO is Chair* and *Board Size* in Column (2)-(5) of Table 8 suggest that there is a negative association between CEO duality, board size and the likelihood immigrant directors perform board leadership roles, which is consistent with the results reported in Field et al. (2020). On the other hand, in contrast to the results regarding immigrants' representation on board committees reported in Table 7, there is no indication that

immigrant directors' gender, board independence measured as the percent of independent directors on the board and firm characteristics have an impact on immigrants' representation in board leadership positions, as the coefficients on *Female, Percent Independent Directors, Firm Size, ROA* and *Volatility* in Column (2)-(5) of Table 8 are insignificant.

The association between CEOs' and board members' immigrant statuses and ethnicities and immigrant directors' representation on board committees and in board leadership positions

This chapter also explores the role of the incumbent CEO's and directors' immigrant statuses and ethnicities as determinants of immigrant directors' representation on board committees and in board leadership positions. Following the competing arguments of social categorisation theory (Tajfel, 1978; Turner et al., 1987) and tokenism (Kanter, 1977; Ely, 1994), Hypothesis 1c predicts that the presence of an incumbent CEO and directors with an immigrant status affect the likelihood that an immigrant director is appointed to board committees and board leadership roles. Column (1)-(2) of Table 9 report the results of testing this conjecture in relation to board committee assignments (Column (1)) and board leadership positions (Column (2)) on the subsample of immigrant directors. The insignificant coefficients on the variables of interest *Presence Immigrant Directors* and *Immigrant CEO* in Column (1) of Table 9 provide no support for Hypothesis 1c in terms of immigrant directors' representation on board committees.

[Insert Table 9 here]

However, according to the results reported in Column (2) of Table 9, there is a negative and significant relation between the presence of incumbent board members with an immigrant status and an immigrant director's appointment to board leadership roles, as indicated by the negative and significant coefficient of -0.059 on variable *Presence Immigrant Directors.* The presence of the incumbent CEO who is an immigrant has no impact on such appointment,

according to the negative and insignificant coefficient on *Immigrant CEO*. Thus, Hypothesis 1c is partially supported, as an association exists between the presence of other immigrant directors on the board and the likelihood that an immigrant director is represented in board leadership positions. This significant association is negative, which is consistent with the arguments developed in prior literature on tokenism: incumbent immigrant directors may impede career advancement of their peers to preserve their exclusive status, or immigrant directors may serve as tokens of immigrant representation on boards with a limited capacity to influence board decisions as board leaders.

Another factor which may influence immigrant directors' appointments to board committees and to board leadership roles is the presence of incumbent directors and CEOs who have the same ethnicity as the immigrant candidate for a board committee membership or for a board leadership role (Hypothesis 1d). Column (3) of Table 9 presents the results of testing Hypothesis 1d regarding board committee assignments using the subsample of immigrant directors. The hypothesis is partially supported, as the coefficient on the variable of interest *Presence Directors Same Ethnicity* is positive and significant, whilst the coefficient on the other variable of interest -*CEO Same Ethnicity*- is positive and insignificant. The results of testing Hypothesis 1d in relation to board leadership appointments on the subsample of immigrant directors are reported in Column (4) of Table 9. The positive and significant coefficient on the variable *Presence Directors Same Ethnicity* indicates that the likelihood of an immigrant director's appointment to board leadership roles is positively associated with the presence of board members with the same ethnicity as the immigrant candidate, which is consistent with the arguments based on social categorisation theory. However, there is no indication that the presence of the incumbent CEO with the same ethnicity as the immigrant candidate for a board leadership role influences this appointment, as the coefficient on *CEO Same Ethnicity* is negative and insignificant.

Overall, the results presented in Table 9 suggest that incumbent board members' ethnicities is a factor which has an impact on an immigrant directors' representation on board committees and in board leadership roles, while board members' immigrant statuses determine only appointments to board leadership roles. In contrast, the incumbent CEO's immigrant background and ethnicity play no role in either immigrants' representation in board leadership positions or in their representation on board committees. This lack of an association between the CEO's immigrant status and ethnical background and immigrants' appointments to board committees and board leadership roles may be due to CEOs being excluded from nomination committees and may indicate that CEOs have little influence over board appointments.

The association between a CEO's immigrant background and compensation

In addition to examining the impact of an individual's immigrant status and cultural background on the likelihood of them becoming members of board committees and board leaders, this chapter investigates whether there are consequences in the CEO labour market for immigrants in regards to their compensation. Due to outgroup biases or a high value of their relatively rare status, it is predicted that there is an association between CEOs' immigrant backgrounds and their compensation (Hypothesis 2a). The results of testing this conjecture using the full sample of CEOs are reported in Column (1) of Table 10. The negative and statistically significant coefficient of -0.323 on variable *Immigrant CEO* indicates that immigrant CEOs receive approximately 27.6% (calculated as $(exp^{-0.323} - 1)*100$) lower compensation than non-immigrant directors providing support for Hypothesis 2a.

[Insert Table 10 here]

Furthermore, as predicted in Hypothesis 2b, it is expected that first generation immigrant CEOs and immigrant CEOs with a greater difference between their cultural background and the

cultural background of the domestic population of the host country experience a more pronounced pay gap relative to their counterparts who are second-and-higher generation immigrants and whose cultural background is closer to the culture of the receiving country. Column (2)-(5) of Table 10 report the results of testing this prediction using the subsample of immigrant CEOs. Since the coefficients on variable *CEO Born Overseas* in Column (2) and Column (4) are positive and insignificant, there is no indication that there is a difference between first generation immigrant CEOs' compensation and the compensation received by second-and-higher generation immigrant CEOs. However, the negative and significant coefficients on the variable *Cultural Distance* in Column (3)-(4) of Table 10 suggest that immigrant CEOs with a greater difference between their cultural background and the culture of the host country experience a significant pay disparity relative to immigrant CEOs with a cultural background more similar to the domestic population of the host country.

The results of testing the joint effect of an immigrant generational status and a cultural background on CEO compensation are reported in Column (5) of Table 10. The negative and significant coefficient on the interaction term of interest *CEO Born Overseas x Cultural Distance* in Column (5) indicates that being a first-generation immigrant amplifies the negative pay gap for CEOs whose cultural background differs significantly from the culture of the receiving country, whilst the positive and significant coefficient on variable *CEO Born Overseas* suggests that first-generation immigrant CEOs receive greater compensation compared to their non-immigrant counterparts. Taken together, the findings in Column (5) of Table 10 indicate that only first-generation immigrant CEOs with a greater difference between their cultural background and the cultural background of the domestic population of the host country experience a significant negative pay gap, while other first-generation immigrant CEOs receive greater compensation relative to second-and-higher generation immigrant CEOs.

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In terms of the control variables reported in Table 10, the negative and statistically significant coefficients on *CEO Age* and *First Year CEO* indicate that among CEO-level characteristics age and being in the first year of a CEO's appointment are significant determinants of CEO compensation, with the results indicating that CEOs who are older and in the first year of their service receive lower total compensation. Board size and firm profitability positively affect immigrant and non-immigrant CEOs' compensation, according to the positive and significant coefficients on *Board Size* and *ROA.* The positive and significant coefficient on *Percent Independent Directors* in Column (1) of Table 10 indicates that the proportion of independent directors on the board is positively associated with the level of CEO compensation, however, it has no influence on compensation received by immigrant CEOs in the subsample of immigrant CEOs as the coefficients on *Percent Independent Directors* in Column (2)-(5) of Table 10 are insignificant.

In addition, immigrant CEOs' compensation is positively related to firm risk as indicated by the positive and significant coefficients on variable *Volatility* in Column (2)-(5) of Table 10. On the other hand, CEOs' gender, tenure, firm size, remuneration committee independence, CEO ownership and duality, book to market ratio, leverage and market returns do not explain variations in CEO compensation levels, as indicated by the insignificant coefficients on *Female CEO, CEO Tenure, Firm Size, Remuneration Committee Independence, CEO Ownership, CEO is Chair, Book to Market, Leverage* and *RET* in Table 10.

2.6 Additional analyses

2.6.1. Testing Hypotheses 1a-1b using a sample of newly appointed directors

Table B1 reports the results of testing the association between a director's immigrant status and cultural background and the likelihood of them obtaining board committee assignments using a sample restricted to only directors newly appointed to board committees during the

sample period (2008-2020). As the coefficient on variable *Immigrant Director* in Column (1) of Table B1 is negative and insignificant, there is no indication that a director's immigrant status is related to the likelihood of them being appointed to board committees as predicted by Hypothesis 1a.

[Insert Table B1 here]

The negative and insignificant coefficients on the variable *Director Born Overseas* in Column (2) and Column (4) indicate that for first generation immigrant directors and second-and-higher generation immigrant directors the likelihood of being appointed to board committees does not differ. According to the positive and insignificant coefficient on *Cultural Distance* revealed in Column (3), immigrant directors' cultural backgrounds have no impact on their appointment to board committees. Column (5) of Table B1 presents the results of testing the combined effect of an immigrant generational status and a cultural background on immigrant directors' appointments to board committees. The positive and significant at the 10% level coefficient on variable *Cultural Distance* is inconsistent with the one reported in Column (3) and suggests that immigrant directors with a greater difference between their cultural background and the culture of the receiving country are more likely to be appointed to board committees, which contradicts the prediction of Hypothesis 1b.

However, the negative and significant coefficient on the interaction term *Director Born Overseas x Cultural Distance* in Column (5) of Table B1 demonstrates that among immigrant directors with a greater difference between their cultural background and the cultural background of the domestic population of the host country, those who are first- generation immigrants are less likely to receive appointments to board committees than second-and-higher generation immigrants. Overall, the results in Table B1 indicate that only one category of immigrant directors is disadvantaged relative to other immigrant directors in terms of receiving

board committee assignments - first- generation immigrant directors whose cultural background differs significantly from the cultural background of the domestic population of the host country.

The results reported for the control variables in Table B1 indicate that directors' age and the total number of outside board seats held positively affect the likelihood of being appointed to board committees for immigrant and non-immigrant directors, as the coefficients on *Director Age and Number Outside Board Seats* are positive and significant. Firm size is positively related to the likelihood of being appointed to board committees for immigrant directors, which is indicated by the positive and significant coefficients on the variable *Firm Size* in Column (2)-(5) of Table B1. Although overall female directors and directors who serve on boards with a greater proportion of independent directors are more likely to receive appointments to board committees according to the positive and significant coefficients on *Female* and *Percent Independent Directors* in Column (1), there is no indication that gender and the proportion of independent directors determine appointments to board committees for immigrant directors (the coefficients on *Female* and *Percent Independent Directors* in Column (2)-(5) are insignificant). Board size, CEO duality, firm profitability and risk do not affect appointments to board committees, as the coefficients on *Board Size, CEO is Chair, ROA* and *Volatility* in Table B1 are insignificant.

Table B2 presents the results of examining the impact of a director's immigrant status and cultural background on their appointment to board leadership roles based on the sample limited to directors newly appointed to board leadership positions. Similar to appointments to board committees, Hypothesis 1a, which predicts that a director's immigrant status is negatively associated with the likelihood of them being appointed to board leadership positions, is not supported by the evidence reported in Column (1), as the coefficient on the variable of interest

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Immigrant Director is negative and insignificant. The results reported in Column (2) - (4) partially support Hypothesis 2b. The negative and significant coefficients on variable *Director Born Overseas* in Column (2) and Column (4) indicate that first-generation immigrant directors are less likely to receive appointments to board leadership roles, which is consistent with the prediction of Hypothesis 2b.

However, the negative and insignificant coefficients on variable *Cultural Distance* in Column (3) and Column (4) suggest that immigrant directors' cultural backgrounds have no impact on their appointments to board leadership positions, which is inconsistent with the conjecture made in Hypothesis 2b. Finally, the negative and significant coefficient on the interaction term *Director Born Overseas x Cultural Distance* in Column (5) provides evidence that among immigrant directors with a greater difference between their cultural background and the cultural background of the domestic population of the host country, those who belong to the first generation of immigrants are less likely to be appointed to board leadership roles relative to second-and-higher generation immigrant directors.

[Insert Table B2 here]

Consistent with the results reported for the control variables in Table 8, director age and the number of outside board seats are positively related to the likelihood of immigrant directors being appointed to board leadership roles, which is indicated by the positive and significant coefficients on *Director Age* and *Number Outside Board Seats* in Column (2)-(5) of Table B2. In addition, CEO duality negatively affects this likelihood according to the negative and significant coefficients on *CEO is Chair* in Column (2)-(5) of Table B2. There is no indication that the other control variables reported in Table B2 determine immigrant directors' appointments to board leadership roles, as the coefficients on *Board Size, Percent Independent*

Directors, Female, Firm Size, ROA and *Volatility* in Column (2)-(5) of Table B2 are insignificant.

2.6.2 Testing Hypotheses 1c-1d using a sample of newly appointed directors

Table B3 reports the results of exploring the impact of the incumbent CEO's and directors' immigrant statuses and ethnicities on immigrant directors' appointments to board committees and to board leadership positions using the sample of the directors who received new appointments to those positions during the investigated period. Column (1) and Column (2) display the results of testing the effect of the incumbent CEO's and directors' immigrant statuses on immigrant directors' appointments to board committees and to board leadership roles, respectively. Following Hypothesis 1c, it is predicted that an association exists between the likelihood that an immigrant director is appointed to board committees and board leadership roles and the presence of immigrant directors on the board and (or) the presence of an immigrant CEO. Since the coefficients on the variables of interest *Presence Immigrant Directors* and *Immigrant CEO* are insignificant in both columns, it is concluded that CEO's and incumbent board members' immigrant backgrounds have no influence on the likelihood of immigrant directors being appointed to board committees and board leadership positions.

[Insert Table B3 here]

The results of testing the impact of the incumbent CEO's and directors' ethnicities on immigrant directors' appointments to board committees (Column 3) and to board leadership positions (Column 4) as posited in Hypothesis 1d indicate that those appointments are not determined by the presence of CEOs and directors' who have the same ethnicities as the immigrant candidates, as the coefficients on *Presence Directors Same Ethnicity* and *CEO Same Ethnicity* are insignificant. Taken together, the findings reported in Table B3 provide no support for Hypothesis 1c and Hypothesis 1d, as there is no indication that incumbent CEO's

and board members' immigrant statuses and ethnicities are determinants of immigrant directors' appointments to board committees and to board leadership positions.

2.6.3 Testing the hypotheses using a sample restricted to male directors and CEOs

One of the limitations of the surname-based approach to identifying a director's immigrant background and ethnicity adopted in this chapter is the potential misclassification of females, as traditionally they are likely to change their surnames by marriage. To address this concern, additional testing of all the hypotheses developed in this chapter is conducted on samples restricted to male directors and CEOs.

The results of testing Hypothesis 1a and Hypothesis 1b regarding immigrant directors' representation on board committees using the sample of male directors are reported in Table C1. Consistent with the results detailed in Table 7, the negative and insignificant coefficient on variable *Immigrant Director* in Column (1) does not provide support for Hypothesis 1a which predicts a negative association between directors' immigrant statuses and the likelihood they are represented on board committees. The evidence reported in Column (2)-(4) of Table C1 supports Hypothesis 1b, as the coefficients on variable *Director Born Overseas* (Column (2) and Column (4)) and *Cultural Distance* (Column (3)-(4)) are negative and significant indicating that first-generation immigrant directors and immigrant directors with a greater difference between their cultural background and the cultural background of the domestic population of the receiving country are less likely to be represented on board committees. The negative and insignificant coefficient on the interaction term *Director Born Overseas x Cultural Distance* in Column (5) of Table C1 indicates that for immigrants with a greater difference between their cultural background and the cultural background of the domestic population of the host country, the likelihood of being represented on board committees does

not differ between first-generation immigrants and second-and-higher-generation immigrants. Thus, the findings in Table C1 confirm the results of main testing reported in Table 7.

[Insert Table C1 here]

Table C2 presents the results of testing Hypothesis 1a and Hypothesis 1b in relation to immigrant directors' representation in board leadership roles using the sample of male directors. The findings are consistent with those reported in Table 8 for the full sample of directors. The negative and significant coefficient on the variable *Immigrant Director* in Column (1) supports Hypothesis 1a that immigrant directors are less likely to be represented in board leadership roles, whilst the negative and significant coefficients on *Director Born Overseas* (Column (2) and Column (4)) and *Cultural Distance* (Column (3)-(4)) are consistent with Hypothesis 1b indicating that first-generation immigrant directors and immigrant directors with a greater distance between their cultural background and the cultural background of the domestic population of the host country are less likely to serve as board leaders.

[Insert Table C2 here]

The results of testing Hypothesis 1c and Hypothesis 1d which examine the impact of the incumbent CEO's and directors' immigrant statuses and ethnicities on immigrant directors' representation on board committees and in board leadership positions using the sample restricted to male directors are reported in Table C3. The insignificant coefficients on *Presence Immigrant Directors* and *Immigrant CEO* in Column (1) and Column (2) provide no support for Hypothesis 1c which posits that an association exists between the presence of incumbent directors and CEOs with an immigrant status and the likelihood of an immigrant director being appointed to board committees and board leadership roles.

There is no indication that the presence of incumbent directors who have the same ethnicity as the immigrant candidate for a board committee membership affects such appointments, as the coefficient on *Presence Directors Same Ethnicity* in Column (3) of Table C3 is positive and insignificant. However, the positive and significant coefficient on *CEO Same Ethnicity* in Column (3) indicates that the presence of a CEO with the same ethnicity as the immigrant board committee candidate positively influences the likelihood of the latter being appointed to a board committee. In line with the findings reported in Column (4) of Table 9, the positive and significant coefficient on variable *Presence Directors Same Ethnicity* in Column (4) of Table C3 provides support for Hypothesis 1d and indicates that the presence of board members with the same ethnicity as the immigrant candidate is positively associated with the likelihood of the immigrant candidate's appointment to board leadership roles.

[Insert Table C3 here]

Finally, the association between a CEO's immigrant background and their compensation is explored using the sample restricted to male CEOs. The results of this analysis are presented in Table C4. Consistent with the results reported in the main testing (Table 10) for the full sample of CEOs, the negative and significant coefficient on the variable of interest *Immigrant CEO* in Column (1) of Table C4 indicates that immigrant CEOs receive lower compensation relative to their non-immigrant counterparts supporting Hypothesis 2a. In line with the evidence reported in Table 10, the positive and insignificant coefficients on variable *CEO Born Overseas* in Column (2) and Column (4) and the negative and significant coefficients on *Cultural Distance* reported in Column (3) and Column (4) provide partial support for Hypothesis 2b. An immigrant generational status has no impact on CEO compensation, which goes against the prediction made in Hypothesis 2b.

However, consistent with the hypothesis, immigrant CEOs with a greater difference between their cultural background and the culture of the host country experience a significant pay disparity relative to immigrant CEOs with a cultural background more similar to the cultural background of the domestic population of the host country. Since the coefficient on the interaction term *CEO Born Overseas x Cultural Distance* in Column (5) is negative and insignificant, it may be concluded that an immigrant generational status does not strengthen the association between a difference of an immigrant CEO's cultural background relative to the culture of the receiving country and immigrant CEOs' compensation.

[Insert Table C4 here]

2.6.4 Testing Hypotheses 1b and 2b using an alternative definition of the variable *Cultural Distance*

The results of testing Hypothesis 1b reported in Table 7 and Table 8 and Hypothesis 2b presented in Table 10 indicate that immigrants with a greater distance between their cultural background and the cultural background of the domestic population of the host country are less successful at obtaining board committee assignments, appointments to board leadership roles and receive lower CEO compensation relative to other immigrants. To further investigate this adverse effect, Hypotheses 1b and 2b are tested by using an alternative definition of the variable that represents an individual's cultural background - *Cultural Distance >2*, which is an indicator variable set to 1 if the immigrant does not belong to the Anglo and Western European cultural groups, and zero otherwise.

The results of testing Hypotheses 1b using this alternative definition of immigrant directors' cultural backgrounds are detailed in Table D1. The negative and significant coefficients on the variable of interest, *Cultural Distance >2*, in Column (1)-(2) and Column (4)-(5) confirm the findings obtained in main testing and demonstrate that immigrants with non-Anglo and non-

Western-European cultural backgrounds are less likely to be represented on board committees and in board leadership roles that than their immigrant counterparts from the Anglo and Western European cultural groups. In addition, the negative and significant coefficient on the interaction term *Director Born Overseas x Cultural Distance >2* reported in Column (3) of Table D1 suggests that first-generation immigrants with non-Anglo and non-Western-European cultural backgrounds experience a more pronounced negative effect of their cultural backgrounds on their appointments to board committees. However, there is no indication that they experience a similar effect in relation to their appointments to board leadership roles, as the coefficient on the interaction term *Director Born Overseas x Cultural Distance >2* in Column (6) of Table D1 is negative and insignificant.

[Insert Table D1 here]

Table D2 presents the results of testing Hypothesis 2b using the alternative definition of immigrants' cultural backgrounds. The evidence reported in Table D2 is consistent with the main findings reported in Table 10. The negative and significant coefficients on the variable *Cultural Distance >2* in Column (1)-(3) of Table D2 demonstrate that a pay disparity exists between immigrant CEOs with non-Anglo and non-Western European cultural backgrounds and those immigrant CEOs who belong to the Anglo and Western Europe cultural clusters. Similar to the main findings, among immigrant CEOs with non-Anglo and non-Western European cultural backgrounds those who belong to the first-generation of immigrants are more disadvantaged in terms of the level of their compensation relative to second-and-higher generations of immigrant CEOs, according to the negative and significant coefficient on the interaction term *CEO Born Overseas x Cultural Distance>2* reported in Column (4) of Table D2.

[Insert Table D2 here]

2.6.5 Results using entropy balancing

Immigrant directors and CEOs may self-select and choose to serve in firms with certain characteristics. To address this self-selection problem, entropy balancing is employed to construct a control group in which each observation is weighted such that the distribution of covariates in the control and the treatment groups are equal (Hainmueller, 2012). There are several advantages of utilising this method relative to propensity score matching. First, entropy balancing provides multiple balanced covariates between the treatment group and the control group (Hainmueller, 2012). Second, entropy balancing allows the unit weights to vary smoothly across observations and, thus, to retain observations in the samples. Third, it produces weights based on the known sample moments, which avoids continuous balance checking and the iterative processes used in propensity score matching to create a balanced control group (Hainmueller, 2012).

Using entropy balancing the control groups are created based on the full samples of directors and CEOs with the weights assigned to observations to achieve covariate balance across the variables which are significantly different between the control group and the treatment group as indicated by the descriptive statistics in Panel D and Panel F in Table 3. The results of testing Hypothesis 1a using the entropy balanced sample of directors are reported in Column (2) and Column (4) of Table E1. These findings are consistent with the evidence obtained in main testing which is presented in Column (1) and Column (3) of Table E1. The negative and insignificant coefficient on *Immigrant Director* reported in Column (2) provides no support for the prediction that immigrant directors are less likely to obtain membership in board committees, which is in line with the primary results in Column (1).

According to the negative and significant coefficient on the variable of interest, *Immigrant Director*, reported in Column (4), there is a negative association between a director's

immigrant status and the likelihood of them being appointed to board leadership roles. This confirms the results of the main testing of the conjecture detailed in Column (3). In terms of the control variables, in contrast to the main findings, the percentage of independent directors on the board appears to be a determinant of directors' appointments to board leadership positions when using the entropy balanced sample as indicated by the positive and significant coefficient on variable *Percent Independent Directors* in Column (4).

[Insert Table E1 here]

Furthermore, the entropy balanced sample of CEOs is utilised to test the prediction of Hypothesis 2a that an association exists between a CEO's immigrant status and their compensation. The results of this testing detailed in Column (2) of Table E2 are consistent with the main findings reported in Column (1) of Table E2. The coefficient on the variable *Immigrant CEO* in Column (2) is negative and significant, which indicates that a CEO's immigrant status negatively affects their compensation. Thus, the results of testing Hypothesis 1a and Hypothesis 2a using the entropy balanced samples of directors and CEOs confirm the findings of main testing on the primary samples.

[Insert Table E2 here]

2.6.6 Untabulated additional analyses

The surname-based approach to identifying an immigrant background of individuals utilised in this thesis may lead to misclassifying foreign directors and CEOs (i.e., directors and CEOs who domicile overseas) as immigrants. It is difficult to distinguish them from immigrants given the unavailability of data on directors' and CEOs' residential addresses. To mitigate this risk of misidentification, the hypotheses of this chapter are additionally tested on samples restricted to directors and CEOs of firms whose head offices are located in Australia. Data on addresses

of firms' head offices are obtained from the Connect 4 Boardroom database. The results of testing on the restricted samples (untabulated) are consistent with the main findings.

Next, the predictions of Hypothesis 1b and Hypothesis 2b about the impact of immigrants' cultural backgrounds on their appointments to board committees, board leadership roles and on the level of compensation they receive in CEO positions are additionally tested using an alternative measure of a difference between an immigrant's cultural background and the cultural background of the domestic population of the host country. Following Barrios et al. (2022), the *Cultural Distance* variable is defined as a continuous variable that measures cultural homophily between the host country and the country of arrival of the immigrant director and the immigrant CEO. The country-pair cultural homophily is measured based on the mean scores across the Traditional versus Secular-Rational values perspective and the Survival versus Self-Expression values perspective obtained from Inglehart and Welzel (2005). Following Barrios et al. (2022), values of variable *Cultural Distance* are calculated as:

$$Cultural\ Distance_{i,j} = \sqrt{(TSR_j - TSR_i)^2 + (SSE_j - SSE_i)^2},$$

where i denotes country of origin of an immigrant, j denotes the host country, TSR and SSE are the mean scores of Traditional versus Secular-Rational values and Survival versus Self-Expression values, respectively, based on Inglehart and Welzel (2005).

The results of additional testing Hypothesis 1b and Hypothesis 2b using the above alternative measurement of *Cultural Distance* (untabulated) are in line with the main findings.

Furthermore, the hypotheses of this chapter are additionally tested using Model (1)-Model (4) with added race fixed effects based on the following racial groups considered in prior literature

(Field et al., 2020): African, Asian, Caucasian, Hispanic, Indian, Middle Eastern. These additional tests provide evidence which is consistent with the main results.

Finally, to control for immigrants' English language proficiency, the hypotheses are additionally tested using the regression models of this chapter with an additional control variable *Same Language*. It is an indicator variable set to 1 if English is an official language of the immigrant 's country of arrival, and zero otherwise. The findings of this additional analysis (untabulated) are consistent with the results of the main tests.

2.7 Conclusion

Diversity of corporate boards has been recently a large focus of scholars, legislators and media (Field et al., 2020; Naumovska et al., 2020; Knyazeva et al., 2021). Existing literature on board diversity considers mainly such facets of demographic diversity as gender and race. To date very little attention has been given to another aspect of diversity within boards and among executive management - an individual's immigrant background. This chapter bridges this gap in prior studies and explores the role of an immigrant status of individuals in outcomes in the director and CEO labour markets in terms of representation on corporate boards and in CEO positions, obtaining appointments to board committees and to board leadership roles and CEO compensation levels. This chapter also considers the incumbent CEO's and directors' immigrant statuses and ethnicities as potential determinants of immigrant directors' representation on board committees and in board leadership positions.

This chapter finds that a gap exists between overall immigrants' representation on corporate boards and their representation on board committees and in board leadership roles, and there is a significant underrepresentation of immigrants with non-Anglo and non-Western European cultural backgrounds on board committees, in board leadership positions and in CEO roles. Contrary to the hypothesised prediction, it seems that a director's immigrant background has

no impact on the likelihood of their membership in board committees. However, this chapter demonstrates that an immigrant background is a significant negative determinant of the likelihood of an individual serving in board leadership roles. According to the empirical evidence provided by this chapter, in economic terms an immigrant director is 24.5% less likely to be represented in board leadership roles than a non-immigrant director. In line with the inferred expectations, first-generation immigrants and immigrants with a greater distance between their cultural background and the cultural background of the domestic population of the receiving country are less successful at receiving board committee assignments and leadership positions than second-and-higher generation immigrant directors and directors whose cultural background is more similar to the culture of the host country.

The findings documented in this chapter indicate that an immigrant background and ethnicity of the incumbent CEO do not determine immigrant directors' representation on board committees and in board leadership roles. In addition, it appears that incumbent directors' immigrant backgrounds do not influence immigrants' board committee membership. However, it is a predictor of an immigrant directors' appointment to board leadership positions. In addition, board members' ethnicities determine both immigrants' representation on board committees and their representation in board leadership roles.

Finally, this chapter provides evidence that immigrant CEOs also experience negative effects of their immigrant status in the form of lower compensation relative to non-immigrant CEOs. In contrast to the hypothesised relation, there is no evidence that there is a pay gap between first-generation immigrant CEOs and CEOs who belong to second-and-higher generations of immigrants. At the same time, immigrant CEOs with a greater difference between their cultural background and the culture of the host country are disadvantaged in terms of the levels of their

compensation relative to their immigrant peers who have a cultural background more similar to the culture of the domestic population of the receiving country.

Thus, the overall evidence presented in this chapter suggests that immigrants experience negative consequences of their demographic background on their subsequent board careers in the context of performing key leadership roles on boards, as well as in the CEO labour market in the form of lower CEO pay. These adverse outcomes are more pronounced for immigrants with cultural backgrounds outside of the Anglo and Western Europe cultural groups. It is not clear, however, whether immigrants, specifically those with the above cultural backgrounds, are penalised for their immigrant background in other aspects of their board career, such as in situations of poor firm performance or on the incidence of negative corporate events. In addition, the negative impact of a director's immigrant background on their subsequent board career as board leaders may reflect a lower efficiency of immigrant directors at performing their board monitoring function. The next chapter of this thesis investigates these questions.

Main Tables

Table 1: Definition of the variable *Cultural Distance*

Cultural cluster	Countries included in the cultural cluster	Value of the variable *Cultural Distance*
Anglo	Australia, Canada, UK, Ireland, New Zealand, USA, white population of South Africa	1
West Europe	Austria, Belgium, Cyprus, Denmark, Finland, France, Germany, Greece, Italy, Israel, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland	2
Latin America	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Nicaragua, Peru, Salvador, Uruguay, Venezuela	3
Confucian Asia	Japan, South Korea, China, Singapore, Taiwan	4
East Europe	Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Kazakhstan, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Ukraine	5
Southern Asia	Bangladesh, Cambodia, Fiji, India, Indonesia, Iran, Malaysia, Myanmar, Nepal, New Caledonia, Papua New Guinea, Philippines, Sri Lanka, Thailand	6
Africa and Middle East	Algeria, Angola, Bahrain, Benin, Botswana, Brunei, Congo, Egypt, Ghana, Iraq, Kenya, Kuwait, Lebanon, Libya, Malawi, Mauritania, Morocco, Mozambique, Namibia, Nigeria, Qatar, Pakistan, Sierra Leone, Somalia, South Africa, Sudan, Tanzania, Turkey, Uganda, United Arab Emirates, Yemen, Zambia, Zimbabwe.	7

Table 2: Sample construction

Panel A: A full sample of directors

	Number of director-firm-year observations
Director-firm-year observations for the 2008-2020 period in the Connect 4 Boardroom database	111,017
Less executive directors	(32,082)
Less observations with missing data on directors' places of birth and ethnicities	(6,016)
Less observations with incomplete data on board members' immigrant backgrounds and ethnicities	(52,725)
Total observations for testing Model (1) and Model (2)	20,194

Panel B: A full sample of CEOs

	Number of CEO-firm-year observations
CEO-firm-year observations for the 2008-2020 period in the Connect 4 Boardroom database	19,727
Less observations with missing data on CEOs' places of birth and ethnicities	(3,944)
Total observations for testing Model (3) and Model (4)	15,783
Less observations with incomplete data on board members' immigrant backgrounds and ethnicities	(10,424)
Total observations for examining immigrants' representation in CEO positions	5,359

Table 3: Descriptive statistics

Panel A: Trends of immigrants' representation on corporate boards, in board leadership roles and in CEO positions

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Full sample	ABS (the 2021 Census)
% of immigrant directors	36.52	37.97	37.90	37.93	36.93	40.15	41.38	40.23	40.08	40.30	40.28	41.23	39.43	39.08	51.50
% of immigrant directors born overseas among all directors	29.16	30.15	30.72	30.60	29.87	31.80	33.70	32.79	32.31	32.18	30.82	31.14	29.53	31.17	27.60
% of immigrant directors with board committee assignments among all directors	33.47	35.04	36.20	35.39	35.33	38.18	40.20	38.85	36.93	37.79	37.93	40.26	38.46	36.98	
% of immigrant directors born overseas with board committee assignments among all directors	26.63	27.29	29.55	28.68	28.77	30.70	32.52	31.38	29.98	30.22	29.82	30.66	28.69	29.56	

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Full sample	ABS (the 2021 Census)
% of immigrant directors in board leadership positions among all directors serving in leadership positions	29.13	32.28	33.94	34.86	33.61	35.57	37.05	36.29	36.43	35.39	36.71	37.91	37.54	34.87	
% of immigrant directors born overseas in board leadership positions among all directors serving in leadership positions	23.54	25.25	27.58	28.29	26.37	26.88	29.07	28.70	28.64	28.09	27.57	29.21	28.57	27.40	
% of immigrant CEOs among all CEOs	42.91	42.02	43.99	46.28	40.56	40.81	45.23	43.37	44.99	43.00	39.69	41.30	46.04	43.01	51.50
% of immigrant CEOs born overseas among all CEOs	33.53	34.05	35.64	33.97	29.93	31.17	32.95	30.56	31.78	29.98	27.32	27.13	30.94	31.80	27.60

Panel B: Breakdown of immigrant directors and CEOs by cultural backgrounds

Cultural background	Proportion of immigrant directors on corporate boards	Proportion of immigrant directors who are members of board committees	Proportion of immigrant directors in board leadership roles	Proportion of immigrant CEOs
Anglo	56.72%	61.44%	62.51%	55.62%
West Europe	23.05%	22.73%	23.08%	26.20%
Latin America	0.58%	0.61%	0.31%	0.13%
Confucian Asia	6.54%	4.92%	3.82%	4.99%
East Europe	5.40%	4.29%	4.96%	6.68%
Southern Asia	5.94%	4.48%	4.23%	4.51%
Africa and Middle East	1.77%	1.53%	1.09%	1.87%

Panel C: Breakdown of immigrant directors and CEOs by their country of birth

Country of birth	Proportion of immigrant directors on corporate boards	Proportion of immigrant directors who are members of board committees	Proportion of immigrant directors in board leadership roles	Proportion of immigrant CEOs
Australia	20.25%	20.09%	21.43%	26.07%
United Kingdom	26.81%	29.03%	33.10%	22.04%
New Zealand	8.46%	9.85%	9.22%	10.20%
South Africa	6.32%	6.85%	6.76%	6.77%
United States	6.25%	6.27%	4.76%	6.98%
China	4.61%	3.45%	2.89%	2.6%
Malaysia	3.09%	2.03%	2.20%	1.26%
Canada	2.46%	2.18%	1.60%	3.04%
Ireland	1.94%	2.32%	2.28%	1.08%
India	1.90%	1.78%	1.57%	1.78%
Germany	1.77%	1.59%	1.28%	0.95%
Singapore	1.71%	1.52%	1.08%	1.87%
Zimbabwe	1.23%	1.35%	1.20%	1.34%
Italy	1.08%	1.10%	0.71%	0.61%
France	0.53%	0.36%	0.54%	0.22%
Zambia	0.52%	0.76%	0.46%	0.43%
Indonesia	0.49%	0.40%	0.40%	1.13%
Israel	0.42%	0.25%	0.43%	0.13%
Poland	0.43%	0.32%	0.23%	0.09%
Japan	0.41%	0.30%	0.06%	0.09%
Other countries*	9.32%	8.2%	7.8%	11.32%

*The Other Countries group includes 70 countries with a proportion of immigrant directors on corporate boards born in each country less than 0.4%.

Panel D: Descriptive statistics for the full sample of directors

Variables	Immigrant directors (*Immigrant Director=1*)						Non-immigrant directors (*Immigrant Director=0*)						Difference
	Observations	Mean	SD	Median	25th percentile	75th percentile	Observations	Mean	SD	Median	25th percentile	75th percentile	
Director Born Overseas	7,892	0.798	0.402	1	1	1	12,302	0	0	0	0	0	-0.798***
Cultural Distance	7,892	2.058	1.647	1	1	2	12,302	1	0	1	1	1	-1.058***
Director Committee	7,892	0.667	0.471	1	0	1	12,302	0.729	0.444	1	0	1	0.062***
Director Lead	7,892	0.444	0.497	0	0	1	12,302	0.532	0.499	1	0	1	0.088***
Presence Immigrant Directors	7,892	0.758	0.428	1	1	1	12,302	0.686	0.464	1	0	1	-0.072***
Immigrant CEO	7,892	0.479	0.500	0	0	1	12,302	0.374	0.484	0	0	1	-0.105***
Presence Directors Same Ethnicity	7,892	0.579	0.494	1	0	1	12,302	0.968	0.176	1	1	1	0.389***
CEO Same Ethnicity	7,892	0.466	0.499	0	0	1	12,302	0.818	0.386	1	1	1	0.352***
Director Age	7,892	57.57	9.551	58	51	65	12,302	59.45	9.127	60	54	66	1.883***
Number Outside Board Seats	7,892	0.876	1.305	0	0	1	12,302	1.135	1.377	1	0	2	0.259***
Director Tenure	7,892	4.132	4.111	2.92	1.25	5.67	12,302	4.676	4.48	3.42	1.58	6.33	0.544***
Female	7,892	0.110	0.313	0	0	0	12,302	0.106	0.308	0	0	0	-0.004
Board Size	7,892	5.293	1.895	5	4	6	12,302	5.277	1.806	5	4	6	-0.017
Percent Independent Directors	7,892	0.512	0.291	0.571	0.333	0.75	12,302	0.549	0.281	0.6	0.333	0.75	0.037***
CEO is Chair	7,892	0.0003	0.016	0	0	0	12,302	0.0002	0.013	0	0	0	-0.0001
Firm Size	7,892	18.203	2.496	17.95	16.23	20.03	12,302	18.417	2.401	18.275	16.5	20.29	0.214***
ROA	7,892	-0.302	0.047	-0.001	-0.229	0.062	12,302	-0.197	0.828	0.022	-0.142	0.066	0.104***
Volatility	7,892	1.573	2.595	0.73	0.34	1.72	12,302	1.586	2.325	0.79	0.36	1.95	0.013

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel E: Descriptive statistics for the sample of CEOs

Variables	Immigrant CEOs (*Immigrant CEO=1*)						Non-immigrant CEOs (*Immigrant CEO=0*)						Difference
	Observations	Mean	SD	Median	25th percentile	75th percentile	Observations	Mean	SD	Median	25th percentile	75th percentile	
CEO Born Overseas	2,305	0.739	0.439	1	0	1	3,054	0	0	0	0	0	-0.739***
Cultural Distance	2,305	2.019	1.596	1	1	2	3,054	1	0	0	0	0	-1.019***
Presence Immigrant Directors	2,305	0.819	0.385	1	1	1	3,054	0.725	0.446	1	0	1	-0.094***
Presence Directors Same Ethnicity	2,305	0.567	0.496	1	0	1	3,054	0.986	0.118	1	1	1	0.419***
CEO Age	2,305	51.77	7.902	51	47	57	3,054	51.95	8.443	52	46	58	0.179
CEO Tenure	2,305	4.394	4.253	3.055	1.348	6.14	3,054	4.985	5.185	3.37	1.59	6.62	0.591***
Female CEO	2,305	0.031	0.173	0	0	0	3,054	0.04	0.195	0	0	0	0.009*
Board Size	2,305	4.613	1.554	4	3	5	3,054	4.765	1.667	4	3	6	0.152***
Percent Independent Directors	2,305	0.47	0.288	0.5	0.25	0.714	3,054	0.506	0.282	0.592	0.333	0.75	0.036***
CEO is Chair	2,305	0	0	0	0	0	3,054	0	0	0	0	0	0
Firm Size	2,305	17.454	2.312	17.273	15.813	18.996	3,054	17.775	2.39	17.523	16.073	19.411	0.321***
ROA	2,305	-0.289	0.995	-0.022	-0.25	0.062	3,054	-0.203	0.71	0	-0.194	0.061	0.086***
Volatility	2,305	1.653	2.809	0.684	0.3	1.770	3,054	1.516	2.384	0.699	0.324	1.739	-0.137**

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel F: Descriptive statistics for the full sample of CEOs used to test an association between a CEO's immigrant status and compensation

Variables	Immigrant CEOs (*Immigrant CEO=1*)						Non-immigrant CEOs (*Immigrant CEO=0*)						Difference
	Observations	Mean	SD	Median	25th percentile	75th percentile	Observations	Mean	SD	Median	25th percentile	75th percentile	
CEO Compensation	7,336	11.481	4.371	12.783	12.011	13.551	8,447	11.756	4.104	12.886	12.187	13.662	0.275***
CEO Born Overseas	7,336	0.766	0.424	1	1	1	8,447	0	0	0	0	0	-0.766***
Cultural Distance	7,336	1.971	1.561	1	1	2	8,447	1	0	1	1	1	-0.971***
CEO Age	7,336	51.56	7.956	51	46	57	8,447	51.76	8.308	52	46	58	0.20
CEO Tenure	7,336	4.000	4.40	2.551	1.099	5.271	8,447	4.568	5.037	2.959	1.238	6.079	0.568***
Female CEO	7,336	0.034	0.181	0	0	0	8,447	0.045	0.207	0	0	0	0.011***
First Year CEO	7,336	0.238	0.426	0	0	0	8,447	0.210	0.407	0	0	0	-0.028***
Board Size	7,336	5.063	1.883	5	4	6	8,447	5.052	1.812	5	4	6	-0.011
Percent Independent Directors	7,336	0.44	0.286	0.5	0.25	0.67	8,447	0.47	0.278	0.5	0.25	0.67	0.03***
CEO is Chair	7,336	0.00	.0117	0	0	0	8,447	0.001	0.024	0	0	0	0.001
Firm Size	7,336	17.142	4.064	17.375	15.978	19.113	8,447	17.444	3.772	17.595	16.121	19.436	0.302***
Remuneration Committee Independence	7,336	0.215	0.411	0	0	0	8,447	0.242	0.429	0	0	0	0.027***
CEO Ownership	7,336	0.033	0.094	0.001	0	0.017	8,447	0.034	0.087	0.002	0	0.022	0.001
ROA	7,336	-0.302	0.840	-0.045	-0.295	0.053	8,447	-0.238	0.734	-0.016	-0.230	0.059	0.064***
Volatility	7,336	1.555	2.722	0.629	0.291	1.621	8,447	1.559	2.491	0.728	0.33	1.802	0.004
Book to Market	7,336	0.828	0.982	0.568	0.248	1.111	8,447	0.918	1.014	0.649	0.298	1.176	0.09***
Leverage	7,336	0.311	0.880	0.005	0	0.363	8,447	0.319	0.820	0.01	0	0.376	0.008
RET	7,336	1.628	3.193	0	-0.3	2.620	8,447	1.922	3.305	0.103	-0.25	3.667	0.294***

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Table 4: Correlation matrix

Panel A: Correlation matrix for variables used to test Hypothesis 1a

	1	2	3	4	5	6	7	8	9	10	11	12	13
1	1.000												
2	0.304***	1.000											
3	-0.066***	-0.086***	1.000										
4	0.178***	0.215***	-0.098***	1.000									
5	0.016**	0.115***	-0.093***	-0.022***	1.000								
6	0.136***	0.120***	-0.062***	0.318***	0.015**	1.000							
7	0.225***	-0.098***	0.004	0.139***	0.013*	0.082***	1.000						
8	0.252***	0.063***	-0.064***	0.141***	0.029***	0.051***	0.292***	1.000					
9	0.083***	0.038***	-0.003	0.037***	-0.010	0.017**	0.016**	0.045***	1.000				
10	0.314***	0.002	-0.043***	0.176***	0.048***	0.113***	0.733***	0.407***	0.070***	1.000			
11	0.009	0.000	0.003	-0.004	0.000	-0.011	-0.002	0.013*	-0.007	-0.008	1.000		
12	0.201***	0.060***	-0.055***	0.101***	0.009	0.083***	0.222***	0.157***	0.075***	0.355***	0.002	1.000	
13	0.112***	-0.045***	0.006	-0.143***	0.013*	-0.089***	0.192***	0.163***	-0.007	0.236***	0.006	0.071***	1.000

The table reports the pairwise correlations for the variables utilised to test Hypothesis 1a. Definitions of the variables are presented in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively

Legend:

1. *Director Committee*
2. *Director Lead*
3. *Immigrant Director*
4. *Director Age*
5. *Number Outside Board Seats*
6. *Director Tenure*
7. *Board Size*
8. *Percent Independent Directors*
9. *Volatility*
10. *Firm Size*
11. *CEO is Chair*
12. *ROA*
13. *Female*

Panel B: Correlation matrix for variables used to test Hypothesis 1b, Hypothesis 1c and Hypothesis 1d

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	1.000																	
2	0.312***	1.000																
3	0.006	-0.026**	1.000															
4	-0.157***	-0.126***	-0.177***	1.000														
5	-0.022*	-0.018	-0.012	0.103***	1.000													
6	0.031***	-0.048***	0.040***	0.016	0.089***	1.000												
7	0.065***	0.051***	0.405***	-0.399***	-0.160***	0.021*	1.000											
8	0.106***	0.076***	0.497***	-0.459***	0.004	0.076***	0.644***	1.000										
9	0.172***	0.206***	0.124***	-0.189***	-0.020*	0.027**	0.090***	0.143***	1.000									
10	-0.008	0.144***	-0.030***	-0.110***	-0.037***	-0.010	0.056***	0.039***	-0.005	1.000								
11	0.158***	0.096***	-0.008	-0.016	0.032***	-0.010	0.025**	0.023**	0.302***	-0.008	1.000							
12	0.229***	-0.090***	0.084***	-0.054***	-0.069***	0.317***	0.071***	0.152***	0.142***	-0.046***	0.103***	1.000						
13	0.260***	0.073***	0.022*	-0.111***	-0.049***	0.066***	0.032***	0.053***	0.136***	0.034***	0.024**	0.284***	1.000					
14	0.081***	0.046***	-0.030***	-0.028**	0.038***	0.003	-0.014	-0.029***	0.045***	0.012	0.026**	-0.002	0.043***	1.000				
15	0.317***	0.002	0.065***	-0.125***	-0.095***	0.194***	0.082***	0.117***	0.164***	0.024**	0.096***	0.734***	0.415***	0.080***	1.000			
16	0.011	-0.014	0.008	-0.005	0.017	0.009	0.001	-0.003	-0.004	-0.005	-0.010	-0.002	0.016	-0.008	-0.008	1.000		
17	0.227***	0.071***	-0.006	-0.082***	-0.066***	0.030***	0.051***	0.034***	0.067***	0.023**	0.065***	0.222***	0.159***	0.072***	0.359***	0.002	1.000	
18	0.120***	-0.011	0.045***	-0.034***	-0.046***	0.049***	0.053***	0.065***	-0.104***	0.023**	-0.078***	0.190***	0.183***	-0.004	0.250***	-0.006	0.081***	1.000

The table reports the pairwise correlations for the variables utilised to test Hypothesis 1b, Hypothesis 1c and Hypothesis 1d. Definitions of the variables are presented in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively

Legend:

1. *Director Committee*
2. *Director Lead*
3. *Director Born Overseas*
4. *Cultural Distance*
5. *Immigrant CEO*
6. *Presence Immigrant Directors*
7. *CEO Same Ethnicity*
8. *Presence Directors Same Ethnicity*
9. *Director Age*
10. *Number Outside Board Seats*
11. *Director Tenure*
12. *Board Size*
13. *Percent Independent Directors*
14. *Volatility*
15. *Firm Size*
16. *CEO is Chair*
17. *ROA*
18. *Female*

Panel C: Correlation matrix for variables used to test Hypothesis 2a

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	1.000																
2	-0.032***	1.000															
3	0.047***	-0.012	1.000														
4	0.124***	-0.059***	0.279***	1.000													
5	0.013*	-0.028***	-0.051***	-0.040***	1.000												
6	-0.217***	0.033***	-0.111***	-0.425***	0.022***	1.000											
7	0.181***	0.003	0.095***	0.075***	0.021***	-0.048***	1.000										
8	0.168***	-0.039***	0.093***	0.090***	0.031***	-0.079***	0.267***	1.000									
9	0.020**	-0.001	0.001	0.008	-0.007	-0.018**	0.044***	0.047***	1.000								
10	0.175***	-0.038***	0.129***	0.136***	0.008	-0.113***	0.417***	0.260***	0.145***	1.000							
11	0.158***	-0.033***	0.081***	0.095***	0.019**	-0.070***	0.218***	0.465***	0.024***	0.192***	1.000						
12	-0.005	-0.005	0.049***	0.230***	-0.028***	-0.055***	-0.110***	-0.063***	0.015*	-0.057***	-0.025***	1.000					
13	-0.005	-0.012	0.014*	-0.013*	-0.004	0.021***	0.001	-0.009	-0.009	-0.015*	-0.011	0.000	1.000				
14	0.139***	-0.041***	0.035***	0.104***	-0.010	-0.079***	0.227***	0.131***	0.088***	0.179***	0.109***	0.009	-0.003	1.000			
15	-0.008	-0.044***	0.035***	0.018**	-0.026***	-0.015*	-0.054***	-0.024***	0.015*	0.016**	-0.042***	0.001	-0.008	0.196***	1.000		
16	0.036***	-0.004	0.030***	0.022***	0.019**	-0.003	0.201***	0.094***	0.049***	0.157***	0.076***	-0.024***	0.013*	0.149***	0.081***	1.000	
17	0.079***	-0.045***	0.047***	0.137***	0.022***	-0.079***	0.296***	0.190***	0.462***	0.342***	0.148***	0.019**	-0.013*	0.241***	-0.099***	0.132***	1.000

The table reports the pairwise correlations for the variables utilised to test Hypothesis 2a. Definitions of the variables are presented in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively

Legend:

1. *CEO Compensation*
2. *Immigrant Director*
3. *CEO Age*
4. *CEO Tenure*
5. *Female CEO*
6. *First Year CEO*
7. *Board Size*
8. *Percent Independent Directors*
9. *Volatility*
10. *Firm Size*
11. *Remuneration Committee Independence*
12. *CEO Ownership*
13. *CEO is Chair*
14. *ROA*
15. *Book to Market*
16. *Leverage*
17. *RET*

Panel D: Correlation matrix for variables used to test Hypothesis 2b

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	1.000																	
2	-0.017	1.000																
3	-0.056***	-0.264***	1.000															
4	0.043***	0.158***	-0.145***	1.000														
5	0.127***	-0.027**	0.023*	0.260***	1.000													
6	0.002	0.034***	0.024**	-0.026**	-0.037***	1.000												
7	-0.216***	0.021*	0.001	-0.102***	-0.440***	0.023**	1.000											
8	0.188***	0.083***	-0.083***	0.087***	0.041***	0.029**	-0.036***	1.000										
9	0.175***	-0.015	-0.061***	0.080***	0.089***	0.053***	-0.082***	0.291***	1.000									
10	0.034***	-0.011	0.012	0.009	0.040***	-0.025**	-0.026**	0.038***	0.047***	1.000								
11	0.178***	0.017	-0.042***	0.135***	0.117***	0.019*	-0.107***	0.402***	0.270***	0.139***	1.000							
12	0.163***	-0.018	-0.064***	0.079***	0.095***	0.020*	-0.060***	0.242***	0.467***	0.018	0.185***	1.000						
13	-0.005	-0.028**	0.176***	0.037***	0.213***	-0.030**	-0.050***	-0.112***	-0.073***	0.025**	-0.057***	-0.039***	1.000					
14	0.002	-0.021*	0.000	-0.001	-0.008	-0.002	0.021*	0.012	-0.006	-0.007	-0.049***	-0.006	0.006	1.000				
15	0.154***	-0.006	-0.028**	0.032***	0.090***	-0.003	-0.072***	0.226***	0.142***	0.085***	0.168***	0.118***	0.005	0.004	1.000			
16	0.019*	-0.001	0.000	0.045***	0.006	-0.023**	-0.019*	-0.042***	-0.025**	0.018	0.040***	-0.048***	-0.013	-0.010	0.214***	1.000		
17	0.042***	0.004	-0.023**	0.034***	0.020*	0.046***	-0.003	0.192***	0.092***	0.038***	0.142***	0.068***	-0.035***	-0.004	0.149***	0.081***	1.000	
18	0.082***	-0.019*	-0.031***	0.059***	0.143***	0.012	-0.069***	0.256***	0.186***	0.463***	0.314***	0.136***	0.033***	-0.006	0.229***	-0.082***	0.116***	1.000

The table reports the pairwise correlations for the variables utilised to test Hypothesis2b. Definitions of the variables are presented in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively

Legend:

1. *CEO Compensation*
2. *CEO Born Overseas*
3. *Cultural Distance*
4. *CEO Age*
5. *CEO Tenure*
6. *Female CEO*
7. *First Year CEO*
8. *Board Size*
9. *Percent Independent Directors*
10. *Volatility*
11. *Firm Size*
12. *Remuneration Committee Independence*
13. *CEO Ownership*
14. *CEO is Chair*
15. *ROA*
16. *Book to Market*
17. *Leverage*
18. *RET*

Table 5: Univariate testing

Panel A: Comparing first generation and second-and higher generation immigrant directors

Variables	(1)	(2)	(3)	(4)	(5)
	Second-and-higher generation immigrant directors (*Director Born Overseas* =0)		First generation immigrant directors (*Director Born Overseas* =1)		Difference
	Observations	Mean	Observations	Mean	
Cultural Distance	1,598	2.636	6,294	1.911	0.725***
Director Committee	1,598	0.662	6,294	0.669	-0.007
Director Lead	1,598	0.470	6,294	0.438	0.032**
Presence Immigrant Directors	1,598	0.725	6,294	0.767	-0.042***
Immigrant CEO	1,598	0.491	6,294	0.476	0.015
Presence Directors Same Ethnicity	1,598	0.0926	6,294	0.703	-0.610***
CEO Same Ethnicity	1,598	0.0645	6,294	0.567	-0.5025***
Director Age	1,598	55.21	6,294	58.16	-2.95***
Number Outside Board Seats	1,598	0.954	6,294	0.856	0.098***
Director Tenure	1,598	4.208	6,294	4.130	0.078
Female	1,598	0.0820	6,294	0.117	-0.035***
Board Size	1,598	4.977	6,294	5.374	-0.397***
Percent Independent Directors	1,598	0.499	6,294	0.515	-0.016*
CEO is Chair	1,598	0	6,294	0	0
Firm Size	1,598	17.88	6,294	18.28	-0.40***
ROA	1,598	-0.288	6,294	-0.305	0.017
Volatility	1,598	1.726	6,294	1.533	0.193***

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel B: Comparing immigrant directors with the Anglo and the Western European cultural backgrounds to immigrant directors from other cultural groups

Variables	(1)	(2)	(3)	(4)	(5)
	Immigrant directors with the Anglo and Western European cultural background (*Cultural Distance> 2=0*)		Immigrant directors with non-Anglo and non-Western European cultural background (*Cultural Distance> 2=1*)		Difference
	Observations	Mean	Observations	Mean	
Director Born Overseas	6,295	0.796	1,597	0.802	-0.006
Director Committee	6,295	0.704	1,597	0.522	0.182***
Director Lead	6,295	0.477	1,597	0.316	0.161***
Presence Immigrant Directors	6,295	0.750	1,597	0.791	-0.041***
Immigrant CEO	6,295	0.454	1,597	0.575	-0.121***
Presence Directors Same Ethnicity	6,295	0.654	1,597	0.284	0.370***
CEO Same Ethnicity	6,295	0.535	1,597	0.193	0.342***
Director Age	6,295	58.48	1,597	53.98	4.50***
Number Outside Board Seats	6,295	0.953	1,597	0.571	0.382***
Director Tenure	6,295	4.195	1,597	3.951	0.244**
Female	6,295	0.110	1,597	0.109	0.001
Board Size	6,295	5.328	1,597	5.157	0.171***
Percent Independent Directors	6,295	0.529	1,597	0.444	0.085***
CEO is Chair	6,295	0	1,597	0	0
Firm Size	6,295	18.34	1,597	17.67	0.670***
ROA	6,295	-0.262	1,597	-0.457	0.195***
Volatility	6,295	1.619	1,597	1.388	0.231***

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel C: Comparing immigrant directors of firms with and without other immigrant board members

Variables	(1)	(2)	(3)	(4)	(5)
	Other board members are non-immigrants (*Presence Immigrant Directors* =0)		At least one other board member is an immigrant (*Presence Immigrant Directors* =1)		Difference
	Observations	Mean	Observations	Mean	
Director Born Overseas	1,906	0.769	5,986	0.807	-0.038***
Cultural Distance	1,906	2.010	5,986	2.073	-0.063
Director Committee	1,906	0.642	5,986	0.676	-0.034***
Director Lead	1,906	0.486	5,986	0.431	0.055***
Immigrant CEO	1,906	0.400	5,986	0.504	-0.104***
Presence Directors Same Ethnicity	1,906	0.513	5,986	0.601	-0.088***
CEO Same Ethnicity	1,906	0.447	5,986	0.471	-0.024*
Director Age	1,906	57.10	5,986	57.71	-0.61**
Number Outside Board Seats	1,906	0.900	5,986	0.868	0.032
Director Tenure	1,906	4.216	5,986	4.124	0.092
Female	1,906	0.083	5,986	0.118	-0.035***
Board Size	1,906	4.228	5,986	5.632	-1.404***
Percent Independent Directors	1,906	0.478	5,986	0.523	-0.045***
CEO is Chair	1,906	0	5,986	0	0
Firm Size	1,906	17.34	5,986	18.48	-1.14***
ROA	1,906	-0.356	5,986	-0.284	-0.072***
Volatility	1,906	1.559	5,986	1.577	-0.018

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel D: Comparing immigrant directors of the firms where the CEO is an immigrant to the immigrant directors of the firms with the non-immigrant CEO

Variables	(1)	(2)	(3)	(4)	(5)
	CEO is a non-immigrant (*Immigrant CEO* =0)		CEO is an immigrant (*Immigrant CEO* =1)		Difference
	Observations	Mean	Observations	Mean	
Director Born Overseas	4,112	0.802	3,780	0.793	0.009
Cultural Distance	4,112	1.895	3,780	2.235	-0.34***
Director Committee	4,112	0.677	3,780	0.657	0.02*
Director Lead	4,112	0.453	3,780	0.435	0.018
Presence Immigrant Directors	4,112	0.722	3,780	0.798	-0.076***
Presence Directors Same Ethnicity	4,112	0.578	3,780	0.581	-0.003
CEO Same Ethnicity	4,112	0.542	3,780	0.383	0.159***
Director Age	4,112	57.75	3,780	57.36	0.39*
Number Outside Board Seats	4,112	0.922	3,780	0.826	0.096***
Director Tenure	4,112	4.022	3,780	4.281	-0.259***
Female	4,112	0.124	3,780	0.095	0.029***
Board Size	4,112	5.418	3,780	5.158	0.26***
Percent Independent Directors	4,112	0.526	3,780	0.497	0.029***
CEO is Chair	4,112	0	3,780	0	0
Firm Size	4,112	18.43	3,780	17.95	0.48***
ROA	4,112	-0.235	3,780	-0.374	0.139***
Volatility	4,112	1.478	3,780	1.676	-0.198***

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel E: Comparing immigrant directors of firms with and without other board members with the same ethnicity as immigrant directors

Variables	(1)	(2)	(3)	(4)	(5)
	Directors with the same ethnicity are not present on the board (*Presence Directors Same Ethnicity*=0)		Directors with the same ethnicity are present on the board (*Presence Directors Same Ethnicity* =1)		Difference
	Observations	Mean	Observations	Mean	
Director Born Overseas	3,319	0.563	4,573	0.968	-0.405***
Cultural Distance	3,319	2.945	4,573	1.414	1.531***
Director Committee	3,319	0.609	4,573	0.710	-1.101***
Director Lead	3,319	0.400	4,573	0.476	-0.076***
Presence Immigrant Directors	3,319	0.720	4,573	0.786	-0.066***
Immigrant CEO	3,319	0.477	4,573	0.481	-0.003
CEO Same Ethnicity	3,319	0.088	4,573	0.739	-0.651***
Director Age	3,319	55.96	4,573	58.73	-2.77***
Number Outside Board Seats	3,319	0.816	4,573	0.920	-0.104***
Director Tenure	3,319	4.035	4,573	4.227	-0.192**
Female	3,319	0.086	4,573	0.127	-0.041***
Board Size	3,319	4.955	4,573	5.539	-0.584***
Percent Independent Directors	3,319	0.494	4,573	0.525	-0.031***
CEO is Chair	3,319	0.0003	4,573	0.0002	0.0001
Firm Size	3,319	17.86	4,573	18.45	-0.59***
ROA	3,319	-0.343	4,573	-0.271	-0.072***
Volatility	3,319	1.662	4,573	1.508	0.154***

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel F: Comparing immigrant directors of the firms with and without the presence of the CEO who has the same ethnicity as immigrant directors

Variables	(1)	(2)	(3)	(4)	(5)
	CEO does not have the same ethnicity as the immigrant director (*CEO Same Ethnicity* =0)		CEO has the same ethnicity as the immigrant director (*CEO Same Ethnicity* =1)		Difference
	Observations	Mean	Observations	Mean	
Director Born Overseas	4,218	0.646	3,674	0.972	-0.326***
Cultural Distance	4,218	2.672	3,674	1.353	1.319***
Director Committee	4,218	0.639	3,674	0.700	-0.061***
Director Lead	4,218	0.421	3,674	0.471	-0.050***
Presence Immigrant Directors	4,218	0.750	3,674	0.768	-0.018*
Immigrant CEO	4,218	0.553	3,674	0.394	0.159***
Presence Directors Same Ethnicity	4,218	0.283	3,674	0.920	-0.637***
Director Age	4,218	56.77	3,674	58.48	-1.71***
Number Outside Board Seats	4,218	0.808	3,674	0.955	-0.147***
Director Tenure	4,218	4.049	3,674	4.257	-0.208**
Female	4,218	0.094	3,674	0.128	-0.034***
Board Size	4,218	5.167	3,674	5.438	-0.271***
Percent Independent Directors	4,218	0.503	3,674	0.522	-0.019***
CEO is Chair	4,218	0.0002	3,674	0.0002	0
Firm Size	4,218	18.01	3,674	18.42	-0.41***
ROA	4,218	-0.352	3,674	-0.244	-0.108***
Volatility	4,218	1.607	3,674	1.533	0.074

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel G: Comparing first generation and second-and higher generation immigrant CEOs

Variables	(1)	(2)	(3)	(4)	(5)
	Second-and-higher generation immigrant CEOs (*CEO Born Overseas* =0)		First generation immigrant CEOs (*CEO Born Overseas* =1)		Difference
	Observations	Mean	Observations	Mean	
CEO Compensation	1,718	11.62	5,618	11.44	0.18
Cultural Distance	1,718	2.716	5,618	1.743	0.973***
CEO Age	1,718	49.29	5,618	52.26	-2.97***
CEO Tenure	1,718	4.217	5,618	3.935	0.282**
Female CEO	1,718	0.0227	5,618	0.0372	-0.015***
First Year CEO	1,718	0.221	5,618	0.243	-0.022*
Board Size	1,718	4.779	5,618	5.150	-0.371***
Percent Independent Directors	1,718	0.452	5,618	0.441	0.011
CEO is Chair	1,718	0	5,618	0.001	0.001*
Firm Size	1,718	17.01	5,618	17.18	-0.17
Remuneration Committee Independence	1,718	0.228	5,618	0.210	0.018
CEO Ownership	1,718	0.0374	5,618	0.0313	0.006**
ROA	1,718	-0.293	5,618	-0.305	0.012
Volatility	1,718	1.607	5,618	1.540	0.067
Book to Market	1,718	0.830	5,618	0.828	0.002
Leverage	1,718	0.304	5,618	0.313	-0.009
RET	1,718	1.740	5,618	1.594	0.146*

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel H: Comparing immigrant CEOs with the Anglo and the Western European cultural backgrounds to immigrant CEOs from other cultural groups

Variables	(1)	(2)	(3)	(4)	(5)
	Immigrant CEOs with the Anglo and Western European cultural background (*Cultural Distance> 2*=0)		Immigrant CEOs with non-Anglo and non-Western European cultural background (*Cultural Distance> 2*=1)		Difference
	Observations	Mean	Observations	Mean	
CEO Compensation	6,029	11.63	1,307	10.78	0.85***
CEO Born Overseas	6,029	0.778	1,307	0.708	0.07***
CEO Age	6,029	51.99	1,307	49.59	2.40***
CEO Tenure	6,029	3.989	1,307	4.054	-0.065
Female CEO	6,029	0.0294	1,307	0.0543	-0.025***
First Year CEO	6,029	0.235	1,307	0.249	-0.014
Board Size	6,029	5.115	1,307	4.822	0.293***
Percent Independent Directors	6,029	0.454	1,307	0.397	0.057***
CEO is Chair	6,029	0.0002	1,307	0	0.0002
Firm Size	6,029	17.23	1,307	16.74	0.49***
Remuneration Committee Independence	6,029	0.230	1,307	0.145	0.085***
CEO Ownership	6,029	0.0260	1,307	0.0638	-0.038***
ROA	6,029	-0.289	1,307	-0.362	0.073***
Volatility	6,029	1.559	1,307	1.539	0.02
Book to Market	6,029	0.829	1,307	0.828	0.001
Leverage	6,029	0.324	1,307	0.252	0.072***
RET	6,029	1.700	1,307	1.297	0.403***

Definitions of the variables are reported in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Table 6: Analysis of immigrants' appointments to corporate boards

VARIABLES	(1) *Immigrant Appointee* Full sample
Presence Immigrant Directors	-0.403***
	(0.00)
Immigrant CEO	0.013
	(0.74)
Director Age	-0.003***
	(0.00)
Number Outside Board Seats	-0.029***
	(0.00)
Female	-0.016
	(0.65)
Board Size	0.040***
	(0.00)
Percent Independent Directors	-0.045
	(0.50)
Volatility	0.002
	(0.76)
Firm Size	0.015
	(0.39)
CEO is Chair	-0.623*
	(0.05)
ROA	-0.010
	(0.52)
Observations	3452
Firm FE	YES
Year FE	YES
Adjusted R-squared	0.18

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively

Table 7: The impact of directors' immigrant statuses and cultural backgrounds on their representation on board committees

VARIABLES	(1) *Director Committee* Full sample	(2) *Director Committee* Subsample of immigrant directors	(3) *Director Committee* Subsample of immigrant directors	(4) *Director Committee* Subsample of immigrant directors	(5) *Director Committee* Subsample of immigrant directors
Immigrant Director	-0.014 (0.12)				
Director Born Overseas		-0.045** (0.03)		-0.067*** (0.00)	-0.023 (0.59)
Cultural Distance			-0.026*** (0.00)	-0.030*** (0.00)	-0.015 (0.27)
Director Born Overseas x Cultural Distance					-0.018 (0.21)
Director Age	0.003*** (0.00)	0.004*** (0.00)	0.003*** (0.01)	0.003*** (0.00)	0.003*** (0.00)
Number Outside Board Seats	0.015*** (0.00)	0.022*** (0.00)	0.020*** (0.00)	0.019*** (0.00)	0.019*** (0.00)
Director Tenure	0.011*** (0.00)	0.016*** (0.00)	0.016*** (0.00)	0.016*** (0.00)	0.016*** (0.00)
Female	0.070*** (0.00)	0.064** (0.02)	0.059** (0.03)	0.063** (0.02)	0.063** (0.02)
Board Size	-0.006 (0.16)	0.002 (0.79)	0.003 (0.71)	0.003 (0.69)	0.003 (0.67)
Percent Independent Directors	0.089*** (0.00)	0.100*** (0.00)	0.098*** (0.00)	0.098*** (0.00)	0.097*** (0.00)

VARIABLES	(1) Director Committee Full sample	(2) Director Committee Subsample of immigrant directors	(3) Director Committee Subsample of immigrant directors	(4) Director Committee Subsample of immigrant directors	(5) Director Committee Subsample of immigrant directors
Volatility	0.001	0.005**	0.005**	0.005**	0.005**
	(0.32)	(0.02)	(0.02)	(0.02)	(0.02)
Firm Size	0.013***	0.027***	0.025***	0.026***	0.026***
	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)
CEO is Chair	0.254***	0.366***	0.366***	0.370***	0.370***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
ROA	0.010***	0.008*	0.009*	0.009*	0.008*
	(0.01)	(0.08)	(0.07)	(0.07)	(0.07)
Observations	20163	7636	7636	7636	7636
Firm FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Adjusted R-squared	0.48	0.53	0.54	0.54	0.54

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 8: The impact of directors' immigrant statuses and cultural backgrounds on their representation in board leadership roles

VARIABLES	(1) *Director Lead* Full sample	(2) *Director Lead* Subsample of immigrant directors	(3) *Director Lead* Subsample of immigrant directors	(4) *Director Lead* Subsample of immigrant directors	(5) *Director Lead* Subsample of immigrant directors
Immigrant Director	-0.049***				
	(0.00)				
Director Born Overseas		-0.072**		-0.095***	-0.041
		(0.02)		(0.00)	(0.52)
Cultural Distance			-0.026***	-0.031***	-0.012
			(0.00)	(0.00)	(0.52)
Director Born Overseas x Cultural Distance					-0.022
					(0.29)
Director Age	0.012***	0.014***	0.013***	0.013***	0.013***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	0.059***	0.073***	0.071***	0.071***	0.071***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.011***	0.008**	0.008**	0.008**	0.008**
	(0.00)	(0.01)	(0.01)	(0.02)	(0.02)
Female	-0.009	0.039	0.033	0.038	0.038
	(0.70)	(0.31)	(0.40)	(0.31)	(0.31)
Board Size	-0.045***	-0.039***	-0.038***	-0.038***	-0.038***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	0.028	0.022	0.021	0.019	0.019
	(0.11)	(0.40)	(0.41)	(0.45)	(0.45)
Volatility	-0.000	0.002	0.002	0.002	0.002
	(0.87)	(0.48)	(0.46)	(0.44)	(0.44)

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VARIABLES	(1) Director Lead Full sample	(2) Director Lead Subsample of immigrant directors	(3) Director Lead Subsample of immigrant directors	(4) Director Lead Subsample of immigrant directors	(5) Director Lead Subsample of immigrant directors
Firm Size	0.004	0.002	-0.000	0.001	0.001
	(0.56)	(0.84)	(0.99)	(0.93)	(0.94)
CEO is Chair	0.075	-0.327**	-0.328***	-0.323***	-0.322***
	(0.73)	(0.01)	(0.01)	(0.01)	(0.01)
ROA	0.005	-0.002	-0.001	-0.002	-0.002
	(0.27)	(0.73)	(0.79)	(0.77)	(0.75)
Observations	20163	7636	7636	7636	7636
Firm FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Adjusted R-squared	0.16	0.31	0.32	0.32	0.32

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 9: The impact of the incumbent CEO's and board members' immigrant statuses and ethnicities on immigrant directors' representation on board committees and in board leadership roles

VARIABLES	(1)	(2)	(3)	(4)
	Director Committee	*Director Lead*	*Director Committee*	*Director Lead*
	Subsample of immigrant directors	Subsample of immigrant directors	Subsample of immigrant directors	Subsample of immigrant directors
Presence Immigrant Directors	-0.030	-0.059**		
	(0.13)	(0.02)		
Immigrant CEO	0.014	-0.011		
	(0.50)	(0.71)		
Presence Directors Same Ethnicity			0.040*	0.089***
			(0.09)	(0.01)
CEO Same Ethnicity			0.025	-0.010
			(0.28)	(0.75)
Director Born Overseas	-0.067***	-0.094***	-0.094***	-0.131***
	(0.00)	(0.00)	(0.00)	(0.00)
Cultural Distance	-0.030***	-0.031***	-0.022***	-0.022**
	(0.00)	(0.00)	(0.00)	(0.02)
Director Age	0.003***	0.013***	0.003***	0.013***
	(0.00)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	0.019***	0.071***	0.019***	0.070***
	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.016***	0.008**	0.016***	0.008**
	(0.00)	(0.02)	(0.00)	(0.02)

VARIABLES	(1) Director Committee Subsample of immigrant directors	(2) Director Lead Subsample of immigrant directors	(3) Director Committee Subsample of immigrant directors	(4) Director Lead Subsample of immigrant directors
Female	0.063**	0.038	0.059**	0.033
	(0.02)	(0.31)	(0.03)	(0.38)
Board Size	0.005	-0.032***	0.002	-0.041***
	(0.47)	(0.00)	(0.82)	(0.00)
Percent Independent Directors	0.099***	0.023	0.098***	0.020
	(0.00)	(0.38)	(0.00)	(0.43)
Volatility	0.005**	0.002	0.005**	0.002
	(0.02)	(0.50)	(0.02)	(0.46)
Firm Size	0.026***	0.001	0.026***	0.001
	(0.00)	(0.95)	(0.00)	(0.94)
CEO is Chair	0.371***	-0.318***	0.390***	-0.299***
	(0.00)	(0.01)	(0.00)	(0.00)
ROA	0.009*	-0.001	0.009*	-0.001
	(0.06)	(0.91)	(0.06)	(0.86)
Observations	7636	7636	7636	7636
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Adjusted R-squared	0.54	0.32	0.54	0.32

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 10: The association between a CEO's immigrant status and compensation

VARIABLES	(1) *CEO Compensation* Full sample	(2) *CEO Compensation* Subsample of immigrant CEOs	(3) *CEO Compensation* Subsample of immigrant CEOs	(4) *CEO Compensation* Subsample of immigrant CEOs	(5) *CEO Compensation* Subsample of immigrant CEOs
Immigrant CEO	-0.323***				
	(0.01)				
CEO Born Overseas		0.259		0.099	0.991*
		(0.36)		(0.74)	(0.10)
Cultural Distance			-0.215**	-0.208**	0.110
			(0.02)	(0.03)	(0.59)
CEO Born Overseas x Cultural Distance					-0.384*
					(0.09)
CEO Age	-0.036***	-0.041***	-0.043***	-0.044***	-0.043***
	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
CEO Tenure	-0.018	0.009	0.009	0.009	0.010
	(0.22)	(0.74)	(0.72)	(0.72)	(0.70)
Female CEO	-0.262	-0.334	-0.315	-0.321	-0.322
	(0.39)	(0.56)	(0.59)	(0.58)	(0.58)
First Year CEO	-1.799***	-1.684***	-1.680***	-1.681***	-1.679***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.137***	0.198***	0.202***	0.202***	0.205***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	0.623***	0.372	0.342	0.345	0.344
	(0.00)	(0.21)	(0.25)	(0.25)	(0.25)

VARIABLES	(1) CEO Compensation Full sample	(2) CEO Compensation Subsample of immigrant CEOs	(3) CEO Compensation Subsample of immigrant CEOs	(4) CEO Compensation Subsample of immigrant CEOs	(5) CEO Compensation Subsample of immigrant CEOs
Volatility	-0.004	0.036*	0.037*	0.037*	0.037*
	(0.82)	(0.09)	(0.08)	(0.08)	(0.08)
Firm Size	-0.007	-0.019	-0.019	-0.019	-0.019
	(0.51)	(0.27)	(0.27)	(0.27)	(0.25)
Remuneration Committee Independence	0.079	0.109	0.109	0.109	0.110
	(0.41)	(0.46)	(0.46)	(0.46)	(0.46)
CEO Ownership	-0.070	0.659	0.751	0.743	0.733
	(0.91)	(0.50)	(0.42)	(0.43)	(0.44)
CEO is Chair	1.610	0.697	0.630	0.655	0.670
	(0.44)	(0.37)	(0.46)	(0.43)	(0.40)
ROA	0.346***	0.295***	0.290***	0.290***	0.293***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Book to Market	-0.040	0.078	0.081	0.082	0.080
	(0.39)	(0.29)	(0.27)	(0.27)	(0.28)
Leverage	0.030	0.080	0.087	0.087	0.085
	(0.64)	(0.39)	(0.35)	(0.35)	(0.37)
RET	0.020	-0.009	-0.009	-0.009	-0.009
	(0.13)	(0.63)	(0.65)	(0.65)	(0.65)
Observations	15392	6985	6985	6985	6985
Firm FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Adjusted R-squared	0.39	0.44	0.44	0.44	0.44

Definitions of the variables are reported in Appendix A. The models are estimated using ordinary least squares regressions with standard errors clustered by CEO. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendices

Appendix A: Definition of variables

Table A1: Variable definitions

Variable	Definition	Source
Panel A: Variables used in main testing		
Director Committee	An indicator variable equal to 1 if a director is a member of the audit, remuneration, nomination, governance committee, and 0 otherwise.	Connect 4
Director Lead	An indicator variable equal to 1 if a director is the chair of the board, the chair of the audit, remuneration, nomination, governance committee, and 0 otherwise.	Connect 4
Immigrant Director	An indicator variable set to 1 if a director is an immigrant, and 0 otherwise.	Following the approach in Ellahie et al. (2017) and Pan et al. (2017), based on the director's surname using immigration records from ancestry.com.au.
Director Age	The age of the director in years.	Connect 4, ASIC-approved information brokers websites (Ready Search, CreditorWatch)
Number Outside Board Seats	The number of outside directorships held by the director.	Connect 4

Variable	Definition	Source
Director Tenure	The number of years served by the director on the board of the firm.	Connect 4
Female	An indicator variable equal to 1 if the director is a female, 0 otherwise.	Connect 4
Board Size	Number of directors on the board.	Connect 4
Percent Independent Directors	Percentage of independent directors on the board.	Connect 4
CEO is Chair	An indicator variable equal to 1 if the CEO is a chair, 0 otherwise.	Connect 4
Firm Size	Natural logarithm of market capitalisation of the firm.	Morningstar DatAnalysis Premium
ROA	Net income divided by total assets.	Morningstar DatAnalysis Premium
Volatility	Standard deviation of annual stock returns over the previous three years.	Morningstar DatAnalysis Premium
Director Born Overseas	An indicator variable set to 1 if a director was born overseas, and 0 otherwise.	ASIC-approved information brokers websites (Ready Search, CreditorWatch)

Variable	Definition	Source
Cultural Distance	Continuous variable that measures the relative distance of an immigrant director's cultural background from the cultural background of the domestic population of the host country. A director's cultural background is defined by the cultural cluster to which the country of the director's ethnicity belongs. Cultural clusters are country groupings based on similarities of their national cultures (Ronen & Shenkar, 2013). Values of the *Cultural Distance* variable are assigned in increasing order of the distance of an immigrant director's cultural background from the Anglo cultural cluster to which Australia belongs: - Anglo=1; - West Europe=2; - Latin America =3; - Confucian Asia =4; - East Europe =5; - Southern Asia=6; - Africa and Middle East=7.	Cultural clusters identified by Hofstede (2001), Inglehart and Baker (2000), House et al. (2004), Schwartz (2006), the distance between the Anglo cultural cluster and the other cultural clusters mapped by Schwartz (2006).
Presence Immigrant Directors	An indicator variable equal to 1 if the firm has at least one other immigrant director on the board, and 0 otherwise.	Following the approach in Ellahie et al. (2017) and Pan et al. (2017), based on the director's surname using immigration records from ancestry.com.au.

Variable	Definition	Source
Immigrant CEO	An indicator variable which takes on the value of 1 if the CEO of the firm is an immigrant, and 0 otherwise.	Following the approach in Ellahie et al. (2017) and Pan et al. (2017), based on the CEO's surname using immigration records from ancestry.com.au.
Presence Directors Same Ethnicity	An indicator variable set to 1 if there is at least one board member with the same ethnicity as the immigrant director, and 0 otherwise.	Following the approach in Ellahie et al. (2017) and Pan et al. (2017), based on the director's surname using immigration records from ancestry.com.au.
CEO Same Ethnicity	An indicator variable equal to 1 if the CEO has the same ethnicity as the immigrant director, and 0 otherwise.	Following the approach in Ellahie et al. (2017) and Pan et al. (2017), based on the CEO's surname using immigration records from ancestry.com.au.
CEO Compensation	Natural logarithm of total annual CEO compensation which includes salary, bonus, shares, options and other compensation.	Connect 4
CEO Tenure	The number of years served in the position of the firm's CEO.	Connect 4
CEO Age	The age of the CEO in years.	Connect 4
Female CEO	An indicator variable equal to 1 if the CEO is a female, 0 otherwise.	Connect 4

Variable	Definition	Source
First Year CEO	An indicator variable equal to 1 if the CEO is in their first year of appointment, 0 otherwise.	Connect 4
CEO Ownership	Percentage of the firm's outstanding shares owned by the CEO.	SIRCA
Remuneration Committee Independence	An indicator variable equal to 1 if all members of the remuneration committee are independent directors, 0 otherwise.	Connect 4
Book-to Market	Shareholders' equity per share divided by the closing share price on the last day of the company's financial year.	Morningstar DatAnalysis Premium
RET	Annual stock return.	Morningstar DatAnalysis Premium
Leverage	Average total liabilities divided by average total equity.	Morningstar DatAnalysis Premium
CEO Born Overseas	An indicator variable set to 1 if the immigrant CEO was born overseas, and 0 otherwise.	ASIC-approved information brokers websites (Ready Search, CreditorWatch)
Immigrant Appointee	An indicator variable equal to 1 if an appointee to the board is an immigrant, and 0 otherwise.	Following the approach in Ellahie et al. (2017) and Pan et al. (2017), based on the director's surname using immigration records from ancestry.com.au.

Variable	Definition	Source
Panel B: Variables used in additional testing		
Cultural Distance >2 (Table D1-D2)	An indicator variable set to 1 if the immigrant does not belong to the Anglo and Western Europe cultural groups (observations for which the values of *Cultural Distance* variable are greater than 2), and zero otherwise.	Based on the values of the *Cultural Distance* variable. Cultural clusters identified by Hofstede (2001), Inglehart and Baker (2000), House et al. (2004), Schwartz (2006), the country of an immigrant's ethnicity identified based on the immigrant's surname using immigration records from ancestry.com.au.

Appendix B: Testing Hypotheses 1a-1d using samples of newly appointed directors

Table B1: The impact of directors' immigrant statuses and cultural backgrounds on their appointments to board committees

VARIABLES	(1) Director Committee New Appointments Full sample	(2) Director Committee New Appointments Subsample of immigrant directors	(3) Director Committee New Appointments Subsample of immigrant directors	(4) Director Committee New Appointments Subsample of immigrant directors	(5) Director Committee New Appointments Subsample of immigrant directors
Immigrant Director	-0.006				
	(0.70)				
Director Born Overseas		-0.041		-0.041	0.070
		(0.28)		(0.28)	(0.32)
Cultural Distance			0.001	-0.001	0.038*
			(0.96)	(0.94)	(0.10)
Director Born Overseas x Cultural Distance					-0.044*
					(0.07)
Director Age	0.004***	0.004***	0.004**	0.004**	0.004***
	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Female	0.116***	0.067	0.067	0.067	0.066
	(0.00)	(0.21)	(0.22)	(0.21)	(0.21)
Number Outside Board Seats	0.022***	0.022*	0.022*	0.022*	0.022*
	(0.00)	(0.08)	(0.07)	(0.08)	(0.08)
Board Size	-0.001	0.017	0.018	0.017	0.018
	(0.96)	(0.41)	(0.40)	(0.41)	(0.39)
Percent Independent Directors	0.179***	0.012	0.009	0.012	0.017
	(0.00)	(0.89)	(0.92)	(0.89)	(0.85)

VARIABLES	(1) Director Committee New Appointments Full sample	(2) Director Committee New Appointments Subsample of immigrant directors	(3) Director Committee New Appointments Subsample of immigrant directors	(4) Director Committee New Appointments Subsample of immigrant directors	(5) Director Committee New Appointments Subsample of immigrant directors
Volatility	0.001	-0.003	-0.003	-0.003	-0.003
	(0.88)	(0.77)	(0.79)	(0.77)	(0.75)
Firm Size	0.010	0.046*	0.043*	0.046*	0.046*
	(0.52)	(0.08)	(0.09)	(0.08)	(0.07)
CEO is Chair	-0.049	-0.005	-0.008	-0.004	-0.003
	(0.47)	(0.96)	(0.94)	(0.97)	(0.98)
ROA	0.015	0.023	0.024	0.023	0.022
	(0.19)	(0.23)	(0.20)	(0.23)	(0.23)
Observations	3452	1239	1239	1239	1239
Firm FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Adjusted R-squared	0.41	0.42	0.42	0.42	0.43

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table B2: The impact of directors' immigrant statuses and cultural backgrounds on their appointments to board leadership roles

VARIABLES	(1) *Director Lead* New Appointments Full sample	(2) *Director Lead* New Appointments Subsample of immigrant directors	(3) *Director Lead* New Appointments Subsample of immigrant directors	(4) *Director Lead* New Appointments Subsample of immigrant directors	(5) *Director Lead* New Appointments Subsample of immigrant directors
Immigrant Director	-0.016				
	(0.40)				
Director born Overseas		-0.093**		-0.096**	0.033
		(0.03)		(0.03)	(0.71)
Cultural Distance			-0.004	-0.007	0.038
			(0.71)	(0.52)	(0.18)
Director Born Overseas x Cultural Distance					-0.052*
					(0.09)
Director Age	0.011***	0.012***	0.012***	0.012***	0.012***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	-0.005	0.022	0.019	0.021	0.020
	(0.86)	(0.69)	(0.73)	(0.70)	(0.72)
Number Outside Board Seats	0.065***	0.081***	0.081***	0.081***	0.080***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	-0.042***	-0.021	-0.020	-0.021	-0.020
	(0.00)	(0.32)	(0.33)	(0.31)	(0.33)
Percent Independent Directors	0.041	-0.037	-0.047	-0.038	-0.033
	(0.50)	(0.72)	(0.66)	(0.72)	(0.75)

VARIABLES	(1) *Director Lead* New Appointments Full sample	(2) *Director Lead* New Appointments Subsample of immigrant directors	(3) *Director Lead* New Appointments Subsample of immigrant directors	(4) *Director Lead* New Appointments Subsample of immigrant directors	(5) *Director Lead* New Appointments Subsample of immigrant directors
Volatility	-0.001	-0.000	0.000	-0.000	-0.000
	(0.90)	(1.00)	(0.97)	(1.00)	(0.98)
Firm Size	0.016	0.013	0.008	0.013	0.014
	(0.31)	(0.66)	(0.78)	(0.65)	(0.63)
CEO is Chair	-0.283	-0.895***	-0.895***	-0.886***	-0.884***
	(0.40)	(0.00)	(0.00)	(0.00)	(0.00)
ROA	0.011	-0.018	-0.015	-0.018	-0.018
	(0.42)	(0.56)	(0.62)	(0.56)	(0.55)
Observations	3452	1239	1239	1239	1239
Firm FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Adjusted R-squared	0.11	0.12	0.12	0.12	/0.12

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table B3: The impact of the incumbent CEO's and board members' immigrant statuses and ethnicities on immigrant directors' appointments to board committees and to board leadership roles

VARIABLES	(1) Director Committee New Appointments Subsample of immigrant directors	(2) Director Lead New Appointments Subsample of immigrant directors	(3) Director Committee New Appointments Subsample of immigrant directors	(4) Director Lead New Appointments Subsample of immigrant directors
Presence Immigrant Directors	0.025	0.018		
	(0.62)	(0.73)		
Immigrant CEO	-0.008	-0.053		
	(0.91)	(0.50)		
Presence Directors Same Ethnicity			0.071	0.072
			(0.11)	(0.13)
CEO Same Ethnicity			-0.026	-0.008
			(0.56)	(0.87)
Director Born Overseas	-0.040	-0.095**	-0.065	-0.127**
	(0.28)	(0.03)	(0.13)	(0.01)
Cultural Distance	-0.001	-0.007	0.005	0.001
	(0.95)	(0.52)	(0.63)	(0.92)
Director Age	0.004**	0.012***	0.004***	0.012***
	(0.01)	(0.00)	(0.01)	(0.00)
Number Outside Board Seats	0.022*	0.081***	0.021*	0.080***
	(0.08)	(0.00)	(0.08)	(0.00)
Female	0.065	0.018	0.066	0.018
	(0.22)	(0.75)	(0.21)	(0.74)

VARIABLES	(1) Director Committee New Appointments Subsample of immigrant directors	(2) Director Lead New Appointments Subsample of immigrant directors	(3) Director Committee New Appointments Subsample of immigrant directors	(4) Director Lead New Appointments Subsample of immigrant directors
Board Size	0.016	-0.021	0.017	-0.022
	(0.46)	(0.31)	(0.43)	(0.30)
Percent Independent Directors	0.014	-0.032	0.020	-0.030
	(0.87)	(0.77)	(0.82)	(0.78)
Volatility	-0.003	0.000	-0.003	-0.000
	(0.76)	(1.00)	(0.77)	(0.97)
Firm Size	0.047*	0.016	0.047*	0.015
	(0.07)	(0.58)	(0.07)	(0.60)
CEO is Chair	-0.004	-0.884***	0.022	-0.847***
	(0.97)	(0.00)	(0.84)	(0.00)
ROA	0.021	-0.018	0.022	-0.019
	(0.27)	(0.55)	(0.24)	(0.54)
Observations	1239	1239	1239	1239
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Adjusted R-squared	0.42	0.12	0.42	0.12

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendix C: Results of testing using samples restricted to male directors and CEOs

Table C1: The impact of directors' immigrant statuses and cultural backgrounds on their representation on board committees using a sample restricted to male directors

VARIABLES	(1) Director Committee Full sample	(2) Director Committee Subsample of immigrant directors	(3) Director Committee Subsample of immigrant directors	(4) Director Committee Subsample of immigrant directors	(5) Director Committee Subsample of immigrant directors
Immigrant Director	-0.009				
	(0.35)				
Director Born Overseas		-0.039*		-0.058***	-0.040
		(0.07)		(0.01)	(0.34)
Cultural Distance			-0.025***	-0.028***	-0.022*
			(0.00)	(0.00)	(0.10)
Director Born Overseas x Cultural Distance					-0.007
					(0.62)
Director Age	0.003***	0.004***	0.003***	0.003***	0.003***
	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)
Number Outside Board Seats	0.015***	0.019***	0.017***	0.016***	0.016***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.011***	0.017***	0.017***	0.017***	0.017***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	-0.005	0.005	0.005	0.005	0.006
	(0.31)	(0.56)	(0.50)	(0.49)	(0.49)

VARIABLES	(1) Director Committee Full sample	(2) Director Committee Subsample of immigrant directors	(3) Director Committee Subsample of immigrant directors	(4) Director Committee Subsample of immigrant directors	(5) Director Committee Subsample of immigrant directors
Percent Independent Directors	0.092***	0.090***	0.089***	0.088***	0.088***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Volatility	0.002	0.005**	0.005**	0.005***	0.005***
	(0.14)	(0.01)	(0.01)	(0.01)	(0.01)
Firm Size	0.013**	0.028***	0.027***	0.028***	0.028***
	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)
CEO is Chair	0.280***	0.370***	0.371***	0.374***	0.374***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
ROA	0.009**	0.009*	0.010**	0.010**	0.010**
	(0.03)	(0.05)	(0.04)	(0.04)	(0.04)
Observations	17979	6763	6763	6763	6763
Firm FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Adjusted R-squared	0.48	0.55	0.55	0.55	0.55

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table C2: The impact of directors' immigrant statuses and cultural backgrounds on their representation in board leadership roles using a sample restricted to male directors

VARIABLES	(1) *Director Lead* Full sample	(2) *Director Lead* Subsample of immigrant directors	(3) *Director Lead* Subsample of immigrant directors	(4) *Director Lead* Subsample of immigrant directors	(5) *Director Lead* Subsample of immigrant directors
Immigrant Director	-0.053***				
	(0.00)				
Director Born Overseas		-0.061*		-0.083**	-0.054
		(0.07)		(0.01)	(0.41)
Cultural Distance			-0.028***	-0.032***	-0.022
			(0.00)	(0.00)	(0.28)
Director Born Overseas x Cultural Distance					-0.012
					(0.58)
Director Age	0.013***	0.014***	0.013***	0.013***	0.013***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	0.060***	0.074***	0.072***	0.071***	0.071***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.009***	0.007**	0.007**	0.007**	0.007*
	(0.00)	(0.04)	(0.04)	(0.05)	(0.05)
Board Size	-0.042***	-0.033***	-0.032***	-0.032***	-0.032***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	0.030	0.022	0.021	0.020	0.020
	(0.11)	(0.42)	(0.42)	(0.45)	(0.45)
Volatility	-0.000	0.001	0.001	0.001	0.001
	(0.89)	(0.67)	(0.66)	(0.65)	(0.65)

VARIABLES	(1) Director Lead Full sample	(2) Director Lead Subsample of immigrant directors	(3) Director Lead Subsample of immigrant directors	(4) Director Lead Subsample of immigrant directors	(5) Director Lead Subsample of immigrant directors
Firm Size	0.005	0.006	0.004	0.005	0.005
	(0.40)	(0.57)	(0.67)	(0.64)	(0.65)
CEO is Chair	-0.070	-0.311**	-0.310**	-0.307**	-0.307**
	(0.70)	(0.02)	(0.01)	(0.01)	(0.01)
ROA	0.005	-0.001	-0.001	-0.001	-0.001
	(0.29)	(0.82)	(0.88)	(0.88)	(0.87)
Observations	17979	6763	6763	6763	6763
Firm FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Adjusted R-squared	0.18	0.35	0.35	0.35	0.35

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table C3: The impact of the incumbent CEO's and board members' immigrant statuses and ethnicities on immigrant directors' representation on board committees and in board leadership roles using a sample restricted to male directors

VARIABLES	(1) Director Committee Subsample of immigrant directors	(2) Director Lead Subsample of immigrant directors	(3) Director Committee Subsample of immigrant directors	(4) Director Lead Subsample of immigrant directors
Presence Immigrant Directors	-0.025	-0.044		
	(0.23)	(0.10)		
Immigrant CEO	0.009	-0.021		
	(0.71)	(0.50)		
Presence Directors Same Ethnicity			0.027	0.079**
			(0.25)	(0.03)
CEO Same Ethnicity			0.041*	0.007
			(0.09)	(0.84)
Director Born Overseas	-0.058***	-0.082**	-0.085***	-0.119***
	(0.01)	(0.01)	(0.00)	(0.00)
Cultural Distance	-0.028***	-0.032***	-0.021***	-0.023**
	(0.00)	(0.00)	(0.00)	(0.02)
Director Age	0.003***	0.013***	0.003***	0.013***
	(0.01)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	0.016***	0.071***	0.016***	0.070***
	(0.01)	(0.00)	(0.01)	(0.00)
Director Tenure	0.016***	0.007*	0.016***	0.007*
	(0.00)	(0.06)	(0.00)	(0.06)
Board Size	0.008	-0.027***	0.005	-0.035***
	(0.34)	(0.00)	(0.57)	(0.00)
Percent Independent Directors	0.089***	0.023	0.090***	0.023
	(0.00)	(0.39)	(0.00)	(0.40)
Volatility	0.005**	0.001	0.005**	0.001
	(0.01)	(0.70)	(0.01)	(0.69)
Firm Size	0.027***	0.005	0.027***	0.004
	(0.00)	(0.63)	(0.00)	(0.65)
CEO is Chair	0.375***	-0.303**	0.396***	-0.280***
	(0.00)	(0.01)	(0.00)	(0.01)
ROA	0.010**	-0.000	0.010**	-0.000
	(0.04)	(0.97)	(0.04)	(0.95)
Observations	6763	6763	6763	6763
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Adjusted R-squared	0.55	0.35	0.55	0.35

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table C4: The association between a CEO's immigrant status and compensation using a sample restricted to male CEOs

VARIABLES	(1) CEO Compensation Full sample	(2) CEO Compensation Subsample of immigrant CEOs	(3) CEO Compensation Subsample of immigrant CEOs	(4) CEO Compensation Subsample of immigrant CEOs	(5) CEO Compensation Subsample of immigrant CEOs
Immigrant CEO	-0.364***				
	(0.00)				
CEO Born Overseas		0.271		0.095	0.704
		(0.36)		(0.76)	(0.27)
Cultural Distance			-0.254***	-0.248**	-0.023
			(0.01)	(0.01)	(0.92)
CEO Born Overseas x Cultural Distance					-0.268
					(0.28)
CEO Age	-0.037***	-0.038**	-0.039**	-0.040**	-0.039**
	(0.00)	(0.02)	(0.02)	(0.02)	(0.02)
CEO Tenure	-0.021	0.005	0.004	0.004	0.005
	(0.16)	(0.86)	(0.88)	(0.88)	(0.86)
First Year CEO	-1.780***	-1.662***	-1.660***	-1.661***	-1.658***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.137***	0.182***	0.186***	0.186***	0.188***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	0.642***	0.359	0.331	0.333	0.330
	(0.00)	(0.25)	(0.29)	(0.28)	(0.29)
Volatility	0.002	0.035*	0.037*	0.036*	0.037*
	(0.93)	(0.10)	(0.09)	(0.09)	(0.09)
Firm Size	-0.004	-0.015	-0.015	-0.015	-0.015
	(0.75)	(0.39)	(0.38)	(0.38)	(0.37)

VARIABLES	(1) CEO Compensation Full sample	(2) CEO Compensation Subsample of immigrant CEOs	(3) CEO Compensation Subsample of immigrant CEOs	(4) CEO Compensation Subsample of immigrant CEOs	(5) CEO Compensation Subsample of immigrant CEOs
Remuneration Committee Independence	0.071	0.091	0.093	0.093	0.096
	(0.46)	(0.55)	(0.54)	(0.54)	(0.53)
CEO Ownership	-0.045	0.716	0.855	0.849	0.836
	(0.94)	(0.47)	(0.37)	(0.38)	(0.38)
CEO is Chair	1.605	0.731	0.666	0.690	0.700
	(0.44)	(0.32)	(0.41)	(0.38)	(0.36)
ROA	0.329***	0.291***	0.285***	0.286***	0.287***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Book to Market	-0.036	0.076	0.079	0.080	0.079
	(0.44)	(0.32)	(0.30)	(0.29)	(0.30)
Leverage	0.031	0.059	0.067	0.066	0.065
	(0.64)	(0.54)	(0.49)	(0.49)	(0.50)
RET	0.019	-0.009	-0.008	-0.009	-0.009
	(0.16)	(0.63)	(0.66)	(0.66)	(0.65)
Observations	14758	6740	6740	6740	6740
Firm FE	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES
Adjusted R-squared	0.40	0.44	0.45	0.45	0.45

Definitions of the variables are reported in Appendix A. The models are estimated using ordinary least squares regressions with standard errors clustered by CEO. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendix D: Results for immigrant directors and CEOs with non-Anglo and non-Western European cultural backgrounds

Table D1: Analysis of the representation of immigrant directors with non-Anglo and non-Western European cultural backgrounds on board committees and in board leadership positions

VARIABLES	(1) Director Committee Subsample of immigrant directors	(2) Director Committee Subsample of immigrant directors	(3) Director Committee Subsample of immigrant directors	(4) Director Lead Subsample of immigrant directors	(5) Director Lead Subsample of immigrant directors	(6) Director Lead Subsample of immigrant directors
Director Born Overseas		-0.045**	-0.025		-0.072**	-0.051
		(0.03)	(0.29)		(0.02)	(0.15)
Cultural Distance >2	-0.117***	-0.117***	-0.037	-0.115***	-0.115***	-0.032
	(0.00)	(0.00)	(0.36)	(0.00)	(0.00)	(0.63)
Director Born Overseas x Cultural Distance > 2			-0.105**			-0.109
			(0.03)			(0.14)
Director Age	0.003***	0.003***	0.003***	0.012***	0.013***	0.013***
	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	0.019***	0.020***	0.019***	0.071***	0.071***	0.071***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.016***	0.016***	0.016***	0.008**	0.008**	0.008**
	(0.00)	(0.00)	(0.00)	(0.01)	(0.02)	(0.02)
Female	0.062**	0.065**	0.064**	0.035	0.040	0.039
	(0.02)	(0.02)	(0.02)	(0.36)	(0.29)	(0.30)
Board Size	0.003	0.003	0.003	-0.038***	-0.038***	-0.038***
	(0.71)	(0.70)	(0.66)	(0.00)	(0.00)	(0.00)

VARIABLES	(1) Director Committee Subsample of immigrant directors	(2) Director Committee Subsample of immigrant directors	(3) Director Committee Subsample of immigrant directors	(4) Director Lead Subsample of immigrant directors	(5) Director Lead Subsample of immigrant directors	(6) Director Lead Subsample of immigrant directors
Percent Independent Directors	0.098***	0.098***	0.097***	0.021	0.020	0.019
	(0.00)	(0.00)	(0.00)	(0.42)	(0.44)	(0.46)
Volatility	0.005**	0.005**	0.005**	0.002	0.002	0.002
	(0.02)	(0.02)	(0.02)	(0.47)	(0.46)	(0.45)
Firm Size	0.026***	0.026***	0.026***	0.000	0.001	0.001
	(0.00)	(0.00)	(0.00)	(0.99)	(0.92)	(0.94)
CEO is Chair	0.358***	0.360***	0.360***	-0.336***	-0.332***	-0.333***
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)
ROA	0.009*	0.009*	0.009*	-0.001	-0.001	-0.002
	(0.06)	(0.06)	(0.07)	(0.82)	(0.79)	(0.77)
Observations	7636	7636	7636	7636	7636	7636
Firm FE	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.54	0.54	0.54	0.32	0.32	0.32

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table D2: Analysis of immigrant CEOs with non-Anglo and non-Western European cultural backgrounds' compensation

VARIABLES	(1) CEO Compensation Subsample of immigrant CEOs	(2) CEO Compensation Subsample of immigrant CEOs	(3) CEO Compensation Subsample of immigrant CEOs	(4) CEO Compensation Subsample of immigrant CEOs
CEO Born Overseas		0.252	0.252	0.534*
		(0.37)	(0.37)	(0.08)
Cultural Distance> 2	-1.085***	-1.083***	-1.083***	0.421
	(0.01)	(0.01)	(0.01)	(0.54)
CEO Born Overseas x Cultural Distance>2				-2.001**
				(0.01)
CEO Age	-0.042***	-0.044***	-0.044***	-0.042***
	(0.01)	(0.01)	(0.01)	(0.01)
CEO Tenure	0.007	0.007	0.007	0.008
	(0.79)	(0.79)	(0.79)	(0.75)
Female CEO	-0.279	-0.294	-0.294	-0.257
	(0.63)	(0.61)	(0.61)	(0.66)
First Year CEO	-1.677***	-1.679***	-1.679***	-1.676***
	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.203***	0.202***	0.202***	0.207***
	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	0.335	0.339	0.339	0.331
	(0.26)	(0.26)	(0.26)	(0.27)
Volatility	0.037*	0.036*	0.036*	0.037*
	(0.08)	(0.09)	(0.09)	(0.08)
Firm Size	-0.019	-0.019	-0.019	-0.020
	(0.27)	(0.27)	(0.27)	(0.24)

VARIABLES	(1) CEO Compensation	(2) CEO Compensation	(3) CEO Compensation	(4) CEO Compensation
	Subsample of immigrant CEOs	Subsample of immigrant CEOs	Subsample of immigrant CEOs	Subsample of immigrant CEOs
Remuneration Committee Independence	0.106	0.106	0.106	0.107
	(0.48)	(0.48)	(0.48)	(0.47)
CEO Ownership	0.785	0.771	0.771	0.780
	(0.40)	(0.41)	(0.41)	(0.40)
CEO is Chair	0.640	0.704	0.704	0.749
	(0.45)	(0.36)	(0.36)	(0.29)
ROA	0.285***	0.285***	0.285***	0.286***
	(0.00)	(0.00)	(0.00)	(0.00)
Book to Market	0.082	0.084	0.084	0.082
	(0.26)	(0.25)	(0.25)	(0.26)
Leverage	0.090	0.089	0.089	0.087
	(0.34)	(0.34)	(0.34)	(0.35)
RET	-0.008	-0.008	-0.008	-0.008
	(0.68)	(0.67)	(0.67)	(0.67)
Observations	6985	6985	6985	6985
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Adjusted R-squared	0.44	0.44	0.44	0.44

Definitions of the variables are reported in Appendix A. The models are estimated using ordinary least squares regressions with standard errors clustered by CEO. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendix E: Entropy balancing

Table E1: The impact of a director's immigrant status on their representation on board committees and in board leadership roles using entropy balancing

VARIABLES	(1) *Director Committee* Main testing	(2) *Director Committee* Using entropy balancing	(3) *Director Lead* Main testing	(4) *Director Lead* Using entropy balancing
Immigrant Director	-0.014	-0.013	-0.049***	-0.051***
	(0.12)	(0.13)	(0.00)	(0.00)
Director Age	0.003***	0.003***	0.012***	0.012***
	(0.00)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	0.015***	0.018***	0.059***	0.065***
	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.011***	0.013***	0.011***	0.011***
	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.070***	0.066***	-0.009	0.001
	(0.00)	(0.00)	(0.70)	(0.98)
Board Size	-0.006	-0.006	-0.045***	-0.045***
	(0.16)	(0.20)	(0.00)	(0.00)
Percent Independent Directors	0.089***	0.103***	0.028	0.032*
	(0.00)	(0.00)	(0.11)	(0.08)
Volatility	0.001	0.002	-0.000	-0.000
	(0.32)	(0.21)	(0.87)	(0.91)

	(1)	(2)	(3)	(4)
	Director Committee	*Director Committee*	*Director Lead*	*Director Lead*
VARIABLES	Main testing	Using entropy balancing	Main testing	Using entropy balancing
Firm Size	0.013***	0.016***	0.004	0.005
	(0.01)	(0.00)	(0.56)	(0.38)
CEO is Chair	0.254***	0.277***	0.075	-0.033
	(0.00)	(0.00)	(0.73)	(0.86)
ROA	0.010***	0.010***	0.005	0.006
	(0.01)	(0.01)	(0.27)	(0.17)
Observations	20163	20163	20163	20163
Firm FE	YES	YES	YES	YES
Year FE	YES	YES	YES	YES
Adjusted R-squared	0.48	0.50	0.16	0.18

Definitions of the variables are reported in Appendix A. The models are estimated using linear probability models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table E2: The association between a CEO's immigrant status and compensation using entropy balancing

VARIABLES	(1) *CEO Compensation* Main testing	(2) *CEO Compensation* Using entropy balancing
Immigrant CEO	-0.323***	-0.337***
	(0.01)	(0.01)
CEO Age	-0.036***	-0.038***
	(0.00)	(0.00)
CEO Tenure	-0.018	-0.012
	(0.22)	(0.43)
Female CEO	-0.262	-0.171
	(0.39)	(0.58)
First Year CEO	-1.799***	-1.778***
	(0.00)	(0.00)
Board Size	0.137***	0.154***
	(0.00)	(0.00)
Percent Independent Directors	0.623***	0.672***
	(0.00)	(0.00)
Volatility	-0.004	0.002
	(0.82)	(0.90)
Firm Size	-0.007	-0.007
	(0.51)	(0.57)
Remuneration Committee Independence	0.079	0.057
	(0.41)	(0.56)
CEO Ownership	-0.070	0.142
	(0.91)	(0.83)
CEO is Chair	1.610	1.611
	(0.44)	(0.44)
ROA	0.346***	0.350***
	(0.00)	(0.00)
Book to Market	-0.040	-0.028
	(0.39)	(0.55)
Leverage	0.030	0.048
	(0.64)	(0.45)
RET	0.020	0.019
	(0.13)	(0.15)
Observations	15392	15392
Firm FE	YES	YES
Year FE	YES	YES
Adjusted R-squared	0.39	0.39

Definitions of the variables are reported in Appendix A. The models are estimated using ordinary least squares regressions with standard errors clustered by CEO. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Chapter 3: Immigrant directors' career outcomes in the director labour market following negative events and their board monitoring performance

3.1 Introduction

According to Fama and Jensen (1983), an ex-post settling up process exists in the director labour market, wherein directors are disciplined and incentivised according to their effectiveness at performing board duties. There is abundant empirical evidence in prior literature which supports this postulate (see, for example, Yermack, 2004; Srinivasan, 2005; Asthana & Balsam, 2010; Gilson, 1990; Kaplan & Reishus, 1990; Arthaud-Day et al., 2006; Marcel & Cowen, 2014; Brochet & Srinivasan, 2014; Dou; 2017). Findings provided by prior studies suggest that the ex-post settling up process in the director labour market is affected by directors' demographic attributes, such as race, gender and ethnicity (for example, Westphal & Stern, 2007; Cziraki & Robertson, 2021; Chidambaran et al., 2022; Naumovska et al., 2020). Yet, to my knowledge, there have been no studies to date that examine the effect of a director's immigrant background on outcomes in the ex-post settling up process in the director labour market following negative firm events.

A recent study of Adamovic and Leibbrandt (2023) documents ethnic bias of a striking magnitude in the hiring process for leadership roles: job applicants with non-English names who belong to six ethnic minority groups in Australia receive 57.4% fewer favourable responses when applying for leadership positions than applicants with English names. Furthermore, findings of Chapter 2 indicate that immigrants face discrimination in the boardroom, as they are less likely to serve in board leadership positions than their non-immigrant colleagues. Evidence in Chapter 2 also highlights that first-generation immigrant directors and immigrant directors whose cultural backgrounds are more dissimilar to the cultural background of the domestic population of the receiving country are the most

disadvantaged categories of immigrants in terms of the likelihood of serving on board committees and performing board leadership roles. This evidence suggests that immigrants may experience similar negative consequences from their demographic background in the ex-post settling up process in the director labour market after negative firm events.

Furthermore, it is possible that the lower likelihood of serving in board leadership positions for immigrants documented in Chapter 2 may be attributed to immigrant directors' lower efficiency at performing board monitoring functions. Monitoring management is one of the key duties of the board of directors which helps to mitigate agency costs and align managements and shareholders' interests (Fama, 1980; Jensen, 1993; Hillman & Dalziel, 2003). Similar to the research on the ex-post settling up in the director labour market, extant literature that examines the impact of directors' demographic characteristics on their monitoring performance focuses on gender, race and ethnicities of directors (for example, Adams & Ferreira, 2009; Field et al., 2020; Giannetti & Zhao, 2019). However, prior studies have not provided evidence on whether the effectiveness of conducting board oversight differs for immigrant and non-immigrant directors.

Based on these gaps in prior literature, this chapter investigates the following research questions: 1) whether an association exists between a director's immigrant background and their career outcomes in the director labour market following negative firm events; 2) whether first-generation immigrant directors and immigrant directors whose cultural backgrounds are more dissimilar to the cultural background of the domestic population of the host country are treated differently in the ex-post settling up process in the director labour market following negative events; 3) if the presence of immigrants on the board affects the effectiveness of board monitoring.

To address the first two research questions, this chapter examines director turnover and the number of outside board seats held by a director as measures of directors' career accomplishments and reputation in the director labour market. Competing arguments derived from social categorisation and resource dependence theories are considered to predict the impact of a director's immigrant background, immigrants' generational statuses and cultural backgrounds on director turnover and the number of outside directorships held by directors subsequent to negative firm events.[11]

On the one hand, according to social categorisation theory (Turner et al., 1987), immigrant directors may be held more accountable for negative events than their fellow non-immigrant board members due to out-group biases. Individuals can exhibit negative biases toward out-group members by devaluing their accomplishments, talents and competence and being more intolerant to their mistakes and misbehaviour (Weber, 1994; Hewstone, 1990). Furthermore, the salience of a specific demographic characteristic for social categorisation and for activating out-group biases increases with the rarity and distinctiveness of this trait within the relevant population (Hewstone, 1990). Since first-generation immigrants and immigrants with cultural backgrounds that are more dissimilar to the culture of the receiving country constitute rarer and distinct categories of immigrants, they may experience stronger negative out-group biases.

On the other hand, resource dependence theory posits that the provision of resources to the firm is one of the key function of directors (Hillman & Dalziel, 2003). Firm legitimacy and reputation are among the main resources provided by the board which increase firm value (Pfeffer & Salancik, 1978). Given rising social and regulatory pressure to increase the representation of demographic minorities on boards (Knippen et al., 2019; Chu & Davis, 2016) and considering that board diversity enhances firm legitimacy (Hillman et al., 2007), a

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[11] Theoretical development of the hypotheses is discussed in more detail in Section 3.2 of this chapter.

director's immigrant background may be a valuable resource to the firm. Therefore, this director attribute may provide a protection against the ex-post settling up in the director labour market following negative events, due to its relative rarity. Moreover, first-generation immigrant directors and immigrant directors with cultural backgrounds more dissimilar to those of the domestic population of the host country, may be considered more valuable resources to the firm in terms of organisational legitimacy and provision of unique skillsets, as demographic attributes of those directors are rarer relative to other categories of immigrant directors.

Given the aforementioned conflicting arguments of social categorisation and resource dependence theory, it is difficult to make a clear prediction about the impact of an immigrant background on directors' career outcomes in the labour market following negative events. Therefore, this chapter posits that an association exists between directors' immigrant statuses and their turnover subsequent to negative firm events, and this association is stronger for first-generation immigrants and immigrants with cultural backgrounds that are more dissimilar to those of the domestic population of the host country.

To examine the effectiveness of immigrant directors' board oversight, this chapter uses the sensitivity of CEO turnover to firm performance and abnormal CEO compensation, which have been considered by prior literature as important dimensions of the board's monitoring function (see, for example, Kaplan, 1994; Huson et al., 2001; Goyal & Park, 2002; Huson et al., 2004; Kaplan & Minton, 2012; Jenter & Kanaan, 2015, Field et al., 2020; Jenter & Lewellen, 2021; Boyd, 1994; Fich et al., 2014). On the one hand, immigrants' representation on boards may enhance the board's monitoring performance via increased diversity of cognitive approaches, opinions, and abilities (Giannetti & Zhao, 2019), more efficient board communication resulting from diversity of directors' preferences (Malenko, 2014). On the other hand, immigrants'

representation on the board may impede the decision-making process and create conflicts in the boardroom, as diversity of group members leads to problems with collaboration (Algan et al., 2016), and cognitive diversity of a group negatively influences strategic decision making (Miller et al., 1998). Based on these conflicting views, this chapter does not make a directional prediction on how the presence of immigrant directors is associated with the effectiveness of board monitoring.

The aforementioned hypotheses are tested in the Australian setting using a sample of 49,858 director-firm-year observations (to examine the effect of an immigrant background on directors' career outcomes in the labour market following negative firm events), a sample comprised of 5,363 firm-year observations (to analyse the impact of the presence of immigrant directors on the effectiveness of board monitoring in terms of the sensitivity of CEO turnover to performance) and a sample of 5,671 firm-year observations (to analyse the impact of the presence of immigrant directors on the effectiveness of board monitoring in relation to abnormal CEO compensation) covering the 2009-2020 period. Following prior research (Kaplan & Reishus, 1990; Bugeja et al., 2023; Yermack, 2004; Brickley et al., 1999; Ferris et al., 2003; Asthana & Balsam, 2010; Bates et al., 2016), this chapter uses dividend cuts, a strike on the remuneration report and poor financial performance as negative firm events that may trigger the ex-post settling up process in the labour market for directors.

Consistent with the arguments of social categorisation theory, the findings of this chapter indicate that immigrant directors are less likely to retain their directorships on boards of firms that announce dividend cuts. No evidence however, is found that immigrants experience differential outcomes in the internal director labour market subsequent to a strike on the remuneration report or poor financial performance of the firm. The findings suggest that immigrant directors experience negative biases in the external director labour market, as they

hold fewer future outside directorships, regardless of the incidence of negative events. In addition, they are less likely to increase the number of outside directorships in the period after poor financial performance. Likewise, this chapter finds that immigrants on boards of firms with better financial performance are rewarded with fewer outside board seats in the next period than their non-immigrant colleagues.

The evidence reported in this chapter on the impact of immigrant directors' generational statuses on their career outcomes in the internal and external director labour markets is inconclusive. Specifically, there is weak evidence suggesting that, regardless of the incidence of negative events, the likelihood of leaving the board is higher for first-generation immigrant directors relative to directors belonging to second-and-higher generations of immigrants. Similarly, in line with conjectures based on social categorisation theory, the chapter finds that first-generation immigrants are more likely to depart from the board of a firm that cut dividends in the prior period. However, the results show that first-generation immigrant directors are less likely to leave the board of a loss-generating firm, which provides weak support to the arguments of resource dependence theory. Furthermore, the chapter documents that the external director labour market imposes greater reputational penalties on first-generation immigrants in the form of fewer outside board seats held following poor financial performance. However, this category of immigrant directors is rewarded with more outside directorships held in two years after receiving a strike on the remuneration report.

The results in this chapter indicate that immigrants whose cultural backgrounds are more dissimilar to the cultural background of the domestic population of the host country are more likely to be retained on boards of firms with negative market returns. However, there is some evidence that the external director labour market penalises this group of immigrant directors with fewer outside board seats and a lower likelihood of increasing the number of outside

directorships in future periods, irrespective of firm performance. Moreover, the chapter finds that directors with more disparate cultural backgrounds are less likely to increase the number of outside directorships following dividend cuts and poor financial performance. In terms of the impact of the presence of immigrant directors on board oversight, the findings of this chapter indicate that monitoring performance of immigrant directors does not differ from their non-immigrant colleagues in relation to the sensitivity of CEO turnover to firm performance and abnormal CEO compensation.

Additional testing is conducted to check the robustness of the main findings. First, the impact of an immigrant background on director turnover and the number of outside directorships held by directors is analysed over a longer time window after negative events. The findings indicate that immigrant directors are more likely to depart from the board within a three-year period, regardless of the occurrence of negative corporate events. The analysis also shows that the negative association between a director's immigrant background and the number of future outside directorships found in the main testing remains unchanged using a three-year period.

Second, additional testing demonstrates that immigrant directors who leave the board following a strike face greater penalties in the external labour market than their non-immigrant peers. However, immigrants are rewarded with more outside directorships after departing from boards of firms with poor financial performance. Third, the results of additional testing indicate that immigrants with non-Anglo and non-Western European cultural backgrounds are the least successful in terms of their career achievements in the external director labour market relative to non-immigrants and immigrant directors belonging to the Anglo and Western European cultural groups. Fourth, testing the effect of a director's immigrant background on the number of future outside directorships using ordered logit models provides evidence which is largely consistent with the main findings based on OLS regression analysis.

Next, to address concern that under the surname-based approach to identifying an immigrant background adopted in this thesis a female director's immigrant status might be determined erroneously, all the hypotheses in this chapter are additionally tested on samples restricted to male directors. The results of this analysis largely confirm the main findings. Furthermore, to address self-selection bias, additional testing is conducted using entropy-balanced samples, which produces findings largely consistent with the main evidence. The hypotheses of this chapter are also additionally tested using an alternative measurement of a difference between an immigrant director's cultural background and the cultural background of the domestic population of the host country, as well as including race fixed effects in the analyses. The findings of these additional tests are in line with the main results.

This chapter contributes to prior academic research in several ways. First, it extends the body of literature on individuals' career outcomes in the director labour market by providing novel evidence on the effect of a director's immigrant background on the ex-post settling up process following adverse firm events. Consistent with social categorisation theory, this chapter documents some negative biases against immigrant directors in both the internal and external director labour markets. Furthermore, this chapter examines an immigrant background as a complex construct and provides evidence that immigrants' generational statuses and cultural backgrounds have differential impacts on immigrant directors' career outcomes in the internal and the external labour markets. Specifically, certain negative firm events have different career consequences for first generation immigrant directors in the internal and the external director labour markets. In addition, this chapter documents that immigrant directors whose cultural backgrounds are more dissimilar to the cultural background of the domestic population of the host country face stronger negative biases in the external director labour market relative to other categories of immigrants. Second, this chapter contributes to prior research that has examined factors affecting the effectiveness of board oversight, as it reports empirical evidence

on the role of immigrant directors in board monitoring performance. This chapter documents that the presence of immigrant directors has no effect on abnormal CEO compensation and the sensitivity of CEO turnover to performance.

The remainder of this chapter is structured as follows. Section 3.2 discusses prior literature, relevant theory and develops hypotheses. The research design and the statistical models utilised for testing the hypotheses are detailed in Section 3.3. The sample construction process is described in Section 3.4, whilst Section 3.5 reports descriptive statistics, the results of univariate testing and the findings of the regression analyses. Additional testing of the hypotheses is outlined in Section 3.6, and Section 3.7 presents concluding remarks.

3.2 Literature review and theory development

3.2.1 Career consequences of negative firm events for immigrant directors

The board of directors is the apex of the decision control systems in a firm, and the board has the authority to oversee and approve significant decisions of top management and to select, dismiss and remunerate the CEO (Fama & Jensen, 1983). Directors face the ex-post settling up process in the director labour market which disciplines and rewards them based on information about their talents and performance (Fama, 1980; Fama & Jensen, 1983). In addition, Fama and Jensen (1983) argue that directors suffer significant losses in their human capital if the internal governance system of the firm fails. Thus, the ex-post settling up in the director labour market implicitly motivates directors to build and maintain their reputation as effective monitors and advisors (Fama & Jensen, 1983).

Most prior studies that examine the reputational hypothesis developed in Fama (1980) and Fama and Jensen (1983) employ the number of outside board seats held by a director and director retention on the board as measures of a director's reputation and career achievements

in the external and internal director labour markets, respectively. The rationale behind these measures is that an efficient director labour market rewards directors who diligently fulfill their board responsibilities with additional board appointments and retention at incumbent firms (Srinivasan, 2005). Conversely, directors who fail to perform their functions are likely to be disciplined through the loss of board seats (Srinivasan, 2005).

A large body of prior literature provides empirical evidence which supports the existence of an efficient director labour market with the ex-post settling up for directors in various contexts. Directors are held accountable for unsatisfactory firm performance as they are more likely to depart from a firm following poor firm performance (Hermalin & Weisbach, 1988; Yermack, 2004; Bates et al., 2016). Findings in Asthana and Balsam (2010) also demonstrate that director turnover increases after a decline in firm performance and an increased risk of bankruptcy. Furthermore, the number of outside board seats held by a director in future periods is positively associated with a firm's past financial performance (Brickley et al., 1999; Ferris et al., 2003; Yermack, 2004). Similarly, Bates et al. (2016) find that directors who depart from a firm subsequent to poor performance are less likely to obtain additional future board seats.

In addition to poor firm performance, prior studies document a number of other negative events that affect directors' reputation in the labour market. For example, director turnover increases in the aftermath of firm bankruptcy, and directors who depart from the board following firm bankruptcy obtain fewer subsequent directorships (Gilson, 1990). Moreover, the likelihood of gaining additional board seats for top managers of firms that reduce dividends is lower than for top executives of companies which do not announce dividend cuts (Kaplan & Reishus, 1990). However, it appears that the reduction of dividends does not result in the loss of existing board seats already held (Kaplan & Reishus, 1990). In addition, directors are more likely to be replaced following the revelation of stock-option backdating, while the number of additional

directorships held by directors departing from boards of firms involved in backdating decreases (Bereskin & Smith, 2014).

Financial reporting failure also imposes reputational costs on directors, as they are more likely to depart from the board of firms involved in earnings restatements (Srinivasan, 2005; Arthaud-Day et al., 2006; Marcel & Cowen, 2014), and they face a 25% loss of board positions at other firms (Srinivasan, 2005). Similarly, Fich & Shivdasani (2007) document that outside directors of firms accused of financial fraud are penalised by the loss of outside board seats, although they find no evidence that this negative event leads to increased director turnover. Moreover, directors of firms sued by investors for fraud, particularly those directors who are named as defendants in lawsuits, are more likely to depart from sued firms and suffer a loss of board seats held in other firms (Brochet & Srinivasan, 2014). In addition, director turnover increases subsequent to filings of shareholder derivative lawsuits (Ferris et al., 2007). Finally, Dou (2017) documents that directors experience reduction in the number of board seats held following earnings restatements, class action lawsuits, dividend cuts and debt covenant violations.

A recent study by Thams and Rickley (2023) provides the first evidence on the effect of CEO national origin on CEO turnover in the US subsequent to low financial performance. They find that CEOs who were born in a foreign country are more likely to be dismissed from firms with subpar performance than CEOs born in the US. Prior literature, however, is silent on the impact of a director's immigrant background on the ex-post settling up process in the director labour market following negative events. The empirical question of whether immigrant directors experience differential consequences of negative firm events on their reputation and career remains open. Considering the absence of prior empirical evidence, social categorisation theory

(Tajfel, 1978; Turner et al., 1987) is employed to develop theoretical arguments for examining this research question.

According to social categorisation theory (Tajfel, 1978; Turner et al., 1987), individuals view themselves based not only on their unique personal attributes but also on their social identity formed through awareness of belonging to a certain social group and the importance assigned to this sense of belonging. Fostering a favourable sense of self and strengthening social identity can be achieved by emphasising positive differences between one's own group and out-group (Turner et al., 1987). Thus, the drive to build and uphold a positive self-concept induces in-group favouritism (Brewer, 2007). The key attributes of in-group relations are preference and loyalty (Brewer, 2007). Preference refers to the preferential acceptance of in-group fellows over out-group individuals, whereas loyalty relates to the observance of norms established within the in-group and reliability and trust in interactions with in-group members (Brewer, 2007). In addition, individuals are more empathic to their in-group fellows and, as a result, are more likely to help them than out-group members (Stürmer et al., 2006). In-group favouritism is a well-documented phenomenon which is found in various settings by numerous previous studies (see, for example, Platow et al., 1990; Hewstone, 1990; Miller et al., 1998; Yuki et al., 2005; Weber, 1994).

Conversely, individuals may develop negative biases toward out-group members when they often discount out-group members achievements, inherent abilities and efforts and explain their success by external circumstances (Weber, 1994; Hewstone, 1990). Similarly, people are less forgiving and lenient toward out-group members relative to in-group members in relation to their misconduct or failures and mistakes (Weber, 1994; Hewstone, 1990). In-group and out-group biases can be triggered automatically if a particular attribute is salient for social categorisation (Otten & Moskowitz, 2000). Attributes that are easily observable possess a high

degree of salience, and prior literature in social psychology has established that ethnicity, gender, race, and language are extremely salient demographic characteristics for social categorisation (Verkuyten et al., 1999; Hewstone et al., 1991; Park & Rothbart, 1982).

Findings in previous studies in corporate governance and finance are consistent with the above evidence and show the existence of out-group biases against females and racial minorities in top managerial and director positions. For example, in their communications with journalists, non-minority CEOs attribute low performance of other firms with racial minority CEOs to internal factors and racial minority CEOs' mistakes (Park & Westphal, 2013). Racial minority directors are rewarded with fewer additional board seats for performing their board duties effectively (Westphal & Stern, 2007). Moreover, the managerial labour market does not reward females to the same extent as males, as females who have experience as executives or independent directors at S&P 500 firms do not receive additional outside positions in other S&P 500 firms in future periods, in contrast to their male peers with similar experience (Cziraki & Robertson, 2021). In addition, evidence in Chidambaran et al. (2022) suggests that directors who are more dissimilar to other board members in terms of their ethnicities are less likely to be retained on the board. Furthermore, performance of females and racial minority groups is monitored more closely and results in receiving lower evaluation ratings (Haslam & Ryan, 2008; Kraiger & Ford, 1985).

An immigrant background is a multi-dimensional construct which incorporates an individual's ethnicity, country of birth, language, culture (Glick & White, 2003). It is readily observable and, therefore, it is highly salient for social categorisation and activating in-group and out-group biases. Evidence in Chapter 2 suggests that immigrants are a minority group on corporate boards relative to non-immigrant directors. Directors may be especially susceptible to out-group biases when interpreting the actions of their fellow directors, since individuals tend to

develop stronger out-group biases when assessing the actions of their competitors in terms of prestige and resources (Westphal & Stern, 2007).

Therefore, in-group and out-group biases may affect judgements and decisions of non-immigrant board members and distort their views in relation to their immigrant peers' board performance and behaviour. Non-immigrant directors may attribute poor performance of their non-immigrant fellows to extraordinary or transitory factors, while the same level of performance of immigrant directors may be attributed to their incompetence or a lack of diligence in fulfilling their board duties. Hence, immigrants may face greater penalties for negative firm events in the form of higher director turnover.

On the other hand, directors may be shielded by their immigrant status against penalties imposed by the director labour market for being ineffective monitors. According to resource dependence theory, the key role of the board is to provide resources to the firm (Hillman & Dalziel, 2003). Members of the board' human and relational capital is considered to provide the following resources: counsel, firm legitimacy and reputation, the means of exchanging information between external organisations and the firm and support and resources from significant parties outside the firm (Pfeffer & Salancik, 1978). Provision of these resources ultimately leads to increased firm value (Pfeffer & Salancik, 1978). There has also been considerable public attention and regulatory pressure on firms to increase board diversity and demographic minorities' representation on corporate boards (Knippen et al., 2019; Chu & Davis, 2016). As such, board diversity enhances the legitimacy of an organisation, while diverse directors provide benefits to the firm in the form of their unique backgrounds, skillsets and viewpoints (Hillman et al., 2007). Thus, a minority status of a director may be a valuable resource to the firm.

Furthermore, due to tokenism, minority directors on boards may serve as symbols representing the whole category to which they belong (Kanter, 1977). Thus, minority directors may have advantages in the director labour market which stem from the rare and irreplicable nature of their minority status (Hill et al., 2015). The uniqueness and value of the minority status is based on the notion that it cannot be easily acquired (Hill et al., 2015). Therefore, given their scarcity, minority directors may be valued by firms as tokens of minorities' representation on corporate boards.

Prior literature provides evidence which is consistent with the above arguments in relation to gender and racial minorities. For example, turnover of racial minority CEOs is lower than non-minority CEOs (Ursel et al., 2023). Furthermore, female and racial minority directors of firms involved in financial fraud possess a certain degree of reputational immunity due to increased demand and limited supply of these categories of directors as their net loss of outside directorships following the revelation of fraud is lower than the loss experienced by their non-minority fellow directors (Naumovska et al., 2020).

Similarly, given that an immigrant background is also a rare inimitable demographic attribute which is innate, it may present a valuable resource to the firm, which, in turn, may result in preferential treatment of directors with this characteristic in the labour market. Therefore, it may be argued that immigrant directors are more likely to be retained on boards following negative corporate events.

The above conflicting arguments of social categorisation theory and resource dependence theory do not allow a clear directional prediction about the relationship between directors' immigrant statuses and their turnover subsequent to negative events. Therefore, the following is conjectured:

Hypothesis 1a: There is an association between a director's immigrant background and the likelihood the director leaves the board following negative events.

Moreover, first-generation immigrants and immigrants whose cultural background is more dissimilar to the cultural background of the domestic population of the host country may experience greater negative consequences of their immigrant status than other categories of immigrants in the director labour market. When a specific demographic trait is relatively uncommon and stands out within a particular population, it is more likely to serve as a prominent basis for categorising individuals as part of an out-group (Hewstone, 1990). First-generation immigrants and immigrants with cultural backgrounds that are significantly different from the national culture of the receiving country possess more distinctive attributes that make them more dissimilar to non-immigrants. Furthermore, they make up a smaller proportion of the population than other categories of immigrants. Thus, their rare status may lead to out-group biases of a greater magnitude when non-immigrant directors assess their performance and decisions. Consequently, it may be expected that they are more likely to be removed from the board after negative events.

On the other hand, first-generation immigrant directors and immigrant directors whose cultural background is more dissimilar to the culture of the receiving country possess the rarest and most unique status among other groups of immigrants, which makes the former categories of immigrants a more valuable resource to the firm than all other immigrant directors. Hence, it may be argued that first-generation immigrant directors and immigrant directors whose cultural background is different from the culture of the host country are less likely to depart from the board subsequent to negative firm events than other immigrant directors. Thus, it is predicted that:

Hypothesis 1b: The association between a director's immigrant background and the likelihood the director leaves the board following negative events differs for first-generation immigrants and immigrants whose cultural backgrounds are more dissimilar to those of the domestic population of the host country.

Furthermore, based on the above arguments of social categorisation theory it may be conjectured that immigrants experience a more pronounced spillover effect of adverse firm events on the number of seats held on boards of other firms than non-immigrant directors. Non-immigrant directors may be driven by prejudices and out-group biases when assessing their fellow immigrant directors' behaviour and performance. Due to an ultimate attribution error (Hewstone, 1990), they may be more likely to attribute various negative firm outcomes to immigrant directors' innate characteristics, a lack of required abilities, expertise and poor leadership. As a result, immigrant directors may be perceived by their non-immigrant peers as more responsible for negative corporate events than non-immigrant directors. Therefore, following such events, immigrants may be less likely to receive referrals from their fellow non-immigrant board members for appointments on boards at other firms, and non-immigrant directors of other firms may be less likely to support their candidatures in the director selection process. Likewise, they may be less likely to retain their existing positions on other boards than their non-immigrant colleagues, as they may be considered by non-immigrant directors of other firms less competent and effective in performing their board duties. Consequently, immigrant directors of firms experiencing negative events may hold fewer outside directorships in subsequent periods that non-immigrant directors.

However, the arguments derived from resource dependence theory discussed above suggest that immigrant directors' rare status may help them to preserve their existing outside directorships and to provide them with additional seats on other boards in consecutive periods.

A director's immigrant background may be considered as an important resource to the board which enhances firm legitimacy and reputation. As a result, being in demand in the labour market due to the scarceness of their demographic attribute, immigrant directors of firms that experienced negative events may be more likely to retain their current seats on boards of other firms and even attract additional outside directorships Collectively, based on the above, it is predicted that:

> *Hypothesis 2a:* There is an association between a director's immigrant background and the number of outside board seats held by the director following negative events.

Similar to the internal director labour market, the external director labour market may impose greater reputational penalties on first-generation immigrants and immigrants whose cultural backgrounds are more dissimilar to the culture of the host country. The rarity of their status may activate stronger out-group biases than biases developed against other categories of immigrants (Hewstone, 1990). Therefore, they may experience more unfavourable evaluation of their board performance made by non-immigrant directors. Consequently, first-generation immigrant directors and immigrant directors whose cultural backgrounds are more dissimilar to the cultural background of the domestic population of the host country may be less likely to receive support from their non-immigrant fellow directors in obtaining additional outside board seats and in retaining their existing directorships on other boards in the aftermath of negative events.

On the other hand, following resource dependence theory, as first-generation immigrants and those with cultural backgrounds that are more dissimilar to the culture of the receiving country have the rarest demographic attributes, it makes them a more valuable resource to the board relative to other immigrant directors. Thus, it may be expected that first-generation immigrant directors and immigrant directors whose cultural backgrounds are more dissimilar to those of

the domestic population of the host country are less likely to suffer from a loss in outside directorships subsequent to negative events than other immigrant directors.

Therefore, it is predicted that:

> *Hypothesis 2b:* The association between a director's immigrant background and the number of outside board seats held by the director following negative events. differs for first-generation immigrants and immigrants whose cultural backgrounds are more dissimilar to those of the domestic population of the host country.

3.2.2 Monitoring performance of immigrant directors

Prior literature has identified monitoring as one of the main responsibilities of the board of directors (Fama, 1980; Jensen, 1993). The board's oversight is crucial due to agency costs that arise when management prioritises its own interests over those of shareholders (Hillman & Dalziel, 2003). The monitoring function entails an active engagement of the board in the firm's fundamental decision-making processes to mitigate agency problems (Adams & Ferreira, 2007). Decisions regarding selection, replacement and oversight of the firm's CEO have been often considered in prior studies as the main dimension of the board monitoring function, and the quality of these decisions is analysed to evaluate the effectiveness of the board (Hermalin & Weisbach, 2003).

A long stream of empirical studies has utilised CEO turnover following poor performance as a measure of the board's monitoring function and found a positive relationship between CEO turnover and poor firm performance (for example, Coughlan & Schmidt, 1985; Wruck et al., 1988; Weisbach, 1988; Kaplan, 1994; Huson et al., 2001; Goyal & Park, 2002; Huson et al., 2004; Kaplan & Minton, 2012; Jenter & Kanaan, 2015, Field et al., 2020; Jenter & Lewellen, 2021). According to the common interpretation adopted in prior literature, the sensitivity of

CEO turnover to firm performance indicates that boards consider CEOs accountable for subpar corporate performance. Consequently, boards remove underperforming CEOs to increase firm value (Hermalin & Weisbach, 2003; Fee & Hadlock, 2004).

Another dimension of the effectiveness of board monitoring examined in prior literature is CEO compensation (Field et al., 2020), as powerful CEOs use their control over the board to obtain levels of compensation that are deemed "excessive" (Hermalin & Weisbach, 2003). According to managerial power theory (Bebchuk et al., 2002), boards can be captured, have a favourable disposition towards management or not competent in performing their monitoring functions in relation to CEO compensation. As a result, directors often endorse CEO compensation agreements that are inconsistent with optimal contracting and enable CEOs to extract rent in the form of remuneration exceeding the optimal level for shareholders (Bebchuk et al., 2002).

One of the pioneering empirical studies in this area by Boyd (1994) establishes a negative relationship between levels of board control and CEO compensation. Similarly, Core et al. (1999) find evidence that weak firm corporate governance is associated with a higher CEO compensation, as CEO compensation is positively related to the number of directors appointed to the board during the CEO's tenure, board size, the number of busy and older directors. Faleye et al. (2011) also find that the intensity of board oversight leads to decreased excess CEO compensation, however, it does not affect the sensitivity of CEO compensation to performance. In addition, firms with lax board monitoring are more likely to increase compensation of their CEOs engaged in joint ventures, strategic alliances, seasoned equity offerings and spin-offs even when these deals do not increase firm value (Fich et al., 2014).

However, the extant literature on the impact of demographic characteristics of directors on their monitoring performance has provided conflicting findings. For example, Adams and

Ferreira (2009) examine the impact of the gender composition of boards on the governance of firms and find that CEOs of poorly performing firms are more likely to depart from the office when there are more female directors on the board. However, they find no association between female directors' representation on the board and the level of CEO compensation. Similarly, evidence in Field et al. (2020) suggests that female and racial minority directors appear to be more vigilant monitors as their presence on the board strengthens the relationship between CEO turnover and firm performance. On the other hand, the presence of female and racial minority directors on the compensation committee either as a member or a chair does not lead to abnormal CEO compensation (Field et al., 2020).

Moreover, Masulis et al. (2012) focus on foreign independent directors in US firms and investigate how they affect a board's monitoring function. Findings in Masulis et al. (2012) indicate that foreign directors are less effective monitors than domestic directors, as there is a negative relationship between their presence on the board and the sensitivity of CEO turnover to firm performance. In addition, CEOs of firms with foreign directors on the board receive greater compensation, which is also an indicator of poor monitoring of foreign directors (Masulis et al., 2012). Furthermore, Giannetti & Zhao (2019) examine board ancestral diversity based on a country of origin of directors' surnames and find that boards with greater ancestral diversity do not differ in terms of performing their monitoring functions, as this board attribute does not affect the sensitivity of CEOs' turnover and compensation to performance, although it results in a greater total CEO pay.

However, to my knowledge, there is no empirical evidence to date on the effect of a director's immigrant background on the effectiveness of monitoring performance.[12] Hillman and Dalziel

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[12] The concept of an immigrant background is different from race, ethnicity and foreigner status which have been explored in prior literature. The concept of race is based on visual biological attributes (skin colour), whereas

(2003) argue that the board's human and social capital comprised of directors' abilities, skillsets, experience, reputation, professional, personal backgrounds and social connections reflect board oversight ability and positively affect the effectiveness of monitoring, including CEO replacement and compensation. On the one hand, the presence of immigrants on boards may increase the board's human capital as diversity of individuals' demographic backgrounds brings a broader range of abilities, cognitive approaches, and perspectives, which, in turn, leads to faster knowledge acquisition (Giannetti & Zhao, 2019). According to Kang et al. (2022), at the firm level more diverse boards are less likely to agree with management proposals that decrease firm value. In addition, diversity of directors' preferences leads to more efficient board communication (Malenko, 2014). Thus, the presence of immigrant directors may increase the quality of decisions made by the board, including those related to board oversight, due to increased board diversity.

Moreover, at the individual level immigrant directors may be more efficient in performing monitoring functions than their non-immigrant colleagues. Minorities in a larger group who are viewed as tokens of their category face performance pressures to which they often respond by overachievement (Kanter, 1977). They devote more effort and time to performing their professional tasks and to obtaining, maintaining and proving their skills and competence (Kanter, 1977). In line with this notion, female and racial minority directors often have greater professional experience, higher educational levels and qualifications than white male directors (see, for example, Field et al., 2020). Similarly, immigrant directors, being minorities on corporate boards, may have higher levels of professional training, greater expertise, and

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Ethnicity is defined based on a group's shared culture, history, language, religion, race (Australian Bureau of Statistics, 2019). Foreign directors examined by Masulis et al. (2012) are defined as directors domiciled in foreign countries. An immigrant background is a multi-dimensional construct which includes ethnicity, language, country of birth, generation, length of residence in a host country (Glick & White, 2003).

competence than non-immigrant directors, which have granted them access to the boardroom. Thus, a higher level of human capital of immigrant directors may enable them to be more efficient monitors.

In addition, an institutional context of some countries may positively influence the supply of immigrants with higher levels of human capital than those of the domestic population of the host country. For example, Australia has an immigration system which is designed to attract highly skilled immigrants with significant levels of human capital (Cobb-Clark & Nguyen, 2012). On average, first-generation immigrants in Australia are more highly educated than domestic population (Cobb-Clark & Nguyen, 2012). Moreover, children of these immigrants with non-English-speaking background have superior educational outcomes relative to their peers belonging to the domestic population of the host country and children of immigrants from English-speaking countries (Cobb-Clark & Nguyen, 2012; Le, 2009). Similar evidence is also found in the Canadian setting (Aydemir et al., 2008). These findings are consistent with prior literature which suggests that immigrants have higher educational ambitions for their children and are more inclined to invest in their human capital (Glick & White, 2003; Kao & Tienda, 1995). In addition, immigrants in many countries mostly reside in the main metropolitan areas, which also provides educational advantages for immigrants via a better access to educational institutions (Cobb-Clark & Nguyen, 2012).

On the other hand, there is evidence that the diversity of a group may impede collective actions and collaboration (Algan et al., 2016). Diversity of beliefs in a group of agents decreases the likelihood of corporate decision making, as diverse agents anticipate future conflicts and try to avoid them by not taking collective actions (Garlappi et al., 2017). Conflicts may arise in the boardroom during decision-making as directors with immigrant and non-immigrant backgrounds may hold opposing opinions, values, and preferences (Giannetti & Zhao, 2019).

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This diversity of perspectives and cognitive approaches of immigrant and non-immigrant directors may be due to cultural differences in beliefs, norms of behaviour and preferences that can persist across several immigrant generations (Guiso et al., 2006). In addition, according to Donaldson et al. (2020), board deadlock is more likely to arise when the board is diverse, which, in turn, may result in entrenched CEOs. Moreover, there is evidence that strategic decision making and extensive long-term planning are negatively affected by the cognitive diversity of top executives (Miller et al., 1998). Therefore, the presence of immigrant directors on the board may decrease the effectiveness of board monitoring due to problems with the decision-making process and potential disagreements between immigrant and non-immigrant board members.

Furthermore, evidence in a recent study of Kang et al. (2022) indicates that directors who are dissimilar to other board members in terms of innate demographic characteristics, such as gender, age, and nationality, do not express opposition towards management proposals. This is consistent with Kilduff et al. (2000) who find no evidence that demographic diversity influences cognitive diversity. Therefore, following Kang et al. (2022) and Kilduff et al. (2000), it may be argued that some sources of board diversity, including an immigrant background, do not translate into increased cognitive diversity of the board and, therefore, do not enhance the board monitoring function. In addition, minorities with a token status often face social isolation and experience problems with developing and maintaining professional and social interactions in the workplace (Kanter, 1977). Thus, immigrant directors may be less effective monitors as they may be reluctant to challenge the CEO's decisions and performance due to a lack of confidence and support of non-immigrant board members.

Therefore, based on the above competing arguments the following is predicted:

Hypothesis 3: The presence of immigrant directors on the board is associated with the effectiveness of board monitoring.

3.3 Research design

3.3.1 Immigrant directors' career outcomes in the director labour market following negative events

To examine the impact of an immigrant background on a director's departure from the board following negative events predicted by Hypothesis 1a, the following logit model is estimated on the full sample of directors[13]:

$$Director\ Turnover\ = \alpha + \beta_1 Immigrant\ Director\ +$$

$$\beta_2 Negative\ Events\ (Firm\ Performance) +$$

$$\beta_3 Immigrant\ Director\ x\ Negative\ Events\ (Firm\ Performance) +$$

$$\beta_4 Control\ Variables\ +$$

$$\varepsilon_i \qquad\qquad (1)$$

The dependent variable *Director Turnover* is an indicator variable equal to 1 if a director leaves the firm in the year after negative events, and 0 otherwise.[14] *Director Turnover* includes all types of directors' departures from the firm, except for those caused by the director's death. Since firms are interested in presenting their directors' and CEO's departures as voluntary, it is very difficult to distinguish forced from voluntary turnovers based on the information disclosed by companies or using some directors' and CEOs' characteristics (for example, age)

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[13] Models (1), (2) and (5) are additionally tested using linear probability models, the results (untabulated) are largely consistent with the main findings.

[14] Additional test is conducted to tests Hypothesis 1a using an alternative specification of Model (1) in which the dependent variable *Director Turnover* is defined as an indicator variable equal to 1 if a director leaves the firm within three years following negative corporate events, and 0 otherwise. The results are discussed in Section 3.6.1.

(Jenter & Lewellen, 2021). Consequently, the effect of negative corporate events on CEO and director turnover may be estimated with a downward bias (Jenter & Lewellen, 2021).

To test the effect of an immigrant status on director turnover, the independent variable *Immigrant Director* is included in Model (1). It is an indicator variable set to 1 if a director is an immigrant, and 0 otherwise. A director's immigrant background is identified employing the same methodology as in Chapter 2 (discussed in Section 2.3.1), which is based on an individual's ethnicity and country of birth. To examine whether negative events influence director turnover, the following independent variables are included in Model (1): *Strike, Dividend Cuts, Loss, RET, Negative RET, ROA* and *Negative ROA.*

The *Strike* variable is included in Model (1) to explore the impact of a strike against the remuneration report on subsequent director turnover. It is an indicator variable equal to 1 if the firm receives a strike against the remuneration report in the prior period, and 0 otherwise. Under the "two-strikes" rule introduced in Australia by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011* (Cth) when at least 25% shareholders vote against the remuneration report at the annual general meeting in two consecutive years, shareholders have to vote on the "spill resolution" to decide whether all directors should face re-election. Directors may incur reputational costs in relation to a strike as it can be interpreted as a loss of trust in directors and a failure of the board in performing its monitoring function (Bugeja et al., 2023).

Dividend Cuts is a dummy variable set to 1 if there is a reduction of at least 25% in a firm's yearly dividend payments compared to the previous year (Kaplan & Reishus, 1990), and 0 otherwise. *Loss* is an indicator variable equal to 1 if the firm's accounting profit in the year prior to the director' s departure from the firm is less than zero, and 0 otherwise. *RET* is measured as the annual stock return for the prior year, whereas *Negative RET* is a dummy

variable set to 1 if the annual stock return for the previous year is less than zero, and 0 otherwise. *ROA* is measured as net income over total assets in the year before director turnover. In addition, *Negative ROA* is an indicator variable equal to 1 if the return on assets in the prior period is less than zero, and 0 otherwise. The interaction terms *Immigrant Director x Strike, Immigrant Director x Dividend Cuts, Immigrant Director x Loss, Immigrant Director x RET, Immigrant Director x Negative RET, Immigrant Director x ROA, Immigrant Director x Negative ROA* are incorporated in Model (1) to test the prediction of Hypothesis 1a that an immigrant status affects director turnover following negative events.

Model (1) also includes a set of control variables based on prior literature. The control variables include *Director Age* measured in years, *Number Outside Board Seats* measured as the number of outside board seats held by the director, *Director Tenure* measured as the number of years served on the board, *Female* (an indicator variable equal to 1 if the director is a female, 0 otherwise), *Board Size* (Coles et al., 2008) measured as the number of directors on the board, *Percent Independent Directors* (Adams &Ferreira, 2007) measured as the percent of independent directors on the board, *CEO is Chair* (an indicator variable equal to 1 if the CEO is a chair, 0 otherwise). Firm-level characteristics include *Firm Size* (Ferris et al., 2003; Srinivasan, 2005) measured as the natural logarithm of the market capitalisation of the firm, *Market to Book* is defined as the market to book ratio*, LT Debt to Total Assets* is measured as total long-term debt over total assets, *Volatility* is measured as the standard deviation of annual stock returns over the previous three years. In addition, *RET* and *ROA* are included as control variables in Model (1) when the impact of a strike and dividend cuts on director turnover are examined. Finally, Model (1) incorporates firm and year fixed effects, and robust standard errors clustered at the director level.

To explore the effect of immigrant directors' generational statuses and cultural backgrounds on their departures from the firm in the aftermath of negative corporate events (Hypothesis 1b), the following model is estimated on a subsample of immigrant directors:

$$
\begin{aligned}
Director\ Turnover \\
= \alpha + \beta_1 Director\ Born\ Overseas\ (Cultural\ Distance) \\
+ \beta_2 Negative\ Events\ (Firm\ Performance) \\
+ \beta_3 Director\ Born\ Overseas\ (Cultural\ Distance)x\ Negative\ Events\ (Firm\ Performance) \\
+ \beta_4 Control\ Variables + \varepsilon_i \qquad\qquad (2)
\end{aligned}
$$

The definition of the dependent variable *Director Turnover* is consistent with Model (1)[15]. The independent variable *Director Born Overseas* is included in Model (2) to test the impact of an immigrant generational status on director turnover. It is an indicator variable set to 1 if a director was born overseas, and 0 otherwise. The variable *Cultural Distance* is included in Model (2) to analyse whether dissimilarity of an immigrant director's cultural background to the cultural background of the domestic population of the host country influences the likelihood of the immigrant director leaving the firm. The definition and measurement of the *Cultural Distance* variable is consistent with those described in Section 2.3.1 of Chapter 2 of this thesis[16].

The interaction terms *Director Born Overseas* (*Cultural Distance*) *x Negative Events* (*Firm Performance*) (*Strike, Dividend Cuts, Loss, RET, Negative RET, ROA, Negative ROA*) are included in Model (2) to test the conjectures of Hypothesis 1b that an association between directors' immigrant statuses and their turnover subsequent to adverse events is stronger for

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[15] Additional analysis is conducted to tests Hypothesis 1b using an alternative specification of Model (2) in which the dependent variable *Director Turnover* is defined as an indicator variable equal to 1 if a director leaves the firm within three years following negative corporate events, and 0 otherwise. The results are discussed in Section 3.6.1.

[16] Hypothesis 1b and Hypothesis 2b of this chapter are additionally tested using an alternative definition and measurement of variable *Cultural Distance* discussed in Section 2.6.6 of Chapter 2. The results of this additional analysis (untabulated) are consistent with the main findings.

first-generation immigrants and immigrants whose cultural backgrounds are more dissimilar to the culture of the domestic population in the receiving country. Finally, Model (2) includes control variables and fixed effects which are consistent with Model (1), and robust standard errors clustered at the director level.

Next, analysis turns to testing the impact of an immigrant status on the number of outside board seats held by directors in the periods following negative events (Hypothesis 2a) by estimating the following model:

$$Board\ Seats_{t+1,t+2}\ (Increase\ Board\ Seats_{t+1,t+2}) = \alpha + \beta_1 Immigrant\ Director +$$

$$\beta_2 NegativeEvents\ (Firm\ Performance) +$$

$$\beta_3 Immigrant\ Director\ x\ NegativeEvents\ (Firm\ Performance) +$$

$$\beta_4 Control\ Variables +$$

$$\varepsilon_i \tag{3}$$

The dependent variables *Board Seats t+1* and *Board Seats t+2* are measured as the number of outside board seats held by the director in one year (year t+1) and in two years (year t+2) following negative events, respectively. In addition, an alternative specification of Model (3) is utilised to test Hypothesis 2a with *Increase Board Seats t+1* and *Increase Board Seats t+2* as the dependent variables. *Increase Board Seats t+1* is an indicator variable set to 1 if the difference between the number of outside board seats held by the director in year t+1 and in year t (the year of the negative event) is positive, and zero otherwise. Similarly, *Increase Board Seats t+2* is a dummy variable set to 1 if the difference between the number of outside board seats held by the director in year t+2 and in year t is positive, and zero otherwise.

The independent variable *Immigrant Director* is defined in the same way as in Model (1). *Strike, Dividend Cuts, Loss, RET, Negative RET, ROA* and *Negative ROA* are included in

Model (3) as measures of negative corporate events and firm performance. Their definitions are consistent with those used in Model (1). Model (3) also includes interaction terms that are consistent with Model (1) to test an association between a director's immigrant background and the number of outside board seats held in the periods after negative events as predicted by Hypothesis 2a. In addition, Model (3) incorporates several variables to control for directors' and firms' characteristics that influence the number of outside directorships held by directors based on prior research in this area. The control variables include *Director Departure t+1, Director Departure t+2, Director Committee, Director Lead, Director Age, Director Tenure, Number Outside Board Seats, Female, Firm Size. Director Departure t+1* is an indicator variable equal to 1 if the director leaves the firm within one year after negative corporate events, and 0 otherwise. It is included in the analysis as a control variable when *Board Seats t+1* and *Increase Board Seats t+1* are used as the dependent variables in Model (3). *Director Departure t+2* is an indicator variable that equals 1 if the director is not on the board of the firm at the end of year t+2, and 0 otherwise. It is included in Model (3) when *Board Seats t+2* and *Increase Board Seats t+2* are utilised as the dependent variables. Including variables *Director Departure t+1* and *Director Departure t+2* in Model (3) controls for the impact of losing a directorship in the current firm on outcomes in the external director labour market.

Director Committee is an indicator variable equal to 1 if a director is a member of the audit, remuneration, nomination, governance committee, and 0 otherwise. The control variable *Director Lead* is an indicator variable equal to 1 if a director is the chair of the board, the chair of the audit, remuneration, nomination, governance committee, and 0 otherwise. The definitions of the remaining control variables are consistent with those included in Model (1). In addition, *ROA* and *RET* are included in Model (3) as control variables when testing the effect of a strike and dividend cuts on the number of outside directorships held by the director. The

measurement of these variables is the same as in Model (1). Model (3) also includes firm and year fixed effects, and robust standard errors clustered at the director level.

Furthermore, Hypothesis 2b predicts that first generation immigrant directors and immigrant directors whose cultural background is more dissimilar to the cultural background of the domestic population of the host country experience more pronounced consequences of unfavourable corporate events on their career in the external labour market than other categories of immigrants. The following model is estimated on a subsample of immigrant directors to test the above prediction:

$$
\begin{aligned}
Board\ Seats_{t+1,t+2}\ &(Increase\ Board\ Seats_{t+1,t+2}) \\
&= \alpha + \beta_1 Director\ Born\ Overseas\ (Cultural\ Distance) \\
&+ \beta_2 Negative\ Events\ (Firm\ Performance) \\
&+ \beta_3 Director\ Born\ Overseas\ (Cultural\ Distance)x\ Negative\ Events\ (Firm\ Performance) \\
&+ \beta_4 Control\ Variables + \varepsilon_i
\end{aligned}
$$

$$(4)$$

The definitions of the dependent variables *Board Seats t+1, Board Seats t+2, Increase Board Seats t+1* and *Increase Board Seats t+2* are consistent with those included in Model (3). The independent variables *Director Born Overseas* and *Cultural Distance* are determined in the same way as in Model (2). In addition, Model (4) includes interaction terms that are consistent with those used in Model (2) to examine whether an association between an immigrant status and the number of outside directorships held by directors of firms that experienced negative events is stronger for first-generation immigrants and immigrants whose cultural backgrounds are more dissimilar to the culture of the domestic population in the receiving country. Finally, Model (4) includes a set of control variables and fixed effects which are consistent with Model (3), and robust standard errors clustered at the director level.

3.3.2 Monitoring performance of immigrant directors

Hypothesis 3 posits that an association exists between immigrant directors' representation on boards and the effectiveness of board monitoring. Following prior literature, first, the sensitivity of CEO turnover to firm performance is examined to test the above notion by estimating the following model[17]:

$$CEO\ Turnover\ = \alpha + \beta_1 Percent\ Immigrant\ Directors\ +$$

$$\beta_2 Negative\ Events\ (Firm\ Performance)\ +$$

$$\beta_3 Percent\ Immigrant\ Directors\ x\ Negative\ Events\ (Firm\ Performance) +$$

$$\beta_4 Control\ Variables\ +$$

$$\varepsilon_i \tag{5}$$

The dependent variable *CEO Turnover* is an indicator variable equal to 1 if a CEO leaves the firm in the year following negative event, and 0 otherwise. Departures due to all reasons besides the CEO's death are included in this analysis, as it is not possible to classify reliably CEO departures into forced and voluntary based on the information disclosed by firms in their announcements. *Percent Immigrant Directors* is the proportion of immigrant directors on the board measured as the total number of immigrant directors over the total number of directors on the board. It is included in Model (5) to test the impact of the presence of immigrant directors on CEO turnover. The following measures of negative events and firm performance are included in Model (5): *Dividend Cuts, Loss, RET, Negative RET, ROA* and *Negative ROA*. The definitions of these variables are consistent with those in Model (1).[18] The interaction terms *Percent Immigrant Directors x Negative Events* (*Firm Performance*) (*Dividend Cuts, Loss,*

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[17] Samples used for the analysis of monitoring performance of immigrant directors include only firms for which immigrant backgrounds of all their board members are identified.
[18] The variable *Strike* is not included in Model (5), as Bugeja et al. (2023) find no impact of the occurrence of a strike on the remuneration report on subsequent CEO turnover.

RET, Negative RET, ROA, Negative ROA) are included in Model (5) to examine whether an association exists between the presence of immigrant directors on the board and the sensitivity of CEO turnover to firm performance. In addition, Model (5) includes the following control variables based on previous studies: *CEO Age* measured in years, *CEO Ownership* measured as the percentage of the firm's outstanding shares owned by the CEO, *CEO Tenure* measured as the number of years served in the CEO position, *Female CEO* (an indicator variable equal to 1 if the CEO is a female, 0 otherwise), *CEO is Chair, Board Size, Percent Independent Directors, Firm Size, Market to Book, LT Debt to Total Assets* and *Volatility.* In addition, *RET* and *ROA* are included as control variables in Model (5) when testing the effect of dividend cuts on CEO turnover. The definitions of the above variables that control for corporate governance and firm characteristics are consistent with those included in Model (1). Model (5) also includes firm and year fixed effects and robust standard errors clustered at the firm level.

Next the impact of the presence of immigrant directors on excess CEO compensation is analysed to test the effectiveness of immigrant directors as monitors in accordance with Hypothesis 3. Following Yermack (2006) and Field et al. (2020), as a first step, abnormal CEO compensation is estimated as the residual of the following OLS model:

$$Total\ CEO\ Compensation = \alpha + \beta_1 Firm\ Size + \beta_2 Net\ RET + \beta_3\ CEO\ Tenure +$$
$$\beta_4 Industry\ FE + \beta_5 Year\ FE +$$
$$\varepsilon_i \tag{6}$$

Total CEO Compensation is measured as total annual CEO compensation which includes salary, bonus, shares, options and other compensation. *Firm Size* is determined in line with Model (1), while the *CEO Tenure* variable is consistent with Model (5). *Net RET* is annual stock return net of ASX All Ordinaries. Model (6) also includes industry (*Industry FE*) and year (*Year FE*) fixed effects.

Next the following model is estimated to test the effect of the presence of immigrant directors on abnormal CEO compensation:

$$Abnormal\ CEO\ Compensation\ = \alpha +$$

$$\beta_1 Presence\ Immigrant\ Directors\ on\ Remuneration\ Committee +$$

$$\beta_2 Immigrant\ Chair\ Remuneration\ Committee + \beta_3 Control\ Variables\ +$$

$$\varepsilon_i \hspace{10cm} (7)$$

The dependent variable *Abnormal CEO Compensation* (in millions) is the residual from Model (6). *Presence Immigrant Directors on Remuneration Committee* and *Immigrant Chair Remuneration Committee* are the variables of interest to test the effectiveness of immigrant directors as monitors in relation to abnormal CEO pay. *Presence Immigrant Directors on Remuneration Committee* is an indicator variable equal to 1 if there is at least one immigrant director on the remuneration committee, and zero otherwise. *Immigrant Chair Remuneration Committee* is an indicator variable equal to 1 if the chair of the remuneration committee is an immigrant, and zero otherwise. In addition, Model (7) includes the following control variables: *CEO Age, CEO Ownership, CEO Tenure, Female CEO, CEO is Chair, Board Size, Percent Independent Directors, Firm Size, ROA, Market to Book, LT Debt to Total Assets* and *Volatility.* The definitions of the above variables that control for CEO characteristics are consistent with those used in Model (5), while the definitions of the remaining variables which control for board and firm attributes are in line with those included in Model (1). Model (7) also incorporates fixed effects consistent with Model (5) and robust standard errors clustered at the firm level.

3.4 Sample construction

The Connect 4 Boardroom database is used to form samples for the 2009-2020 period to test the hypotheses developed in this chapter and to extract data on Australian directors and CEOs and corporate governance characteristics, as well as data on director and CEO turnover and CEO compensation. Directors' immigrant backgrounds are identified following the same approach as described in Chapter 2 based on individuals' surnames and places of birth. Data on directors' places of birth and missing data on directors' and CEOs' age are hand collected from ASIC-approved information brokers websites (Ready Search, CreditorWatch). Data on firms' financial characteristics are obtained from the Morningstar DatAnalysis Premium database, while data on CEO ownership are sourced from the SIRCA database. Data on shareholder voting in annual general meetings are collected from the Financial Review remuneration report voting database and firms' ASX announcements from the Morningstar DatAnalysis Premium database.

The immigrant identification strategy adopted in this thesis may result in misidentification of foreign directors as immigrant directors, since data on directors' residential addresses are not available. To address this concern, directors and CEOs of firms with head offices outside Australia are excluded from the samples[19]. Data on head offices' addresses are extracted from the Connect 4 Boardroom database. The samples also exclude directors and CEOs of funds and trusts, and the sample of directors excludes executive directors. In addition, the samples used for testing Hypothesis 3 include only those firms for which data on immigrant backgrounds of all their board members are available. Table 1 Panel A details the process of forming the sample of directors for examining career consequences for immigrant directors in the internal and external director labour markets following negative events, whereas Panel B of Table 1

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[19] The hypotheses developed in this chapter are additionally tested on full samples which include firms headquartered overseas. The results (untabulated) are largely consistent with the main findings.

describes how the samples of firms for testing immigrant directors' monitoring performance are constructed.

[Insert Table 1 here]

3.5 Descriptive statistics and empirical findings

3.5.1 Descriptive statistics

The descriptive statistics for the samples used to test the hypotheses of this chapter are reported in Panels A-D of Table 2. Panel A of Table 2 presents the descriptive statistics for the full sample of directors that is utilised to test Hypotheses 1a and 2a.

[Insert Table 2 Panel A here]

On average, approximately 14% of directors in the sample leave the firm in the current year as indicated by the mean for variable *Director Turnover*. The average director in the sample holds one outside board seat in periods t+1 and t+2 as indicated by the means of 0.987 and 1.001 on variables *Board Seats t+1* and *Board Seats t+2,* respectively. Approximately 12% of directors within the sample experience an increase in the number of outside directorships in period t+1 (*Increase Board Seats t+1),* and 40.2% increase the number of seats held on boards of other firms in period t+2 (*Increase Board Seats t+2*). 42% of board members within the sample are immigrants (*Immigrant Director*), which is approximately 10% lower than the proportion of first and second-generation immigrants in the total population of Australia as per the 2021 ABS Census data (Australian Bureau of Statistics, 2022). The means of 0.0597 for variable *Strike* and 0.0576 for *Dividend Cuts* indicate that approximately 6% of directors in the sample serve on boards of firms that experienced a strike against the remuneration report and reductions in dividends in the prior period, respectively. The mean for *Strike* is consistent with prior literature (Bugeja et al., 2023). Slightly more than a half of directors in the sample (53.2%) sit on boards

of firms which made a loss in the previous year as the mean for variable *Loss* equals 0.532. Similarly, 50.2% of directors in the sample are board members of firms that had negative ROA in the prior period as indicated by the mean for *Negative* ROA, with the average ROA of -26.5%. 32% of directors hold directorships in firms which experienced negative returns in the previous year (variable *Negative RET*).

Furthermore, the average director in the sample is approximately 58 years old (*Director Age*), holds one outside board seat (*Number Outside Board Seats*) and has 4 years of tenure (*Director Tenure*). According to the mean for variable *Female,* only approximately 10% of directors in the sample are females, which is consistent with prior research (see, for example, Adams & Ferreira, 2009; Bates et al., 2016; Asthana & Balsam, 2010). Approximately 14% of directors leave the firm in period t+1 (*Director Departure t+1*) and 24% lose their board seats within a two-year period (*Director Departure t+2*). In addition, 65.6% of directors within the sample hold membership in key board committees (*Director Committee*), whereas 48.8% serve in board leadership positions (*Director Lead*). The average firm in the sample has five board members as suggested by the mean of 5.496 for *Board Size*, with the average proportion of independent directors of about 49% (*Percent Independent Directors*). [20]Almost no firms in the sample have the CEO who also holds the board chair position (*CEO is Chair*).

Panel B of Table 2 presents the descriptive statistics for a subsample of immigrant directors used to test Hypothesis 1b and Hypothesis 2b.

[Insert Table 2 Panel B here]

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[20] The proportion of independent directors is based on the classification of a non-executive director as independent in the Connect4 database. Classifying all non-executive directors as independent results in the average proportion of independent directors of 75% in the full sample of directors. The hypotheses of this chapter are additionally tested using this alternative measurement of the proportion of independent directors, and the results (untabulated) are consistent with the main findings.

The average annual director turnover in the subsample is 15.4% (*Director Turnover*), which is slightly higher than within the full sample. The average number of outside board seats held by immigrant directors in periods t+1 and t+2 is 0.85 (*Board Seats t+1*) and 0.872 (*Board Seats t+2*), respectively, which is lower than those reported for the full sample. 10.8% of immigrant directors increase the number of outside directorships held in period t+1 as indicated by the mean for variable *Increase Board Seats t+1,* while 40.6% experience an increase in the number of outside board seats in period t+2 (*Increase Board Seats t+2*). First generation immigrants make up the majority of the subsample as indicated by the mean of 0.799 for variable *Director Born Overseas.* According to the mean for *Cultural Distance,* immigrants with the Anglo and Western European cultural backgrounds dominate in the subsample.

Consistent with the statistics reported for the full sample of directors, approximately 6% of firms with immigrant directors received a strike on the remuneration report in the prior period (*Strike*). The mean for variable *Dividend Cuts* indicates that approximately 5% of immigrant directors within this subsample sit on boards of firms which were involved in dividend cuts in the previous period. 57.9% of immigrant directors serve on boards of loss-making firms (*Loss*), 34.3% of them hold board positions in firms that yield negative market returns (*Negative RET*) and 55.4% of immigrant directors have directorships in firms with negative ROA (*Negative ROA*), with the average ROA of -32.1% (*ROA*). The mean for *Director Age* indicates that the average age of an immigrant director is 57. In addition, immigrant directors have, on average, one outside directorship (*Number Outside Board Seats*) and have served in their positions for 4 years (*Director Tenure*). The proportions of immigrant directors with board committee assignments and in board leadership positions are lower than those reported for the full sample of directors - 60.7% (*Director Committee*) and 43.1% (*Director Lead*), respectively. 25.7% of immigrant directors leave the board within two years (*Director Departure t+2*). Finally,

consistent with the full sample of directors, immigrant females are in minority on corporate boards making up 9.31% of the subsample of immigrant directors (*Female*).

Panel C of Table 2 reports the descriptive statistics for the sample of firms which is used to test Hypothesis 3 in relation to the sensitivity of CEO turnover to firm performance.

[Insert Table 2 Panel C here]

The mean for variable *CEO Turnover* shows that 7.38% of CEOs in the sample depart from the firm in the current year. Thus, CEO turnover is lower than the rate of directors' departure from the firm reported in Panel A of Table 2. The average proportion of immigrant directors on the board for firms within the sample is 38.5% (*Percent Immigrant Directors*). Approximately 5% of firms in the sample engaged in dividend cuts in the prior period (*Dividend Cuts*). 56.8% of firms in the sample were unprofitable in the previous period as indicated by the mean for *Loss*. Consistent with this, the average prior year's ROA of firms in the sample is -27.4% (*ROA*), while 55.2% of firms had negative ROA in prior period. In addition, firms with negative market returns make up 36.5% of this sample (*Negative RET*). Only approximately 4% of firms within the sample have female CEOs (*Female CEO*). The average CEO of firms in the sample is 52 years old (*CEO Age*) and has tenure of approximately 5 years (*CEO Tenure*). Firms in the sample have, on average, 5 directors on board (*Board Size*), with approximately 47% of board members being independent directors (*Percent Independent Directors*), which is largely consistent with the statistics reported in Panel A of Table 2 for the full sample of directors.

Finally, Panel D of Table 2 reports the descriptive statistics for the sample of firms used to test Hypothesis 3 in terms of abnormal CEO compensation.

[Insert Table 2 Panel D here]

The mean for variable *Abnormal CEO Compensation* indicates that the average excessive CEO compensation in the sample is -0.006 million. 41.9% of firms in the sample have at least one immigrant director on remuneration committee as demonstrated by the mean for *Presence Immigrant Directors on Remuneration Committee*, and 20.8% have the immigrant director serving as the chair of the remuneration committee (*Immigrant Chair Remuneration Committee*). On average, firms in the sample have ROA of -27.2% (*ROA*). The descriptive statistics for the remaining variables in Panel D of Table 2 are largely consistent with those reported in Panel C of Table 2.

3.5.2 Correlation matrix

The pairwise correlations for the variables included in Model (1) and Model (3) to test Hypothesis 1a and Hypothesis 2a are presented in Table 3 Panel A. *Director Turnover* is significantly and positively correlated with variables of interest *Immigrant Director* (0.026), *Strike* (0.040), *Loss* (0.103), *Negative RET* (0.083) and *Negative ROA* (0.104). *Director Turnover* has significant negative correlations with *Dividend Cuts* (-0.009), *RET* (-0.082) and *ROA* (-0.097). The above correlations are consistent with the prediction of Hypothesis 1a. In terms of the correlations between *Director Turnover* and control variables used to test Hypothesis 1a, there are significant and negative correlations between *Director Turnover* and *Director Age* (-0.024), *Number Outside Board Seats* (-0.043)*, Director Tenure* (-0.023)*, Female* (-0.029)*, Board Size* (-0.028)*, Percent Independent Directors* (-0.056)*, Firm Size* (-0.102)*, Market to Book* (-0.012), *Volatility* (-0.014)*, LT Debt to Total Assets* (-0.029). The correlation between *Director Turnover* and *CEO is Chair* is positive but insignificant.

[Insert Table 3 Panel A here]

Consistent with Hypothesis 2a, there are significant and negative correlations between *Board Seats t+1* and *Immigrant Director* (-0.086), *Strike* (-0.015) and *Negative RET* (-0.008), whereas

Loss is significantly and positively correlated with *Board Seats t+1* (0.009). However, against expectations, the positive correlations between *Board Seats t+1* and *RET, ROA* and *Negative ROA*, as well as the negative correlation between *Board Seats t+1* and *Dividend Cuts* are insignificant.

Similarly, *Board Seats t+2* is significantly and negatively correlated with variables of interest *Immigrant Director* (-0.080) and *Strike* (-0.013), while the correlations between *Board Seats t+2* and *Loss* (0.020) and *Negative ROA* (0.014) are significant and positive. Inconsistent with the prediction of Hypothesis 2a, the negative correlations between *Board Seats t+2* and *Dividend Cuts, RET, ROA* and the positive correlation with *Negative RET* are insignificant.

There are significant and negative correlations between *Increase Board Seats t+1* and *Immigrant Director* (-0.022), *Dividend Cuts* (-0.015), *RET* (-0.016) and *ROA* (-0.013). *Strike* is negatively correlated with *Increase Board Seats t+1,* however, this correlation is insignificant. The correlations between *Increase Board Seats t+1* and the remaining variables of interest *Loss* (0.024), *Negative RET* (0.012) and *Negative ROA* (0.025) are significant and positive. Thus, these correlations are largely consistent with Hypothesis 2a.

As expected, *Increase Board Seats t+2* is significantly and negatively correlated with *Immigrant Director* (-0.033), *Strike* (-0.011), *Dividend Cuts* (-0.010) and *RET* (-0.011), while there are significant and positive correlations between *Increase Board Seats t+2* and *Loss* (0.020) and *Negative ROA* (0.019). Inconsistent with the prediction of Hypothesis 2a, the positive correlation between *Increase Board Seats t+2* and *Negative RET* and the negative correlation between *Increase Board Seats t+2* and *ROA* are insignificant.

Table 3 Panel B presents the pairwise correlations for the variables used to test Hypothesis 1b and Hypothesis 2b. Consistent with the prediction of Hypothesis 1b, *Director Turnover* is

significantly and positively correlated with *Cultural Distance* (0.013), *Strike* (0.039), *Loss* (0.104), *Negative RET* (0.079) and *Negative ROA* (0.100), while *RET* (-0.079) and *ROA* (-0.097) have significant and negative correlations with *Director Turnover*. However, the positive but insignificant correlation between *Director Turnover* and *Director Born Overseas* contradicts Hypothesis 1b in relation to the impact of an immigrant generational status on director turnover. The negative correlation between *Director Turnover* and *Dividend Cuts* is also insignificant, which is also inconsistent with Hypothesis 1b.

[Insert Table 3 Panel B here]

The significant and negative correlations between *Board Seats t+1* and *Director Born Overseas* (-0.031) and *Cultural Distance* (-0.098) are in line with Hypothesis 2b. However, against expectations, the correlations between *Board Seats t+1* and the remaining variables of interest (*Strike, Dividend Cuts, Loss, RET, Negative RET, ROA, Negative ROA*) are insignificant.

In line with Hypothesis 2b, *Board Seats t+2* is significantly and negatively correlated with *Director Born Overseas* (-0.020), *Cultural Distance* (-0.104) and *Dividend Cuts* (-0.017), while *Loss* (0.019) and *Negative ROA* (0.016) have significant and positive correlations with *Board Seats t+2*. The insignificant correlations between *Board Seats t+2* and *Strike, RET, Negative RET* and *ROA* are in conflict with the conjecture of Hypothesis 2b.

Similarly, both *Increase Board Seats t+1* and *Increase Board Seats t+2* are significantly and negatively correlated with *Director Born Overseas*, *Cultural Distance* and *Dividend Cuts.* These correlations, as well as the negative and significant correlation between *Increase Board Seats t+1* and *ROA* (-0.019) and the positive and significant correlation between *Increase Board Seats t+1* and *Negative ROA* (0.012) are consistent with Hypothesis 2b. However, the correlations between *Increase Board Seats t+1* and *Strike, Loss, RET, Negative RET* are

insignificant, as well as the correlations between *Increase Board Seats t+2* and *Strike, Loss, RET, Negative RET, ROA* and *Negative ROA,* which contradicts the hypothesis.

The pairwise correlations for all variables included in Model (5) to test Hypothesis 3 in relation to the sensitivity of CEO turnover to performance are detailed in Table 3 Panel C. In line with prior literature (Huson et al., 2001; Goyal & Park, 2002; Huson et al., 2004; Kaplan & Minton, 2012; Jenter & Kanaan, 2015, Field et al., 2020), there are significant and positive correlations between *CEO Turnover* and variables of interest *Loss* (0.088), *Negative RET* (0.055) and *Negative ROA* (0.085), while *RET* (-0.056) and *ROA* (-0.085) are significantly and negatively correlated with *CEO Turnover.* Against the prediction of Hypothesis 3, the positive correlations between *CEO Turnover* and *Percent Immigrant Directors,* as well as *Dividend Cuts* are insignificant, which provides no preliminary support for Hypothesis 3. Furthermore, *CEO Ownership* (-0.075), *CEO Tenure* (-0.048), *Percent Independent Directors* (-0.061) and *Firm Size* (-0.063) have significant and negative correlations with *CEO Turnover,* while *Female CEO* (0.026) is significantly and positively correlated with *CEO Turnover*. The correlations between *CEO Turnover* and the remaining variables (*CEO Age, Board Size, Market to Book, Volatility* and *LT Debt to Total Assets*) are insignificant.

[Insert Table 3 Panel C here]

Table 3 Panel D reports the pairwise correlations for the variables included in Model (7) to test Hypothesis 3 in relation to abnormal CEO compensation. In line with the prediction of Hypothesis 3, *Abnormal CEO Compensation* is significantly and positively correlated with variables of interest *Presence Immigrant Directors on Remuneration Committee* (0.115) and *Immigrant Chair Remuneration Committee* (0.044). Furthermore, there are significant and positive correlations between *Abnormal CEO Compensation* and *ROA* (0.062)*, CEO Age* (0.041)*, Board Size* (0.405)*, Percent Independent Directors* (0.193)*, LT Debt to Total Assets*

(0.171), and *Firm Size* (0.021). *CEO Ownership* (-0.115), *Market to Book* (-0.048) and *Volatility* (-0.071) have significant and negative correlations with *Abnormal CEO Compensation.* The negative correlation between *CEO Tenure* and *Abnormal CEO Compensation* and the positive correlation between *Female CEO* and *Abnormal CEO Compensation* are insignificant.

[Insert Table 3 Panel D here]

3.5.3 Univariate testing

Panels A-E of Table 4 present results of univariate analyses of the samples used to test the hypotheses of this chapter. First, immigrant and non-immigrant directors are compared using the full sample of directors for testing Hypothesis 1a and Hypothesis 2a. The results of this univariate analysis are detailed in Panel A of Table 4.

[Insert Table 4 Panel A here]

They indicate that the subsamples of immigrant and non-immigrant directors differ in terms of almost all variables. The negative difference in means on *Director Turnover*, which is statistically significant at the 1% level, indicates that immigrant directors are more likely to leave the firm than their non-immigrant colleagues. This evidence is consistent with the arguments of social categorisation theory suggesting that immigrant directors experience negative social biases in the internal labour market. Consistent with Hypothesis 2a, immigrant directors hold fewer outside board seats in periods t+1 and t+2, since the differences in means on *Board Seats t+1* and *Board Seats t+2* are positive and statistically significant at the 1% level. Accordingly, immigrants are less likely to increase the number of outside directorships in period t+1 (*Increase Board Seats t+1*), while the likelihood of increasing the number of board seats in other firms in period t+2 does not differ for immigrant and non-immigrant

directors (*Increase Board Seats t+2*). Firms with immigrants on boards are less likely to receive a strike on the remuneration report (*Strike*) and engage in dividend cuts (*Dividend Cuts*). However, their financial performance is lower as indicated by statistically significant positive differences in means on *RET* and *ROA*. Consistent with this notion, immigrants are more likely to sit on boards of loss-generating firms (*Loss*), firms with negative ROA (*Negative ROA*) and negative market returns (*Negative RET*).

In addition, firms with immigrants' board representation are smaller (*Firm Size*), have a greater market to book ratio (*Market to Book*) and a lower proportion of long-term debt to total assets (*LT Debt to Total Assets*). Immigrant directors are more likely to leave the firm in year t+1 (*Director Departure t+1*) and year t+2 (*Director Departure t+2*). In addition, immigrants are less likely to be represented on board committees (*Director Committee*) and in board leadership positions (*Director Lead*). The univariate analysis presented in Panel A of Table 4 also demonstrates that immigrant females are less likely to be represented on boards than non-immigrant females (*Female*). Immigrant directors are younger (*Director Age*), hold fewer outside board seats (*Number Outside Board Seats*), have shorter tenure (*Director Tenure*), and they sit on smaller (*Board Size*) and less independent boards (*Percent Independent Directors*). However, there is no statistically significant difference between firms with the presence of immigrants on boards and firms without immigrant directors in terms of firm risk (*Volatility*) and CEO duality (*CEO is Chair*). Thus, the univariate analysis reported in Panel A of Table 4 provides preliminary support for Hypothesis 1a and Hypothesis 2a as it indicates that the rate of departure from the board is higher and the number of future outside directorships is lower for immigrants relative to their non-immigrant colleagues.

Panel B of Table 4 reports results of a univariate comparison of the subsample of immigrant directors split into second-and-higher generation immigrant directors (*Director Born Overseas=0*) and first-generation immigrant directors (*Director Born Overseas=1*).

[Insert Table 4 Panel B here]

The likelihood of departing from the board does not differ for second-and-higher generation and first-generation immigrant directors, since the difference in means on *Director Turnover* in Panel B of Table 4 is not statistically significant. This result does not lend support to Hypothesis 1b in relation to the impact of an immigrant generational status on director turnover. First-generation immigrants hold fewer board seats in other firms in periods t+1 (*Board Seats t+1*) and t+2 (*Board Seats t+2*), and they are less likely to increase the number of outside directorships in period t+1 (*Increase Board Seats t+1*) and period t+2 (*Increase Board Seats t+2*). Hence, the results of univariate analysis in Panel B of Table 4 are consistent with the prediction of Hypothesis 2b and suggest that first-generation immigrants are disadvantaged in the external director labour market relative to second-and-higher generation immigrants.

The positive and statistically significant difference in means on *Cultural Distance* indicates that second-and-higher generation immigrant directors are more likely to have cultural backgrounds which are more dissimilar to the Anglo background than first-generation immigrant directors. This contradicts the 2021 ABS Census data on trends in permanent migration to Australia (Australian Bureau of Statistics, 2022). The proportion of first-generation immigrants to Australia who were born in England was only 3.6% of total Australian population in 2021, while 27.1% of all first-generation immigrants who arrived to Australia during the 2006-2021 period were born in China or India (Australian Bureau of Statistics, 2022).

In addition, first-generation immigrant directors sit on boards of firms with higher ROA (*ROA*). Accordingly, they are less likely to be present on boards of firms with negative ROA (*Negative ROA*) and unprofitable firms (*Loss*). First-generation immigrant directors are older (*Director Age*), allocated fewer outside board seats (*Number Outside Board Seats*) and have longer tenures (*Director Tenure*). Representation on corporate boards is greater for first-generation immigrant females (*Female*). There is no difference between second-and-higher generation immigrant directors and first-generation immigrant directors in terms of their representation on board committees (*Director Committee*), however, first-generation immigrant directors are less likely to serve in board leadership roles (*Director Lead*). First-generation immigrant directors sit on boards of larger firms (*Firm Size*), with a greater proportion of long-term debt to total assets (*LT Debt to Total Assets*), with larger (*Board Size*) and more independent boards (*Percent Independent Directors*). There are no differences between the subsamples of second-and-higher generation and first-generation immigrant directors in terms of all other variables.

Panel C of Table 4 presents results of a univariate analysis comparing immigrant directors with the Anglo and Western-European cultural backgrounds and immigrant directors with other cultural backgrounds.

[Insert Table 4 Panel C here]

The negative and statistically significant at the 1% level difference in means on *Director Turnover* indicates that immigrant directors with non-Anglo and non-Western-European cultural backgrounds are more likely to leave the board in the current period. Consistent with the prediction of Hypothesis 2b, directors with non-Anglo and non-Western European cultural backgrounds are allocated fewer outside board seats in both period t+1 (*Board Seats t+1*) and period t+2 (*Board Seats t+2*), they are less likely to experience an increase in the number of board seats held in other firms in period t+1 (*Increase Board Seats t+1*). However, they do not

differ from their peers with the Anglo and Western European cultural backgrounds in terms of the likelihood of increasing the number of outside directorships in period t+2 (*Increase Board Seats t+2*). Immigrant directors with non-Anglo and non-Western-European cultural backgrounds are more likely to belong to first generation of immigrants (*Director Born Overseas*). They serve on boards of firms with worse financial performance as indicated by the statistically significant differences in means on *Loss, RET, Negative RET, ROA* and *Negative ROA*. However, firms with immigrant directors of non-Anglo and non-Western-European cultural backgrounds are less likely to reduce dividends paid (*Dividend Cuts*).

Immigrant directors with non-Anglo and non-Western-European cultural backgrounds are younger (*Director Age*), possess fewer outside board seats (*Number Outside Board Seats*) and have shorter tenures (*Director Tenure*). In addition, they are less successful at obtaining board committee assignments (*Director Committee*) and are less likely to receive a board leadership position (*Director Lead*). They are present on smaller (*Board Size*) and less independent boards (*Percent Independent Directors*) of smaller firms (*Firm Size*), with lower market to book ratio (*Market to Book*) and proportion of long-term debt in total assets (*LT Debt to Total Assets*), and lower level of firm risk (*Volatility*). In addition, immigrant directors with non-Anglo and non-Western-European cultural backgrounds are more likely to leave the board in year t+1 (*Director Departure t+1*) and year t+2 (*Director Departure t+2*).

The subsamples of immigrant directors with the Anglo and Western-European cultural backgrounds and immigrant directors with other cultural background are not dissimilar in terms of CEO duality (*CEO is Chair*), the proportion of female directors (*Female*) and the likelihood of experiencing a strike against the remuneration report (*Strike*). Thus, the results of univariate analysis presented in Panel C of Table 4 provide initial support for Hypothesis 1b and Hypothesis 2b regarding the effect of immigrants' cultural backgrounds on their career

outcomes in the director labour market. In line with the postulates of social categorisation theory, the evidence indicates that director turnover is higher for immigrant directors with cultural backgrounds that are more dissimilar to those of the domestic population of the host country. Moreover, this category of immigrants is disadvantaged in the external labour market in terms of the number of outside board seats held in future periods.

Panel D of Table 4 presents results of comparing firms with the presence of immigrant directors on the board and firms without immigrants' board representation in relation to the sensitivity of CEO turnover to performance.

[Insert Table 4 Panel D here]

It appears that firms within the subsamples do not differ in terms of CEO turnover, as the difference in means on *CEO Turnover* is not statistically significant. This contradicts the prediction made by Hypothesis 3. Immigrant directors are present on larger boards (*Board Size*) of larger firms (*Firm* Size) with a larger proportion of long-term debt to total assets (*LT Debt to Total Assets*). Firms with the presence of immigrant directors on board are more likely to decrease dividends (*Dividend Cuts*) but less likely to experience negative ROA (*Negative ROA*). In addition, CEOs of firms in which immigrants are represented on board have shorter tenures (*CEO Tenure*) and lower CEO ownership (*CEO Ownership*). Firms without the presence of immigrants on board and firms with immigrant directors are not different in terms of the remaining variables presented in Panel D of Table 4, since the differences in means on these variables are not statistically significant.

Finally, Panel E of Table 4 reports results of univariate analysis for Hypothesis 3 regarding abnormal CEO compensation using subsamples of firms in which immigrants are present on

the remuneration committee either as members or as the chair of the committee and firms without immigrants' representation on this committee.

[Insert Table 4 Panel E here]

CEOs of firms with the presence of immigrants on the remuneration committee receive greater abnormal compensation (*Abnormal CEO Compensation*), which lends preliminary support for the prediction of Hypothesis 3 that an association exists between the presence of immigrant directors and board monitoring performance. They also have lower CEO ownership (*CEO Ownership*) and longer tenures (*CEO Tenure*). Firms with the presence of immigrants on the remuneration committee are larger in size (*Firm Size*), have larger (*Board* Size) and more independent (*Percent Independent Directors*) boards, greater ROA (*ROA*), a higher level of firm risk (*Volatility*) and a greater proportion of long-term debt to total assets (*LT Debt to Total Assets*). Firms in the two subsamples are not different in relation to their CEOs' age (*CEO Age*), representation of females in the CEO position (*Female CEO*), CEO duality (*CEO is Chair*) and levels of market to book ratio (*Market to Book*).

3.5.4 Findings of the regression analysis

The impact of an immigrant background on director turnover following negative events

Multivariate regression analysis starts with testing Hypothesis 1a. According to the hypothesis, there is an association between directors' immigrant backgrounds and their departure from the board subsequent to negative corporate events. The results of testing the above prediction are reported in Table 5.

[Insert Table 5 here]

Coefficients for the variable *Immigrant Director* reported in all columns of Table 5 are statistically insignificant suggesting that the rate of directors' departure from the board is not influenced by directors' immigrant statuses. The positive and significant coefficients on *Strike, Loss*, *Negative RET* and *Negative ROA,* as well as the negative and significant coefficients on variables *RET* and *ROA* in Table 5 demonstrate that directors are more likely to leave the board following a strike against the remuneration report and poor financial performance. These findings are consistent with prior literature (see, for example, Hermalin & Weisbach, 1988; Yermack, 2004; Asthana & Balsam, 2010) and support the argument of Fama (1980) and Fama & Jensen (1983) that the ex-post settling up process exists for directors in the internal labour market. However, in contrast to the evidence reported by Kaplan & Reishus (1990), the results presented in Table 5 indicate that dividend cuts do not affect the likelihood of director turnover in the next period, as the coefficient for *Dividend Cuts* is not statistically significant.

Against the prediction of Hypothesis 1a, it appears that there is no association between a director's immigrant background and the likelihood of leaving the firm in the aftermath of a strike or poor financial performance as indicated by insignificant coefficients on the interaction terms *Immigrant Director x Strike, Immigrant Director x Loss, Immigrant Director x RET, Immigrant Director x Negative RET, Immigrant Director x ROA* and *Immigrant Director x Negative ROA* reported in Table 5. However, the positive and significant coefficient for the interaction term *Immigrant Director x Dividend Cuts* in Column (3) indicates that immigrant directors are more likely to lose their directorship in the current firm following a firm's reduction of dividends than their non-immigrant peers. This evidence provides some support for Hypothesis 1a.

The negative and significant (at the 1% level) coefficients for control variable *Number Outside Board Seats* reported in Column (1)- Column (8) indicate that there is a negative association

between the number of outside directorships held by directors and the likelihood of them departing from the board, which is consistent with prior literature (Srinivasan, 2005). In addition, director age and tenure, as well as board size and CEO duality positively affect director turnover as indicated by the positive and significant coefficients for the variables *Director Age, Director Tenure, Board Size* and *CEO is Chair* reported in all columns of Table 5. The negative and significant coefficients for *Firm Size* indicate that directors of smaller firms are more likely to leave the firm. At the same time, it seems that director gender, board independence, market to book ratio, firm risk and the proportion of long-term debt in total assets have no impact on director turnover, since the coefficients on control variables *Female, Percent Independent Directors, Market to Book, Volatility, LT Debt to Total Assets* reported in all columns of Table 5 are statistically insignificant.

The impact of an immigrant generational status and cultural background on director turnover following negative events

Analysis continues with examining the association between immigrant directors' generational statuses and cultural backgrounds and the likelihood of them leaving the board after negative events. Hypothesis 1b predicts that first-generation immigrants and immigrants with cultural backgrounds that are more dissimilar to the culture of the host country experience more pronounced consequences of their immigrant status on their career in the internal labour market subsequent to negative corporate events. The results of testing these conjectures are presented in Table 6 and Table 7.

Table 6 reports the results of exploring the effect of an immigrant generational status on director turnover using the subsample of immigrant directors.

[Insert Table 6 here]

The positive and significant coefficients for variable *Director Born Overseas* reported in Column (4) and Column (8) of Table 6 provide some evidence that first-generation immigrants are less likely to remain on boards, regardless of firm performance. Consistent with the results presented in Table 5 for the full sample, the positive and significant coefficients for the variables *Strike, Loss* and *Negative ROA* and the negative and significant coefficients for *RET* and *ROA* suggest that the rate of immigrant director departure increases following the incidence of a strike and poor firm performance.

The positive and significant (at the 10% level) coefficient on the interaction term of interest *Director Born Overseas x Dividend Cuts* in Column (3) indicates that first-generation immigrant directors are more likely to leave the board of a dividend-cutting firm. However, according to the negative and significant coefficients on interaction terms *Director Born Overseas x Loss* and *Director Born Overseas x Negative ROA*, this category of immigrants is more likely to retain a directorship on the board of the current firm following the firm's poor performance. This evidence supports Hypothesis 1b and suggests that first-generation immigrant directors experience negative consequences of their demographic status following dividend cuts, however, they extract benefits from their status in the internal labour market subsequent to poor financial performance. The coefficients for the remaining interaction terms of interest *Director Born Overseas x Strike, Director Born Overseas x RET, Director Born Overseas x Negative RET, Director Born Overseas x ROA* are statistically insignificant providing no support for Hypothesis 1b.

The results for the control variables presented in Table 6 are largely consistent with those in Table 5. In contrast to the findings for the full sample detailed in Table 5, director age has no impact on immigrant director turnover as indicated by statistically insignificant coefficients for control variable *Director Age* in Table 6.

Table 7 reports the results of testing Hypothesis 1b in relation to the impact of immigrant directors' cultural backgrounds on director turnover following negative events.

[Insert Table 7 here]

It appears that dissimilarity of immigrant directors' cultural backgrounds to the cultural background of the domestic population of the host country has no impact on immigrant director turnover, as the coefficients for *Cultural Distance* reported in all columns of Table 7 are not statistically significant. Similar to the results reported in Table 5 and Table 6, immigrant directors are more likely to leave the firm following a strike and poor financial performance, as suggested by the positive and significant coefficients for variables *Strike, Loss, Negative RET, Negative ROA* and the negative and significant coefficients for *RET* and *ROA.* The coefficients on the interaction terms reported in Table 7, except for *Cultural Distance x RET, Cultural Distance x Negative RET* and *Cultural Distance x ROA,* are not statistically significant.

The positive and significant coefficients on *Cultural Distance x RET* and *Cultural Distance x ROA* suggest that immigrant directors whose cultural backgrounds are more dissimilar to the culture of the receiving country are more likely to depart from the firm following an increase in firm financial performance. This evidence does not support Hypothesis 1b in relation to the influence of immigrant directors' cultural backgrounds on the likelihood of their departure from the firm in the aftermath of negative events. However, the negative and significant coefficient on the interaction term *Cultural Distance x Negative RET* indicates that immigrants with cultural backgrounds that are more distant from the cultural background of the domestic population of the host country are more likely to remain on boards of firms that experienced negative market returns in the prior period. Hence, this finding is consistent with the prediction

of Hypothesis 1b. Finally, the results for the set of control variables reported in Table 7 are consistent with those reported in Table 5 and Table 6.

The impact of directors' immigrant backgrounds on the number of outside board seats held by directors following negative events

After examining the effect of directors' immigrant statuses on their turnover following negative events analysis turns to exploring its impact on directors' career in the external director labour market. Hypothesis 2a predicts than an association exists between directors' immigrant backgrounds and the number of outside directorships they hold in the periods subsequent to adverse firm events. The results of testing this hypothesis are presented in Table 8.

[Insert Table 8 here]

The negative and significant coefficients on the variable *Immigrant Director* reported in all columns of this table indicate that an immigrant status has negative career consequences for directors in terms of the number of outside board seats they are allocated in both year t+1 and year t+2. However, the incidence of a strike, reductions of dividends and firm financial performance have no influence on directors' reputation in the external labour market, as the coefficients for *Strike, Dividend Cuts, Loss, RET, Negative RET, ROA* and *Negative ROA* are not statistically significant in Column (1)-Column (16) of Table 8. Thus, evidence reported in Table 8 fails to provide empirical support for the reputational hypothesis developed by Fama and Jensen (1983) for the external labour market. The negative and significant coefficient on the interaction term *Immigrant Director x ROA* presented in Column (13) of Table 8 indicates that immigrant directors of firms with greater ROA obtain fewer outside directorships in the short-term period (year t+1) than their non-immigrant colleagues. However, the coefficients on other interaction terms of interest (*Immigrant Director x Strike, Immigrant Director x Dividend Cuts, Immigrant Director x Loss, Immigrant Director x RET, Immigrant Director x Negative*

RET and *Immigrant Director x Negative ROA*) reported in Table 8 are statistically insignificant. These findings provide no support for Hypothesis 2a. However, the evidence reported in Table 8 indicates that an immigrant status imposes costs on directors in the form of fewer outside board seats held, regardless of the incidence of negative events and firm performance.

The results reported in Table 8 for the control variables are largely consistent with prior research. Similar to the evidence in Dou (2017), those directors who left the board are penalised by the labour market with fewer outside directorships as highlighted by the negative and significant coefficients on variables *Director Departure t+1* and *Director Departure t+2.* Consistent with Kaplan & Reishus (1990), the number of outside board seats already held by the director positively influences the number of outside directorships in future periods, since the coefficients on *Number Outside Board Seats* are positive and significant in all columns of Table 8. The negative and significant coefficients on *Director Tenure* and *Director Age* in Column (1) – Column (16) suggest that there is a negative association between director tenure, director age and the number of outside directorships held in year t+1 and year t+2, which is consistent with Dou (2017).

Firm size has a positive impact on directors' career in the external labour market as indicated by the positive and significant coefficients on the variable *Firm Size* reported in Column (1) – Column (16) of Table 8. This finding is in line with the evidence in Ferris et al. (2003) that suggests that directors of larger firms are more successful at obtaining board positions in other firms. In addition, the positive and significant coefficients on *Female* demonstrate that female directors are more fortunate in terms of the number of outside board seats held in future periods than their male colleagues. However, the results reported in Table 8 provide no evidence that holding board committee membership or serving in board leadership positions influence the

number of directorships held in other firms in future periods, since the coefficients on variables *Director Committee* and *Director Lead* are not statistically significant.

Table 9 presents the results of testing Hypothesis 2a using an alternative measure of directors' career outcomes in the external labour market – an increase in the number of outside board seats held in year t+1 and year t+2 after negative corporate events.

[Insert Table 9 here]

Findings in Table 9 are largely consistent with the evidence reported in Table 8 and suggest that immigrants are disadvantaged in the external labour market. The negative and significant coefficients on the variable *Immigrant Director* reported in all columns of Table 9 indicate that immigrant directors are less likely to increase the number of directorships in other firms in both year t+1 and year t+2. Surprisingly, it seems that directors of poorly performing firms are more likely to increase the number of outside directorships in the next year (year t+1) as indicated by the positive and significant coefficients on *Loss* in Column (7) and *Negative RET* in Column (11) and the negative and significant coefficient on *RET* in Column (9). At the same time, the occurrence of a strike and dividend cuts have no consequences for directors' reputation in both short-term (year t+1) and long-term (year t+2) periods, since the coefficients for *Strike* and *Dividend Cuts* presented in Table 9 are not statistically significant. According to the results reported in Table 9, there is no association between the likelihood of increasing the number of outside directorships in two years after adverse corporate events and poor firm performance, as the coefficients for variables *Strike* (in Column (4)), *Dividend Cuts* (in Column (6)), *Loss* (in Column (8)), *RET* (in Column (10)), *Negative RET* (in Column (12)), *ROA* (in Column (14)) and *Negative ROA* (in Column (16)) for period t+2 are not statistically significant.

The negative and significant coefficients on the interaction terms of interest *Immigrant Director x Loss* in Column (7) and *Immigrant Director x Negative ROA* in Column (15) suggest that immigrants are less likely to increase the number of outside board seats in the year following poor firm performance. The above evidence lends support to Hypothesis 2a and demonstrates that immigrants are penalised more by the external labour market following poor firm performance. In addition, immigrant directors are less likely to increase the number of outside directorships in the year after an increase in firm financial performance as indicated by the negative and significant coefficient on the interaction term *Immigrant Director x ROA* in Column (13).

Consistent with the results in Table 8, the negative and significant coefficients on the variables *Director Departure t+1* and *Director Departure t+2* in Table 9 highlight that those directors who depart from the board are less likely to increase the number of external directorships in future periods. The number of outside board seats already held by directors has no impact on the likelihood of increasing outside directorships in the short-term period, as the coefficients for *Number Outside Board Seats* for year t+1 are not statistically significant in Table 9. However, in the long-term it negatively affects this likelihood, according to the negative and significant coefficients for *Number Outside Board Seats* for period t+2. This evidence is in line with the notion that directors with more directorships may have less incentives to obtain additional board seats (Ferris et al., 2003).

In addition, female directors, directors holding board leadership positions, directors of larger firms, younger directors and directors with shorter tenures are more likely to increase the number of outside directorships in future periods, since the coefficients on *Female*, *Director Lead* and *Firm Size* are positive and significant, and the coefficients on *Director Age* and *Director Tenure* are negative and significant across all columns in Table 9. Board committee

assignments appear to have no influence on the likelihood of increasing the number of board seats in other firms in future periods as suggested by statistically insignificant coefficients for *Director Committee* reported in Table 9.

The effect of directors' immigrant generational statuses and cultural backgrounds on the number of outside board seats held following negative events

According to Hypothesis 2b, outcomes in the external director labour market following negative corporate events are different for first-generation immigrants and immigrants whose cultural backgrounds are more dissimilar to the culture of the receiving country relative to other categories of immigrants. Table 10 reports the results of testing the hypothesis in relation to the impact of an immigrant generational status.

[Insert Table 10 here]

The number of outside directorships held by the immigrant director is not influenced by the director's generational background, as the coefficients for variable *Director Born Overseas* reported in all columns of Table 10 are not statistically significant. The positive and significant coefficients on *Loss* in Column (8), *Negative RET* in Column (12) and *Negative ROA* in Column (16) indicate that the number of outside board seats held by immigrants increases within two years after making a loss, having a negative RET and negative ROA. In addition, the number of outside directorships held by immigrants increases in the year following negative market performance as indicated by the positive and significant coefficient on *Negative RET* in Column (11). The number of outside seats held by immigrant directors in future periods is negatively associated with ROA, since the coefficients on variable *ROA* are negative and significant in all columns of Table 10, except for Column (13) and Column (14). These surprising results may indicate that immigrant directors, due to vulnerability of their demographic status, feel more insecure about keeping their existing board seats when firm

performance is poor. Consequently, they may be more pressured to find additional board seats to alleviate the threat of losing their current directorships.

The positive and significant coefficient for the interaction term *Director Born Overseas x Strike* in Column (4) suggests that the number of outside board seats held by first-generation immigrants in period t+2 increases following a strike. It appears that reputation of first-generation immigrant directors in the external labour market in the long-term period is shielded against negative effects of a strike. However, the negative and significant coefficients for *Director Born Overseas x Negative RET* in Column (12), for *Director Born Overseas x ROA* in Column (14) and for *Director Born Overseas x Negative ROA* in Column (15) indicate that first-generation immigrants bear greater reputational costs imposed by poor financial performance. The above findings provide support for Hypothesis 2b in relation to an association between an immigrant generational status and career outcomes in the external director labour market following negative events, with the type of event impacting the direction of the association.

In terms of the results for the control variables presented in Table 10, they are largely consistent with those reported for the full sample in Table 8, except for the variables *Director Tenure* and *Director Committee.* In contrast to the results in Table 8, director tenure does not affect the number of outside directorships held by immigrant directors in future, since the coefficients on *Director Tenure* across all columns of Table 10, except for Column (3), are not statistically significant. Yet board committee assignments are positively associated with the number of seats on boards of other firms held by immigrants in future periods as indicated by the positive and significant coefficients on the control variable *Director Committee* in Column (1)-Column (16).

Table 11 presents the results of examining the effect of an immigrant generational status on the likelihood of increasing the number of outside board seats within one year and two years after adverse corporate events.

[Insert Table 11 here]

The coefficients for variable *Director Born Overseas* across all columns of Table 11, except for Column (15) are not statistically significant, which largely reinforces the findings reported in Table 10 suggesting that first-generation immigrants do not experience differential outcomes in the external director labour market. The negative and significant coefficients on variable *Strike* in Column (4) and *Dividend Cuts* in Column (5) indicate that immigrant directors are less likely to increase the number of outside directorships held within two years after a strike and in one year after dividend cuts. However, poor financial performance positively affects the likelihood of increasing the number of outside board seats held by immigrant directors in both year t+1 and year t+2, since the coefficients on *Loss, Negative RET* and *Negative ROA* are positive and significant in all columns of Table 11.

Furthermore, according to the positive and significant coefficients on the interaction terms of interest *Director Born Overseas x Strike* reported in Column (4) and *Director Born Overseas x Dividend Cuts* in Column (5), first-generation immigrants are more likely to increase the number of board positions in other firms following a strike and dividend reductions. This evidence is consistent with the expectation of Hypothesis 2b and suggests that first-generation immigrants extract more benefits from their immigrant status in the external director labour market following negative events than second-and-higher generations of immigrants.

However, this is not the case for past poor financial performance. The negative and significant coefficients on interaction terms *Director Born Overseas x Loss* in Column (7)-(8)*, Director*

Born Overseas x Negative RET in Column (11) and *Director Born Overseas x Negative ROA* in Column (15)-(16) indicate that first-generation immigrants are less likely to experience an increase in the number of outside board seats held in the aftermath of poor financial performance. This evidence provides support for Hypothesis 2b suggesting that first-generation immigrants face negative consequences of their status in the external labour market following poor financial performance.

The results for control variables reported in Table 11 are consistent with those for the full sample in Table 9, except for *Director Lead.* Holding board leadership positions has no influence on the likelihood of increasing the number of outside directorships held by immigrant directors in one year as indicated by the insignificant coefficient on the variable *Director Lead* for period t+1 reported in Table 11.

Multivariate analysis proceeds with examining the role of immigrant directors' cultural backgrounds on their career outcomes in the external labour market following negative events as predicted by Hypothesis 2b. Table 12 reports results of this analysis.

[Insert Table 12 here]

The coefficients on variable *Cultural Distance* in Column (12) and Column (15) are negative and significant providing weak evidence that immigrants with cultural backgrounds that are more dissimilar to the culture of the host country are disadvantaged in terms of the number of future outside directorships. However, the findings provide no support for Hypothesis 2b, since the coefficients for all interaction terms of interest are not statistically significant. Thus, it appears that immigrants' reputation in the external director labour market following negative corporate events is not affected by their cultural backgrounds. The results for control variables are consistent with those reported in Table 10.

Finally, the results of exploring the impact of immigrant directors' cultural backgrounds on the likelihood of increasing the number of outside directorships held in periods subsequent to negative corporate events are reported in Table 13.

[Insert Table 13 here]

The negative and significant coefficients on variable *Cultural Distance* in Column (1)-Column (4), Column (6), Column (10) and Column (13) indicate that immigrant directors whose cultural backgrounds are more dissimilar to the culture of the receiving country are disadvantaged in the external labour market in terms of the likelihood of increasing the number of outside directorships in future periods. The findings in Table 13 also suggest that, following negative events, reputational outcomes in the external director labour market for this category of immigrants are more adverse than for other immigrants. The negative and significant coefficients on the interaction terms of interest *Cultural Distance x Dividend Cuts* in Column (5), *Cultural Distance x Loss* in Column (8) and *Cultural Distance x Negative ROA* in Column (16) show that immigrant directors with cultural backgrounds that are more dissimilar to the cultural background of the domestic population of the receiving country are less likely to increase the number of board seats held on boards of other firms after reductions of dividends and poor financial performance. This evidence provides some support for Hypothesis 2b. The results reported for the set of control variables are largely consistent with those presented in Table 11.

Monitoring performance of immigrant directors

Table 14 and Table 15 report the results of examining the effectiveness of immigrant directors at performing their board monitoring functions in accordance with Hypothesis 3. Specifically,

Table 14 presents empirical evidence on the association between the presence of immigrants on boards and the sensitivity of CEO turnover to firm performance.

[Insert Table 14 here]

There is no indication that the presence of immigrants on boards affects CEO turnover, as the coefficients on variable *Percent Immigrant Directors* are not statistically significant in all columns of Table 14. Similar to the results for director turnover reported in Table 5, the findings in Table 14 are largely consistent with the notion that the ex-post settling up process exists in the internal labour market for CEOs. The CEO is more likely to leave the firm following poor financial performance, as indicated by the positive and significant coefficients on *Loss, Negative ROA* and the negative and significant coefficient on *RET*. However, there is no evidence that CEOs of dividend cutting firm's incur reputational costs in the internal labour market, since the coefficient on variable *Dividend Cuts* is not statistically significant.

The coefficients on almost all interaction terms of interest, except for *Percent Immigrant Directors x RET*, are not statistically significant, suggesting that there is no difference between immigrant and non-immigrant directors as monitors of CEO performance. The positive and significant coefficient on *Percent Immigrant Directors x RET* demonstrates that CEOs of firms with immigrants' representation on boards are more likely to leave the firm following an increase in the firm's market returns. Thus, there is only limited evidence supporting Hypothesis 3 in relation to the association between the presence of immigrant directors on the board and the sensitivity of CEO turnover to performance.

The results for the control variables presented in Table 14 indicate that female CEOs, CEOs with a greater proportion of CEO ownership, CEOs of firms with larger and less independent boards, CEOs with shorter tenures and CEOs of smaller firms are more likely to lose their

positions, according to the positive and significant coefficients on the variables *Female CEO, CEO Ownership, Board Size* and the negative and significant coefficients on *Percent Independent Directors*, *CEO Tenure* and *Firm Size.* The coefficients on the remaining control variables are not statistically significant.

Table 15 reports the results of examining immigrant directors' monitoring performance in relation to abnormal CEO compensation.

[Insert Table 15 here]

The evidence suggests that the presence of immigrants on the remuneration committee has no impact on the level of abnormal CEO compensation as indicated by the insignificant coefficients on the variables of interest *Presence Immigrant Director on Remuneration Committee* and *Immigrant Chair Remuneration Committee.* Hence, inconsistent with the prediction of Hypothesis 3**,** there is no indication that immigrant directors differ from their non-immigrant peers in terms of the effectiveness of board oversight regarding excess CEO compensation.

The findings in Table 15 also demonstrate that CEO tenure, board size and board independence as well as the proportion of long-term debt to total assets positively affect the level of abnormal CEO compensation, since the coefficients on *CEO Tenure*, *Board Size, Percent Independent Directors* and *LT Debt to Total Assets* are positive and significant. The abnormal CEO compensation level is greater for CEOs of smaller firms and firms with lower level of risk as suggested by the negative and significant coefficients on *Firm Size* and *Volatility* reported in Table 15. However, there is no evidence that firm financial performance, the market to book ratio, CEO age, ownership and gender influence abnormal CEO compensation, as the

coefficients on control variables *ROA, Market to Book, CEO Age, CEO Ownership* and *Female CEO* are statistically insignificant.

3.6 Additional testing

3.6.1 Analysis of the impact of an immigrant status on director turnover within 3 years after negative corporate events

Some prior studies on director turnover (see, for example, Srinivasan, 2005) examine director departure from boards within a three-year period, since boards may be staggered, and each board member would need to stand for re-election within a span of three years. To investigate whether the results of the main analyses hold when director turnover is measured over a longer period, Hypotheses 1a and 1b are tested using an alternative definition of the dependent variable *Director Turnover* in Model (1) and Model (2). Following Srinivasan (2005), *Director Turnover* is defined as an indicator variable equal 1 if the director departs from the board within three years, and zero otherwise.

The results of testing Hypothesis 1a using the above definition of *Director Turnover* are detailed in Table B1.

[Insert Table B1 here]

In contrast to the main findings, there is some evidence that immigrant directors are less likely to remain on boards within a three-year period, since the coefficients on variable *Immigrant Director* in Column (1)-(4) and Column (8) are positive and significant. Director turnover over a longer period is less sensitive to firm performance, as the coefficients on almost all variables that measure negative events and firm financial performance, except for *RET,* are not statistically significant. The findings in Table B1 also indicate that immigrants do not experience differential outcomes in the internal director labour market following adverse

events, since the coefficients on all interaction terms of interest are insignificant. Thus, the evidence in Table B1 fails to provide support to Hypothesis 1a.

Table B2 presents the results of testing the impact of an immigrant generational status on director turnover within three years following negative events (Hypothesis 1b).

[Insert Table B2 here]

The insignificant coefficients on variable *Director Born Overseas* in all columns of Table B2 highlight that there is no association between immigrant directors' generational statuses and their departure from boards. Consistent with the main findings, the negative and significant coefficient on the interaction term *Director Born Overseas x Negative ROA* in Column (8) provides weak support to Hypothesis 1b suggesting that first-generation immigrant directors are more likely to remain on boards subsequent to poor firm performance.

The results of testing Hypothesis 1b in relation to the association between immigrant directors' cultural backgrounds and their departures from boards over the three-year period after negative events are reported in Table B3.

[Insert Table B3 here]

The findings indicate that, regardless of the incidence of negative events and firm financial performance, immigrant directors with cultural backgrounds that are more dissimilar to the culture of the domestic population of the host country are less successful at retaining their board seats over a longer period as demonstrated by the positive and significant coefficients on the variable *Cultural Distance* in Column (3)-(4), Column (6) and Column (8). However, there is no indication that this group of immigrants is treated differently in the ex-post settling up process in the internal director labour market, since coefficients on all interaction terms of

interest in Table B3 are insignificant. Thus, the evidence presented in Table B3 is inconsistent with the prediction of Hypothesis 1b.

3.6.2 Testing the effect of an immigrant background on the number of outside directorships held by directors in 3 years after negative corporate events

The evidence reported in Table 8 demonstrates that immigrant directors hold fewer outside board seats in one year and two years, irrespective of the occurrence of negative events and firm financial performance. To examine whether the negative impact of a director's immigrant status on their career outcomes in the external director labour market persists, Hypotheses 2a and 2b are tested using *Board Seats t+3* as the dependent variable in Model (3) and Model (4). *Board Seats t+3* is measured as the number of outside directorships held by the director in three years. Table C1 details the results of testing Hypothesis 2a on the full sample of directors.

[Insert Table C1 here]

Consistent with the main findings, the negative and significant coefficients on variable *Immigrant Director* across all columns in Table C1 highlight a negative association between directors' immigrant backgrounds and the number of outside directorships held in future periods.

The results presented in C1 largely reiterate the evidence reported in the main testing that directors do not incur reputational costs in the external labour market in relation to past negative events, as coefficients on almost all variables that measure negative firms events and firm financial performance are insignificant, except for the positive and significant at the 10% level coefficient on *Negative RET*. Likewise, there is no indication that immigrant directors experience differential outcomes in the external labour market in the aftermath of negative

corporate events as indicated by insignificant coefficients on all interaction terms of interest in Table C1.

Table C2 presents the results of testing Hypothesis 2b regarding the effect of an immigrant generational status on the number of outside directorships held by the immigrant director in three years after adverse events.

[Insert Table C2 here]

The positive and significant coefficients on variable *Director Born Overseas* in Column (4) and Column (8) suggest that first-generation immigrant directors are allocated more outside board seats in three years. However, consistent with the main findings, they are penalised more during the ex-post settling up process following poor firm performance as indicated by the negative and significant coefficients on interaction terms *Director Born Overseas x Loss* and *Director Born Overseas x Negative ROA.*

The results of analysing the association between immigrant directors' cultural backgrounds and the number of outside directorships they hold in three years after negative events are reported in Table C3.

[Insert Table C3 here]

There is no evidence that cultural backgrounds of immigrant directors influence their long-term career outcomes in the external labour market, as the coefficients on variable *Cultural Distance* in all columns are insignificant. Similar to the evidence reported in Table 12 for periods t+1 and t+2, there is no indication that immigrants with cultural backgrounds that are more dissimilar to the culture of the receiving country are treated differently in the ex-post

settling up process in the external labour market, since coefficients on all interaction terms of interest for testing Hypothesis 2b are insignificant.

3.6.3 The impact of an immigrant background on the number of outside directorships held by directors who left the board

Consistent with prior literature (Dou, 2017), the findings in Table 8 show that the external director labour market penalises those directors who depart from the board, as they hold fewer outside directorships in future periods. To analyse the effect of a director's immigrant status on the above penalty, Hypothesis 2a is tested using a sample restricted to those directors who left the board within one year (when the dependent variable *Board Seats t+1* is employed in Model (3)) and within two years (when Model (3) is estimated with *Board Seats t+2* as the dependent variable). The results of this analysis are detailed in Table D1.

[Insert Table D1 here]

They provide some evidence that immigrants bear greater costs of leaving the board than their non-immigrant peers as suggested by the negative and significant coefficients on the variable *Immigrant Director* reported in Column (1), Column (5), Column (7) – (8) and Column (11) – (13). The negative and significant coefficient on the interaction term *Immigrant Director x Strike* in Column (3) indicates that immigrant directors who leave the board following a strike hold fewer outside board seats in one year than their non-immigrant colleagues. However, they have advantages over non-immigrant directors in terms of the number of outside board seats held in one year and two years after poor financial performance as demonstrated by the positive and significant coefficients on interaction term *Immigrant Director x Negative RET* reported in Column (11) and Column (12) in Table D1.

3.6.4 Career outcomes in the external director labour market for immigrant directors with non-Anglo and non-Western European cultural backgrounds

According to the evidence reported in Table 8, immigrants experience negative effects of their status in the outside director labour market, as they hold fewer directorships on boards of other firms in future periods. In addition, the findings in Table 12 provide some evidence that immigrant directors whose cultural backgrounds are more dissimilar to the cultural background of the domestic population of the host country are disadvantaged in the external labour market in terms of the number of allocated outside board seats relative to other categories of immigrants. To investigate further whether the results in Table 8 are driven by immigrants from cultures that are more distant from the culture of the host country, the independent variable *Immigrant Director* in Model (3) is replaced by *Non-Anglo/Non-WE Immigrant Director.* It is a dummy variable set to 1 if the director is an immigrant with non-Anglo and non-Western European cultural backgrounds (i.e., observations for which the value of variable *Cultural Distance* is greater than 2), and zero otherwise. The results of the analysis using the full sample of directors are reported in Table E1.

[Insert Table E1 here]

The negative and significant (at the 1% level) coefficients on the variable *Non-Anglo/ Non-WE Immigrant Director* across all columns highlight that immigrants with non-Anglo and non-Western European cultural backgrounds are penalised for their status by the external labour market, as the number of outside directorships held by them in year t+1 and year t+2 is lower relative to non-immigrants and immigrant directors belonging to the Anglo and Western European cultural groups. Furthermore, the negative and significant coefficient on interaction term of interest *Non-Anglo/ Non-WE Immigrant Director x Dividend Cuts* in Column (5) signals that the external director labour market imposes greater reputational penalties on

immigrants with non-Anglo and non-Western European cultural backgrounds following dividend cuts. However, there is no evidence that reputation of this category of immigrant directors subsequent to a strike or low financial performance is affected by their demographic status, according to the insignificant coefficients on the remaining interaction terms of interest reported in Table E1.

3.6.5 Analysis of immigrant directors' career outcomes in the external labour market using ordered logit models

Following Brickley et al. (1999), Hypotheses 2a and 2b are tested using ordered logit models. To conduct this analysis, the dependent variables *Board Seats t+1* and *Board Seats t+2* in Model (3) and Model (4) are defined as ordinal that equal to zero, one, two, three or four based on the number of outside directorships held by directors in periods t+1 and t+2, respectively. For those directors who hold more than four outside board seats variables *Board Seats t+1* and *Board Seats t+2* are assigned the value of four. The results of testing Hypothesis 2a using ordered logit models on the full sample of directors are presented in Table F1.

[Insert Table F1 here]

Consistent with the main findings received in the OLS regression analysis, the negative and significant coefficients on the variable *Immigrant Director* in all columns indicate that immigrants hold fewer outside directorships in future periods relative to their non-immigrant peers. The results show that directors face the ex-post settling up process in the external labour market in two years following a strike and reductions of dividends as indicated by the negative and significant coefficients on *Strike* in Column (4) and *Dividend Cuts* in Column (6). Regarding interaction terms of interest, only one coefficient is statistically significant – the positive coefficient on *Immigrant Director x Negative RET* in Column (12). This evidence

provides weak support for Hypothesis 2a suggesting that immigrant directors of firms with negative market returns end up with more outside directorships in two years.

Table F2 reports the results of examining the effect of a director's immigrant generational status on the number of outside directorships held subsequent to negative events using ordered logit models.

[Insert Table F2 here]

In contrast to the main findings, the evidence in Table F2 suggests that first-generation immigrant directors hold fewer outside board seats in the short-term than second-and-higher generation immigrants, since the coefficients on variable *Director Born Overseas* in Column (1), Column (3), Column (5), Column (9), Column (11) and Column (13) are negative and significant. The findings reinforce the evidence obtained in the main testing that first-generation immigrants have advantages in the external labour market following a strike as demonstrated by the positive and significant coefficient for interaction term *Director Born Overseas x Strike* in Column (4). However, the insignificant coefficients on the remaining interaction terms of interest, except for *Director Born Overseas x ROA* in Column (13), indicate that first-generation immigrants of dividend-cutters and of firms with poor financial performance do not experience differential outcomes in the external director labour market. Yet, first-generation immigrants who serve on boards of firms with better financial performance measured by ROA are rewarded with fewer outside directorships in the short-term, according to the negative and significant coefficient on *Director Born Overseas x ROA* in Column (13).

The results of testing Hypothesis 2b in relation to the impact of immigrant directors' cultural backgrounds on the ex-post settling up process in the external labour market by estimating ordered logit models are detailed in Table F3.

[Insert Table F3 here]

Consistent with the main findings, Table F3 reports evidence that immigrant directors with cultural backgrounds that are more dissimilar to the culture of the host country hold fewer outside board positions in both short-term and long-term periods, which is highlighted by the negative and significant coefficients on variable *Cultural Distance* in Column (1)-(5), Column (9)-(15). The negative and significant at the 10% level coefficients on interaction term *Cultural Distance x ROA* in Column (13)-(14) provide weak support to Hypothesis 2b, as they signal that immigrants whose cultural backgrounds are more dissimilar to the cultural background of the domestic population of the host country are rewarded with fewer outside directorships for better financial performance than other groups of immigrant directors. However, similar to the main results, coefficients on the remaining interaction terms are insignificant providing no support for Hypothesis 2b.

3.6.6 Testing the hypotheses on samples restricted to male directors

Since in this thesis an immigrant background of directors is identified based on individuals' surnames, and in many cultures females often change their surnames by marriage, an immigrant status of female directors might be misidentified. To alleviate this limitation, additional testing of the hypotheses of this chapter is conducted on samples restricted to male directors. Tables G1-G8 report results of the above analyses. Specifically, Table G1 presents the results of testing Hypothesis 1a using a subsample of male directors.

[Insert Table G1 here]

The results mostly remain unchanged, except for the negative and significant coefficient on the interaction term *Immigrant Director x Negative ROA* in Column (8), which indicates that male immigrant directors are more likely to keep their board seat following poor financial performance. Table G2 and Table G3 detail the results of examining Hypothesis 1b in terms of immigrants' generational statuses and cultural backgrounds, respectively, using a subsample of male immigrant directors.

[Insert Table G2 here]

The findings reported in Table G2 are largely consistent with the main results in Table 6, except for the coefficient on interaction term *Director Born Overseas x Dividend Cuts*, which is insignificant. The results of additional testing the impact of immigrants' cultural backgrounds on director turnover following negative events on the subsample of male immigrant directors presented in Table G3 reiterate the main findings reported in Table 7.

[Insert Table G3 here]

The results of testing Hypothesis 2a on the subsample of male directors presented in Table G4 are largely consistent with the main findings detailed in Table 8.

[Insert Table G4 here]

Table G5 reports the results of exploring the impact of an immigrant generational status on the number of outside directorships held by immigrant directors following negative events (Hypothesis 2b) on the subsample of male immigrant directors.

[Insert Table G5 here]

In contrast to the evidence reported in Table 10, there is no indication that an immigrant generational status influences directors' reputation in the external labour market after adverse corporate events as suggested by the insignificant coefficients on all interaction terms in Table G5.

Table G6 reports the results of testing Hypothesis 2b in relation to the effect of immigrant directors' cultural backgrounds using the subsample of male immigrant directors.

[Insert Table G6 here]

Findings in Table G6 are largely consistent with the evidence received in the main analysis and presented in Table 12, except for the negative and significant coefficient on interaction term *Cultural Distance x Dividend Cuts* in Column (6) of Table G6. Thus, the additional analysis provides weak evidence to support Hypothesis 2b, as it indicates that immigrant directors with cultural backgrounds that are more dissimilar to the culture of the receiving country in the long-term are penalised with fewer outside directorship in the aftermath of dividend cuts relative to other categories of immigrants.

Table G7 presents the results of testing immigrant directors' monitoring performance in terms of the sensitivity of CEO turnover to firm performance (Hypothesis 3) using an alternative measurement of the independent variable *Percent Immigrant Directors* in Model (5).

[Insert Table G7 here]

This variable is defined as the proportion of male immigrant directors and measured as the number of male immigrant directors to the total number of male directors on the board. Table G8 reports the results of testing Hypothesis 3 in relation to abnormal CEO compensation using Model (7) in which variables of interest *Presence Immigrant Directors on Remuneration*

Committee and *Immigrant Chair Remuneration Committee* are defined as follows. *Presence Immigrant Directors on Remuneration Committee* is an indicator variable equal to 1 if there is at least one male immigrant director on the remuneration committee, and zero otherwise. *Immigrant Chair Remuneration Committee* is an indicator variable equal to 1 if the chair of the remuneration committee is a male immigrant, and zero otherwise.

[Insert Table G8 here]

The findings reported in Table G7 and Table G8 are largely consistent with the main results detailed in Table 14 and Table 15.

3.6.7 Testing the hypotheses using entropy-balanced samples

The main findings of this chapter may be attributed to self-selection bias, as immigrants may choose or be appointed to sit on boards of firms with specific characteristics. The results of univariate testing reported in Panels A, D and E of Table 4 show that firms in which immigrants hold directorships differ significantly from other firms across multiple attributes. To mitigate this self-selection bias, Hypotheses 1a, 2a and 3 are tested on entropy-balanced samples. This method allows the construction of a control group in which observations are assigned weights to achieve equal means of covariates in the control group and the treatment group ((Hainmueller, 2012)[21]. The control groups are formed based on the full sample of directors used for testing Hypothesis 1a and Hypothesis 2a and the entire sample of firms employed for testing Hypothesis 3. The construction of the control group assigns weights to observations which enable balance of the covariates that are significantly different between the control group and the treatment group according to the descriptive statistics in Panels A, D and E of Table 4.

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[21] Advantages of entropy balancing are discussed in Section 2.6.5. of Chapter 2.

The results of testing the association between directors' immigrant statuses and their turnover subsequent to negative events (Hypothesis 1a) on the entropy balanced sample of directors are detailed in Table H1.

[Insert Table H1 here]

The evidence is largely consistent with the main findings reported in Table 5, except for the coefficients on the variable *Immigrant Director* and the interaction term *Immigrant Director x Negative ROA* in Column (8). In contrast to the main results, the positive and significant coefficient on *Immigrant Director* reported in Column (8) indicates that the likelihood of leaving the board is higher for immigrant directors, regardless of the occurrence of negative events. However, the negative and significant coefficient on *Immigrant Director x Negative ROA* in Column (8) of Table H1 suggests that immigrant directors are less likely to depart from the board following poor financial performance, which provides weak support for Hypothesis 1a.

The results of testing Hypothesis 2a which predicts an association between a director's immigrant background and the number of outside directorships held following negative events using the entropy balanced sample of directors are reported in Table H2.

[Insert Table H2 here]

In line with the main findings presented in Table 8, the negative and significant coefficients on variable *Immigrant Director* across all columns in Table H2 suggest that immigrant directors experience a negative effect of their demographic status in the external labour market in the form of fewer future outside board seats, irrespective of past negative events. Since coefficients on all interaction terms of interest in Table H2 are insignificant, the evidence based on the

entropy balanced sample fails to provide support to Hypothesis 2a. Thus, the findings presented in Table H2 are largely consistent with the main results.

The results of testing the association between the presence of immigrant directors and board monitoring performance (Hypothesis 3) using the entropy balanced samples of firms are presented in Table H3 and H4. Table H3 reports the results of testing the hypothesis in relation to the sensitivity of CEO turnover to performance.

[Insert Table H3 here]

The evidence in Table H3 reiterates the main findings presented in Table 14 showing that immigrants' representation on boards has no impact on CEO turnover following negative events, as the coefficients on all interaction terms of interest are insignificant. Similar to the main findings detailed in Table 15, the results presented in Table H4 indicate that there is no association between the presence of immigrant directors on the remuneration committee and abnormal CEO compensation, as the coefficients on variables of interest *Presence Immigrant Directors on Remuneration Committee* and *Immigrant Chair Remuneration Committee* are insignificant.

[Insert Table H4 here]

Thus, consistent with the main results, the findings based on the entropy balanced samples provide no support for Hypothesis 3.

3.6.8 Untabulated additional tests

The effects of dissimilarity of an immigrant director's cultural background to the cultural background of the domestic population of the host country on their career outcomes in the director labour market following negative events as inferred by Hypothesis 1b and Hypothesis

2b of this chapter are additionally tested using the alternative measurement of variable *Cultural Distance* discussed in Section 2.6.6 of Chapter 2 of this thesis. The results of this additional analysis (untabulated) are consistent with the main findings.

Furthermore, race fixed effects are added to the regression models of this chapter to additionally test the hypotheses. Racial groups for this analysis are consistent with those detailed in Section 2.6.6 of Chapter 2. The findings of these additional tests (untabulated) reiterate the main results.

Finally, the hypotheses of this chapter (except for Hypothesis 3 in terms of abnormal CEO compensation) are tested in relation to cases of the extremely poor firm performance. For this analysis three variables that measure such performance are utilised in Model (1)-Model (5): *Worst Loss, Worst ROA* and *Worst RET.* They are indicator variables that equal to 1 if the firm is in the quartile of firms with the greatest loss, the lowest ROA and the lowest market returns, respectively, and zero otherwise. The results of these additional tests are insignificant and untabulated.

3.7 Conclusion

Although multiple prior studies have explored the impact of particular directors' demographic characteristics on the outcomes of the ex-post settling process in the director labour market, scholars have not shed a light on the role of board members' immigrant backgrounds in this process. This chapter addresses this gap in prior research and provides empirical evidence on the effect of directors' immigrant statuses on their career outcomes in the director labour market subsequent to negative firm events.

Consistent with the tenets of social categorisation theory, this chapter finds some evidence that, regardless of the occurrence of negative events, immigrants are more likely to depart from the

board within a three-year period. Furthermore, the internal director labour market holds immigrant directors more accountable for reducing dividends, as they are less likely to keep their position on the board in the period after dividend cuts. Similarly, the findings in this chapter indicate that the external labour market penalises directors for their immigrant background in the form of fewer outside directorships held in future periods, regardless of the incidence of negative events.

Furthermore, this chapter explores the roles of immigrant directors' generational statuses and cultural backgrounds in the ex-post settling process in the director labour market. The evidence on the effect of an immigrant generational status presented in this chapter is mixed. On the one hand, in line with the arguments based on social categorisation theory, it demonstrates that the likelihood of leaving the board of a dividend cutting firm is higher for first-generation immigrant directors. In addition, this chapter provides some evidence that, regardless of adverse events, first-generation immigrant directors are more likely to depart from the board. However, this category of immigrants is less likely to lose their positions on the board of firms with poor financial performance. One potential interpretation could be a more effective response of first-generation immigrant directors to subpar firm performance as they perceive a greater threat to their board position caused by their minority demographic status.

In terms of the impact of a director's immigrant generational status on the ex-post settling process the external labour market, first-generation immigrant directors incur greater reputational penalties in the form of fewer outside board seats held in the periods subsequent to poor financial performance of the focal firm. This evidence supports theoretical arguments of social categorisation theory that first-generation immigrant directors experience more pronounced negative biases due to greater rarity of their demographic attribute. At the same time, this chapter finds that the external director labour market rewards first-generation

immigrants with more outside directorships in two years after receiving a strike on the remuneration report. Moreover, they are more likely to increase the number of outside directorships following a reduction of dividends than second-and-higher generations of immigrants.

Furthermore, consistent with social categorisation theory, the findings of this chapter indicate that immigrants whose cultural backgrounds are more dissimilar to the culture of the receiving country are more likely to lose their board position within three years, regardless of the incidence of negative events and firm performance. This chapter also provides evidence that this category of immigrants is more likely to be retained on boards of firms that had negative market returns in the previous period. However, consistent with the expectation derived from social categorisation theory, these immigrant directors are subjected to negative biases of more significant magnitude than other categories of immigrant directors in the external labour market, as they hold fewer outside board seats and have a lower likelihood of increasing the number of outside directorships in future periods, irrespective of the incidence of negative events.

Finally, this chapter analyses the association between immigrant directors' representation on corporate boards and the effectiveness of board monitoring in terms of the sensitivity of CEO turnover to performance and abnormal CEO compensation. The evidence suggests that the presence of immigrant directors has no impact on CEO turnover following dividend cuts and poor financial performance, and does not influence abnormal CEO compensation.

Main Tables

Table 1: Sample construction

Panel A: A full sample of directors for testing Hypotheses 1a and 2a

	Number of director-firm-year observations
Director-firm-year observations for the 2009-2020 period in the Connect 4 Boardroom database	89,865
Less observations on directors of firms with head offices located overseas	(6,154)
Less observations on directors of funds and trusts	(3,048)
Less observations with missing data on variables	(30,805)
Total observations used for testing	49,858

Panel B: A full sample of firms for testing Hypothesis 3

	For testing CEO turnover	For testing abnormal CEO compensation
	Number of firm-year observations	Number of firm-year observations
Firm-year observations for the 2009-2020 period in the Connect 4 Boardroom database	13,462	13,462
Less observations on firms with head offices located overseas	(499)	(499)
Less observations on funds and trusts	(303)	(303)
Less observations with incomplete data on board members' immigrant backgrounds	(5,909)	(5,909)
Less observations with missing data on variables	(1,388)	(1,080)
Total observations used for testing	5,363	5,671

Table 2: Descriptive statistics

Panel A: Descriptive statistics for the sample used to test Hypotheses 1a and 2a

Variable	Observations	Mean	SD	Median	25th percentile	75th percentile
Director Turnover	49,858	0.143	0.350	0	0	0
Board Seats t+1	49,858	0.987	1.352	1	0	2
Board Seats t+2	34,962	1.001	1.361	1	0	2
Increase Board Seats t+1	49,858	0.116	0.32	0	0	0
Increase Board Seats t+2	34,962	0.402	0.490	0	0	1
Immigrant Director	49,858	0.420	0.494	0	0	1
Strike	49,858	0.0597	0.237	0	0	0
Dividend Cuts	49,858	0.0576	0.233	0	0	0
Loss	49,858	0.532	0.499	1	0	1
RET	49,858	2.088	3.321	0.333	-0.250	3.995
Negative RET	49,858	0.320	0.466	0	0	1
ROA	49,858	-0.265	0.946	-0.00130	-0.207	0.0634
Negative ROA	49,858	0.502	0.500	1	0	1
Director Age	49,858	57.85	9.705	59	51	65
Number Outside Board Seats	49,858	1.017	1.369	1	0	2
Director Tenure	49,858	4.316	4.508	2.936	1.284	5.826
Female	49,858	0.0995	0.299	0	0	0
Director Committee	49,858	0.656	0.475	1	0	1
Director Lead	49,858	0.488	0.500	0	0	1
Director Departure t+1	49,858	0.143	0.350	0	0	0
Director Departure t+2	34,962	0.24	0.427	0	0	0
Board Size	49,858	5.496	2.038	5	4	7
Percent Independent Directors	49,858	0.491	0.284	0.500	0.286	0.714
CEO is Chair	49,858	0.0001	0.00776	0	0	0
Firm Size	49,858	18.24	2.561	17.93	16.27	20.00
Market to Book	49,858	2.361	4.205	1.310	0.750	2.620
Volatility	49,858	1.595	2.564	0.760	0.370	1.820
LT Debt to Total Assets	49,858	0.0897	0.148	0	0	0.145

Definitions of the variables are detailed in Appendix A. The sample is a full sample of directors of firms headquartered in Australia for the 2009-2020 period. All financial continuous variables are winsorized at the 1% and 99% percentiles.

Panel B: Descriptive statistics for the sample used to test Hypotheses 1b and 2b

Variable	Observations	Mean	SD	Median	25th percentile	75th percentile
Director Turnover	20,947	0.154	0.361	0	0	0
Board Seats t+1	20,947	0.85	1.364	0	0	1
Board Seats t+2	14,353	0.872	1.392	0	0	1
Increase Board Seats t+1	20,947	0.108	0.31	0	0	0
Increase Board Seats t+2	14,353	0.406	0.491	0	0	1
Director Born Overseas	20,947	0.799	0.401	1	1	1
Cultural Distance	20,947	2.176	1.719	1	1	2
Strike	20,947	0.0567	0.231	0	0	0
Dividend Cuts	20,947	0.0496	0.217	0	0	0
Loss	20,947	0.579	0.494	1	0	1
RET	20,947	1.833	3.260	0.0909	-0.314	3.431
Negative RET	20,947	0.343	0.475	0	0	1
ROA	20,947	-0.321	1.047	-0.0319	-0.262	0.0589
Negative ROA	20,947	0.554	0.497	1	0	1
Director Age	20,947	56.55	9.945	57	50	64
Number Outside Board Seats	20,947	0.867	1.369	0	0	1
Director Tenure	20,947	3.903	4.097	2.631	1.153	5.287
Female	20,947	0.0931	0.291	0	0	0
Director Committee	20,947	0.607	0.488	1	0	1
Director Lead	20,947	0.431	0.495	0	0	1
Director Departure t+1	20,947	0.154	0.361	0	0	0
Director Departure t+2	14,353	0.257	0.437	0	0	1
Board Size	20,947	5.456	2.044	5	4	7
Percent Independent Directors	20,947	0.468	0.289	0.500	0.250	0.700
CEO is Chair	20,947	0.00005	0.00691	0	0	0
Firm Size	20,947	18.04	2.590	17.65	16.10	19.76
Market to Book	20,947	2.428	4.463	1.330	0.720	2.760
Volatility	20,947	1.576	2.682	0.710	0.350	1.720
LT Debt to Total Assets	20,947	0.0860	0.150	0	0	0.128

Definitions of the variables are detailed in Appendix A. The sample is the full sample of directors (Panel A Table 2) restricted to immigrant directors. All financial continuous variables are winsorized at the 1% and 99% percentiles.

Panel C: Descriptive statistics for the sample used to test Hypothesis 3 (sensitivity of CEO turnover to performance)

Variable	Observations	Mean	SD	Median	25th percentile	75th percentile
CEO Turnover	5,363	0.0738	0.262	0	0	0
Percent Immigrant Directors	5,363	0.385	0.292	0.333	0.200	0.500
Dividend Cuts	5,363	0.0494	0.217	0	0	0
Loss	5,363	0.568	0.495	1	0	1
RET	5,363	1.788	3.291	0.0588	-0.334	3.250
Negative RET	5,363	0.365	0.482	0	0	1
ROA	5,363	-0.274	0.891	-0.0316	-0.254	0.0581
Negative ROA	5,363	0.552	0.497	1	0	1
CEO Age	5,363	51.58	8.215	51	46	57
CEO Ownership	5,363	0.0363	0.0858	0.00313	0	0.0260
CEO Tenure	5,363	4.746	4.891	3.242	1.514	6.319
Female CEO	5,363	0.0360	0.186	0	0	0
Board Size	5,363	4.737	1.609	4	4	6
Percent Independent Directors	5,363	0.468	0.282	0.500	0.250	0.667
CEO is Chair	5,363	0	0	0	0	0
Firm Size	5,363	17.67	2.474	17.40	16.02	19.23
Market to Book	5,363	2.270	3.948	1.290	0.710	2.570
Volatility	5,363	1.615	2.539	0.763	0.367	1.822
LT Debt to Total Assets	5,363	0.0724	0.133	0	0	0.102

Definitions of the variables are detailed in Appendix A. The sample is comprised of firms headquartered in Australia for the 2009-2020 period for which immigrant backgrounds of all their board members are identified and with complete observations on all variables used for testing Hypothesis 3 in relation to the sensitivity of CEO turnover to performance. All financial continuous variables are winsorized at the 1% and 99% percentiles.

Panel D: Descriptive statistics for the sample used to test Hypothesis 3 (abnormal CEO compensation)

Variable	Observations	Mean	SD	Median	25th percentile	75th percentile
Abnormal CEO Compensation (in millions)	5,671	-0.006	0.907	-0.200	-0.419	0.0423
Presence Immigrant Directors on Remuneration Committee	5,671	0.419	0.493	0	0	1
Immigrant Chair Remuneration Committee	5,671	0.208	0.406	0	0	0
ROA	5,671	-0.272	0.873	-0.0308	-0.256	0.0570
CEO Age	5,671	51.66	8.191	51	46	57
CEO Ownership	5,671	0.0344	0.0829	0.00254	0	0.0241
CEO Tenure	5,671	4.714	4.894	3.181	1.440	6.327
Female CEO	5,671	0.0358	0.186	0	0	0
Board Size	5,671	4.707	1.612	4	3	6
Percent Independent Directors	5,671	0.476	0.280	0.500	0.250	0.714
CEO is Chair	5,671	0	0	0	0	0
Firm Size	5,671	17.19	3.668	17.26	15.90	19.11
Market to Book	5,671	2.257	3.991	1.270	0.680	2.550
Volatility	5,671	1.550	2.514	0.704	0.330	1.744
LT Debt to Total Assets	5,671	0.0718	0.132	0	0	0.0998

Definitions of the variables are detailed in Appendix A. The sample is comprised of firms headquartered in Australia for the 2009-2020 period for which immigrant backgrounds of all their board members are identified and with complete observations on all variables used for testing Hypothesis 3 in relation to abnormal CEO compensation. All financial continuous variables are winsorized at the 1% and 99% percentiles.

Table 3: Correlation matrix

Panel A: Correlation matrix for variables used to test Hypothesis 1a and Hypothesis 2a

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	1.000																
2	-0.067***	1.000															
3	-0.001	0.897***	1.000														
4	-0.036***	0.373***	0.304***	1.000													
5	-0.003	0.205***	0.420***	0.527***	1.000												
6	0.026***	-0.086***	-0.080***	-0.022***	-0.033***	1.000											
7	0.040***	-0.015***	-0.013**	-0.004	-0.011*	-0.011**	1.000										
8	-0.009**	-0.006	-0.006	-0.015***	-0.010*	-0.029***	0.020***	1.000									
9	0.103***	0.009*	0.020***	0.024***	0.020***	0.081***	0.003	-0.108***	1.000								
10	-0.082***	0.000	-0.007	-0.016***	-0.011**	-0.065***	-0.009*	0.068***	-0.526***	1.000							
11	0.083***	-0.008*	0.000	0.012***	0.008	0.043***	0.025***	-0.148***	0.438***	-0.531***	1.000						
12	-0.097***	0.005	-0.002	-0.013***	-0.007	-0.050***	0.012***	0.081***	-0.317***	0.223***	-0.157***	1.000					
13	0.104***	0.005	0.014**	0.025***	0.019***	0.088***	-0.018***	-0.189***	0.849***	-0.546***	0.445***	-0.364***	1.000				
14	-0.024***	-0.046***	-0.075***	-0.094***	-0.115***	-0.114***	0.026***	0.051***	-0.153***	0.116***	-0.077***	0.098***	-0.173***	1.000			
15	-0.043***	0.889***	0.825***	0.055***	0.018***	-0.093***	-0.012***	-0.002	0.013***	-0.003	-0.007*	0.004	0.008*	-0.014***	1.000		
16	-0.023***	-0.016***	-0.032***	-0.077***	-0.087***	-0.078***	0.019***	0.046***	-0.166***	0.137***	-0.092***	0.099***	-0.179***	0.315***	0.001	1.000	
17	-0.029***	0.031***	0.041***	0.036***	0.063***	-0.018***	0.004	0.037***	-0.155***	0.120***	-0.108***	0.072***	-0.174***	-0.116***	0.013***	-0.053***	1.000
18	-0.059***	-0.018***	-0.024***	-0.012**	-0.003	-0.090***	0.029***	0.081***	-0.261***	0.201***	-0.126***	0.195***	-0.290***	0.149***	-0.017***	0.069***	0.107***
19	-0.041***	0.116***	0.108***	0.017***	0.016**	-0.096***	0.004	0.015***	-0.041***	0.031***	-0.008	0.042***	-0.042***	0.161***	0.138***	0.046***	-0.055***
20	0.070***	-0.046***	-0.066***	-0.015***	-0.035***	0.029***	0.030***	-0.005	0.080***	-0.067***	0.055***	-0.069***	0.084***	-0.003	-0.038***	-0.017***	-0.021***
21	-0.028***	-0.009**	-0.009*	-0.018***	-0.006	-0.017***	0.040***	0.123***	-0.395***	0.319***	-0.239***	0.230***	-0.461***	0.152***	-0.015***	0.075***	0.195***
22	-0.056***	0.026***	0.027***	-0.006	0.006	-0.069***	0.031***	0.086***	-0.267***	0.209***	-0.168***	0.141***	-0.302***	0.148***	0.027***	0.055***	0.156***
23	0.004	0.002	0.001	0.005	0.009**	-0.001	-0.002	-0.002	0.007*	-0.006	0.011**	0.000	0.008*	-0.003	0.002	-0.002	-0.003
24	-0.102***	0.039***	0.037***	-0.009*	0.006	-0.063***	0.025***	0.140***	-0.561***	0.466***	-0.401***	0.346***	-0.625***	0.198***	0.038***	0.128***	0.241***
25	-0.012***	0.000	-0.001	0.008*	0.003	0.013***	-0.018***	-0.050***	0.018***	0.017***	-0.087***	-0.049***	0.042***	-0.017***	-0.002	-0.017***	0.014***
26	-0.014***	-0.029***	-0.025***	-0.005	-0.002	-0.006	-0.013***	0.105***	-0.138***	0.433***	-0.096***	0.077***	-0.156***	0.015***	-0.031***	-0.007	0.002
27	-0.029***	-0.023***	-0.029***	-0.019***	-0.018***	-0.022***	0.039***	0.101***	-0.247***	0.226***	-0.163***	0.102***	-0.340***	0.092***	-0.018***	0.052***	0.100***

Panel A (cont.): Correlation matrix for variables used to test Hypothesis 1a and Hypothesis 2a

	18	19	20	21	22	23	24	25	26	27
18	1.000									
19	0.308***	1.000								
20	-0.023***	-0.022***	1.000							
21	0.228***	-0.085***	-0.019***	1.000						
22	0.241***	0.045***	-0.020***	0.284***	1.000					
23	-0.013**	-0.008	0.002	-0.002	-0.013***	1.000				
24	0.319***	0.008	-0.067***	0.735***	0.405***	-0.005	1.000			
25	-0.002	0.003	-0.010*	-0.019***	0.006	-0.003	0.105***	1.000		
26	0.073***	0.026***	-0.012**	0.036***	0.034***	-0.004	0.076***	0.005	1.000	
27	0.148***	0.000	-0.019***	0.331***	0.156***	0.000	0.356***	-0.055***	0.059***	1.000

The table reports the pairwise correlations for the variables utilised to test Hypothesis 1a and Hypothesis 2a. Definitions of the variables are presented in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Legend:

1. *Director Turnover*
2. *Board Seats t+1*
3. *Board Seats t+2*
4. *Increase Board Seats t+1*
5. *Increase Board Seats t+2*
6. *Immigrant Director*
7. *Strike*
8. *Dividend Cuts*
9. *Loss*
10. *RET*
11. *Negative RET*
12. *ROA*
13. *Negative ROA*
14. *Director Age*
15. *Number Outside Board Seats*
16. *Director Tenure*
17. *Female*
18. *Director Committee*
19. *Director Lead*
20. *Director Departure t+2*
21. *Board Size*
22. *Percent Independent Directors*
23. *CEO is Chair*
24. *Firm Size*
25. *Market to Book*
26. *Volatility*
27. *LT Debt to Total Assets*

Panel B: Correlation matrix for variables used to test Hypothesis 1b and Hypothesis 2b

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	1.000																
2	-0.073***	1.000															
3	-0.002	0.909***	1.000														
4	-0.050***	0.391***	0.323***	1.000													
5	0.000	0.238***	0.437***	0.533***	1.000												
6	0.002	-0.031***	-0.020**	-0.032***	-0.039***	1.000											
7	0.013*	-0.098***	-0.104***	-0.033***	-0.041***	-0.128***	1.000										
8	0.039***	-0.006	0.004	-0.007	-0.006	0.009	0.001	1.000									
9	-0.001	-0.011	-0.017**	-0.012*	-0.014*	0.001	-0.050***	0.018**	1.000								
10	0.104***	0.004	0.019**	0.009	0.013	-0.020***	0.113***	0.005	-0.108***	1.000							
11	-0.079***	0.008	0.004	0.001	0.008	0.007	-0.089***	-0.026***	0.080***	-0.507***	1.000						
12	0.079***	-0.009	0.000	0.004	0.005	-0.002	0.057***	0.035***	-0.145***	0.398***	-0.515***	1.000					
13	-0.097***	0.002	-0.005	-0.019***	-0.012	0.030***	-0.076***	0.013*	0.079***	-0.300***	0.205***	-0.128***	1.000				
14	0.100***	0.003	0.016*	0.012*	0.012	-0.027***	0.124***	-0.009	-0.188***	0.847***	-0.529***	0.410***	-0.347***	1.000			
15	-0.040***	-0.025***	-0.049***	-0.073***	-0.094***	0.132***	-0.208***	0.024***	0.043***	-0.133***	0.101***	-0.062***	0.080***	-0.150***	1.000		
16	-0.046***	0.901***	0.846***	0.090***	0.065***	-0.034***	-0.097***	0.000	-0.008	0.009	0.004	-0.011	0.007	0.007	0.000	1.000	
17	-0.028***	0.001	-0.010	-0.066***	-0.072***	0.012*	-0.030***	0.005	0.051***	-0.153***	0.125***	-0.081***	0.088***	-0.170***	0.310***	0.014**	1.000
18	-0.027***	0.026***	0.034***	0.025***	0.051***	0.070***	-0.032***	0.013*	0.052***	-0.158***	0.118***	-0.104***	0.076***	-0.182***	-0.087***	0.012*	-0.037***
19	-0.060***	-0.062***	-0.078***	-0.010	-0.007	-0.008	-0.171***	0.030***	0.090***	-0.264***	0.194***	-0.115***	0.201***	-0.292***	0.148***	-0.066***	0.067***
20	-0.055***	0.147***	0.147***	0.036***	0.044***	-0.051***	-0.111***	0.015*	0.022***	-0.046***	0.039***	-0.013	0.047***	-0.048***	0.153***	0.168***	0.031***
21	0.077***	-0.049***	-0.071***	-0.014*	-0.042***	0.012	0.010	0.040***	-0.004	0.072***	-0.070***	0.051***	-0.059***	0.080***	-0.018**	-0.044***	-0.029***
22	-0.023***	-0.056***	-0.057***	-0.024***	-0.016*	0.103***	-0.099***	0.026***	0.120***	-0.400***	0.324***	-0.225***	0.232***	-0.462***	0.149***	-0.064***	0.081***
23	-0.046***	0.024***	0.026***	0.005	0.017**	0.033***	-0.140***	0.031***	0.079***	-0.250***	0.191***	-0.142***	0.126***	-0.285***	0.151***	0.025***	0.034***
24	-0.003	-0.004	-0.003	-0.002	0.008	0.003	-0.001	-0.002	-0.002	0.006	-0.005	0.010	0.000	0.006	0.000	-0.004	0.001
25	-0.092***	0.013*	0.010	-0.003	0.010	0.079***	-0.187***	0.010	0.148***	-0.554***	0.469***	-0.378***	0.337***	-0.617***	0.196***	0.010	0.112***
26	-0.016**	0.017**	0.017**	0.013*	-0.002	-0.008	-0.050***	-0.017**	-0.047***	0.007	0.034***	-0.092***	-0.032***	0.029***	0.000	0.012*	-0.015**
27	-0.013*	-0.021***	-0.015*	0.007	0.008	0.001	-0.030***	-0.020***	0.106***	-0.128***	0.445***	-0.085***	0.067***	-0.143***	0.007	-0.024***	-0.011
28	-0.026***	-0.046***	-0.054***	-0.024***	-0.022***	0.050***	-0.037***	0.032***	0.103***	-0.242***	0.219***	-0.154***	0.079***	-0.327***	0.070***	-0.041***	0.064***

Panel B (cont.): Correlation matrix for variables used to test Hypothesis 1b and Hypothesis 2b

	18	19	20	21	22	23	24	25	26	27	28
18	1.000										
19	0.114***	1.000									
20	-0.031***	0.300***	1.000								
21	-0.015*	-0.024**	-0.031***	1.000							
22	0.191***	0.244***	-0.085***	-0.010	1.000						
23	0.156***	0.256***	0.057***	-0.009	0.282***	1.000					
24	-0.002	-0.012	-0.008	-0.004	-0.002	-0.011*	1.000				
25	0.239***	0.321***	0.005	-0.063***	0.735***	0.395***	-0.004	1.000			
26	0.002	0.008	0.027***	-0.016**	-0.011*	0.009	-0.003	0.119***	1.000		
27	-0.003	0.067***	0.024***	-0.007	0.035***	0.031***	-0.004	0.085***	0.018***	1.000	
28	0.092***	0.128***	-0.013	-0.023***	0.313***	0.134***	0.001	0.337***	-0.060***	0.05***	1.000

The table reports the pairwise correlations for the variables utilised to test Hypothesis 1b and Hypothesis 2b. Definitions of the variables are presented in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Legend:

1. *Director Turnover*
2. *Board Seats t+1*
3. *Board Seats t+2*
4. *Increase Board Seats t+1*
5. *Increase Board Seats t+2*
6. *Director Born Overseas*
7. *Cultural Distance*
8. *Strike*
9. *Dividend Cuts*
10. *Loss*
11. *RET*
12. *Negative RET*
13. *ROA*
14. *Negative ROA*
15. *Director Age*
16. *Number Outside Board Seats*
17. *Director Tenure*
18. *Female*
19. *Director Committee*
20. *Director Lead*
21. *Director Departure t+2*
22. *Board Size*
23. *Percent Independent Directors*
24. *CEO is Chair*
25. *Firm Size*
26. *Market to Book*
27. *Volatility*
28. *LT Debt to Total Assets*

Panel C: Correlation matrix for variables used to test Hypothesis 3 (sensitivity of CEO turnover to performance)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1	1.000																	
2	0.020	1.000																
3	0.008	-0.041***	1.000															
4	0.088***	0.117***	-0.117***	1.000														
5	-0.056***	-0.077***	0.073***	-0.516***	1.000													
6	0.055***	0.071***	-0.146***	0.415***	-0.526***	1.000												
7	-0.085***	-0.086***	0.081***	-0.332***	0.223***	-0.175***	1.000											
8	0.085***	0.113***	-0.189***	0.855***	-0.519***	0.417***	-0.363***	1.000										
9	-0.009	-0.009	0.014	-0.084***	0.040***	-0.040***	0.033**	-0.107***	1.000									
10	-0.075***	-0.017	-0.021	-0.073***	0.037***	-0.015	0.018	-0.074***	0.121***	1.000								
11	-0.048***	-0.092***	0.051***	-0.192***	0.101***	-0.092***	0.090***	-0.208***	0.346***	0.220***	1.000							
12	0.026*	0.031**	-0.012	0.012	0.026*	0.000	-0.003	0.010	-0.083***	-0.047***	-0.068***	1.000						
13	-0.004	-0.015	0.135***	-0.375***	0.296***	-0.226***	0.197***	-0.424***	0.080***	-0.129***	0.074***	0.021	1.000					
14	-0.061***	-0.124***	0.100***	-0.254***	0.200***	-0.156***	0.126***	-0.294***	0.100***	-0.092***	0.077***	0.017	0.300***	1.000				
15	-0.063***	-0.059***	0.137***	-0.500***	0.429***	-0.361***	0.309***	-0.546***	0.119***	-0.083***	0.134***	0.012	0.624***	0.364***	1.000			
16	0.003	0.030**	-0.053***	0.028**	0.038***	-0.089***	-0.079***	0.050***	-0.001	-0.008	-0.025*	0.012	-0.028**	-0.002	0.109***	1.000		
17	-0.010	0.002	0.128***	-0.171***	0.474***	-0.105***	0.086***	-0.187***	-0.015	0.042***	0.005	0.040***	0.047***	0.025*	0.110***	0.025*	1.000	
18	-0.007	-0.034**	0.115***	-0.239***	0.200***	-0.149***	0.064***	-0.329***	0.024*	-0.030**	0.067***	0.002	0.290***	0.175***	0.295***	-0.090***	0.062***	1.000

The table reports the pairwise correlations for the variables utilised to test Hypothesis 3 in relation to the sensitivity of CEO turnover to performance. Definitions of the variables are presented in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Legend:

1. *CEO Turnover*
2. *Percent Immigrant Directors*
3. *Dividend Cuts*
4. *Loss*
5. *RET*
6. *Negative RET*
7. *ROA*
8. *Negative ROA*
9. *CEO Age*
10. *CEO Ownership*
11. *CEO Tenure*
12. *Female CEO*
13. *Board Size*
14. *Percent Independent Directors*
15. *Firm Size*
16. *Market to Book*
17. *Volatility*
18. *LT Debt to Total Assets*

Panel D: Correlation matrix for variables used to test Hypothesis 3 (abnormal CEO compensation)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	1.000													
2	0.115***	1.000												
3	0.044***	0.603***	1.000											
4	0.062***	0.141***	0.080***	1.000										
5	0.041***	0.012	-0.055***	0.044***	1.000									
6	-0.115***	-0.067***	-0.059***	0.011	0.127***	1.000								
7	-0.017	0.026*	-0.035***	0.092***	0.343***	0.235***	1.000							
8	0.405***	0.313***	0.175***	0.193***	0.079***	-0.127***	0.049***	1.000						
9	0.193***	0.188***	0.119***	0.125***	0.106***	-0.087***	0.070***	0.312***	1.000					
10	-0.048***	0.009	-0.013	-0.069***	0.021	-0.008	-0.012	-0.013	0.010	1.000				
11	0.171***	0.164***	0.091***	0.087***	0.029**	-0.013	0.053***	0.300***	0.181***	-0.080***	1.000			
12	0.021*	0.190***	0.110***	0.171***	0.110***	-0.056***	0.135***	0.436***	0.259***	0.139***	0.230***	1.000		
13	-0.071***	0.064***	0.052***	0.079***	-0.010	0.033**	0.018	0.049***	0.065***	0.032**	0.063***	0.148***	1.000	
14	0.010	0.002	0.016	-0.008	-0.089***	-0.042***	-0.068***	0.010	0.019	0.023*	-0.005	-0.017	0.023*	1.000

The table reports the pairwise correlations for the variables utilised to test Hypothesis 3 in relation to abnormal CEO compensation. Definitions of the variables are presented in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Legend:

1. *Abnormal CEO Compensation*
2. *Presence Immigrant Directors on Remuneration Committee*
3. *Immigrant Chair Remuneration Committee*
4. *ROA*
5. *CEO Age*
6. *CEO Ownership*
7. *CEO Tenure*
8. *Board Size*
9. *Percent Independent Directors*
10. *Market to Book*
11. *LT Debt to Total Assets*
12. *Firm Size*
13. *Volatility*
14. *Female CEO*

Table 4: Univariate testing

Panel A: Analysis of director turnover and the number of outside directorships by a director's immigrant status (full sample of directors)

Variables	(1)	(2)	(3)	(4)	(5)
	Non-immigrant directors (*Immigrant Director*=0)		Immigrant directors (*Immigrant Director*=1)		Difference
	Observations	Mean	Observations	Mean	
Director Turnover	28,911	0.135	20,947	0.154	-0.019***
Board Seats t+1	28,911	1.087	20,947	0.85	0.237***
Board Seats t+2	20,609	1.092	14,353	0.872	0.22***
Increase Board Seats t+1	28,953	0.122	20,976	0.108	0.014***
Increase Board Seats t+2	20,609	0.399	14,353	0.406	-0.007
Strike	28,911	0.0619	20,947	0.0567	0.0052**
Dividend Cuts	28,911	0.0633	20,947	0.0496	0.0137***
Loss	28,911	0.497	20,947	0.579	-0.082***
RET	28,911	2.273	20,947	1.833	0.44***
Negative RET	28,911	0.303	20,947	0.343	-0.04***
ROA	28,911	-0.224	20,947	-0.321	0.097***
Negative ROA	28,911	0.465	20,947	0.554	-0.089***
Director Age	28,911	58.79	20,947	56.55	2.24***
Number Outside Board Seats	28,911	1.125	20,947	0.867	0.258***
Director Tenure	28,911	4.615	20,947	3.903	0.712***
Female	28,911	0.104	20,947	0.0931	0.0109***
Director Committee	28,911	0.691	20,947	0.607	0.084***
Director Lead	28,911	0.53	20,947	0.431	0.099***
Director Departure t+1	28,911	0.135	20,947	0.154	-0.019***
Director Departure t+2	20,609	0.228	14,353	0.257	-0.029***
Board Size	28,911	5.525	20,947	5.456	0.069***
Percent Independent Directors	28,911	0.508	20,947	0.468	0.04***
CEO is Chair	28,911	0.00007	20,947	0.00005	-0.00002
Firm Size	28,911	18.37	20,947	18.04	0.33***
Market to Book	28,911	2.313	20,947	2.428	-0.115***
Volatility	28,911	1.608	20,947	1.576	0.032
LT Debt to Total Assets	28,911	0.0924	20,947	0.0860	0.0064***

Definitions of the variables are detailed in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel B: Analysis of director turnover and the number of outside directorships by an immigrant generation status (sample of immigrant directors)

Variables	(1)	(2)	(3)	(4)	(5)
	Second and higher generation immigrant directors (*Director Born Overseas*=0)		First generation Immigrant directors (*Director Born Overseas* =1)		Difference
	Observations	Mean	Observations	Mean	
Director Turnover	4,204	0.153	16,743	0.154	-0.001
Board Seats t+1	4,204	0.935	16,743	0.829	0.106***
Board Seats t+2	2,856	0.927	11,497	0.858	0.069**
Increase Board Seats t+1	4,204	0.128	16,743	0.103	0.025***
Increase Board Seats t+2	2,856	0.429	11,497	0.400	0.029***
Cultural Distance	4,204	2.614	16,743	2.066	0.548***
Strike	4,204	0.0525	16,743	0.0577	-0.0052
Dividend Cuts	4,204	0.0492	16,743	0.0498	-0.0006
Loss	4,204	0.599	16,743	0.574	0.025***
RET	4,204	1.787	16,743	1.844	-0.057
Negative RET	4,204	0.345	16,743	0.343	0.002
ROA	4,204	-0.384	16,743	-0.305	-0.079***
Negative ROA	4,204	0.581	16,743	0.548	0.033***
Director Age	4,204	53.93	16,743	57.21	-3.28***
Number Outside Board Seats	4,204	0.960	16,743	0.844	0.116***
Director Tenure	4,204	3.802	16,743	3.928	-0.126*
Female	4,204	0.0523	16,743	0.103	-0.0507***
Director Committee	4,204	0.606	16,743	0.607	-0.001
Director Lead	4,204	0.477	16,743	0.420	0.057***
Director Departure t+1	4,204	0.153	16,743	0.154	-0.001
Director Departure t+2	2,856	0.248	11,497	0.259	-0.011
Board Size	4,204	5.034	16,743	5.562	-0.528***
Percent Independent Directors	4,204	0.449	16,743	0.473	-0.024***
CEO is Chair	4,204	0	16,743	0.0001	-0.0001
Firm Size	4,204	17.63	16,743	18.15	-0.52***
Market to Book	4,204	2.498	16,743	2.410	0.088
Volatility	4,204	1.572	16,743	1.577	-0.005
LT Debt to Total Assets	4,204	0.0710	16,743	0.0898	-0.0188***

Definitions of the variables are detailed in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel C: Analysis of director turnover and the number of outside directorships by immigrants' cultural backgrounds (sample of immigrant directors)

Variables	(1)	(2)	(3)	(4)	(5)
	Immigrant directors with the Anglo and Western European cultural backgrounds (*Cultural Distance*<3)		Immigrant directors with non-Anglo and non-Western European cultural backgrounds (*Cultural Distance*>2)		Difference
	Observations	Mean	Observations	Mean	
Director Turnover	16,082	0.151	4,865	0.164	-0.013**
Board Seats t+1	16,082	0.934	4,865	0.572	0.362***
Board Seats t+2	11,149	0.957	3,204	0.574	0.383***
Increase Board Seats t+1	16,082	0.115	4,865	0.086	0.028***
Increase Board Seats t+2	11,149	0.405	3,204	0.409	-0.004
Director Born Overseas	16,082	0.788	4,865	0.836	-0.048***
Strike	16,082	0.0559	4,865	0.0592	-0.0033
Dividend Cuts	16,082	0.0555	4,865	0.0302	0.0253***
Loss	16,082	0.548	4,865	0.682	-0.134***
RET	16,082	1.989	4,865	1.317	0.672***
Negative RET	16,082	0.329	4,865	0.393	-0.064***
ROA	16,082	-0.284	4,865	-0.441	0.157***
Negative ROA	16,082	0.521	4,865	0.663	-0.142***
Director Age	16,082	57.70	4,865	52.77	4.93***
Number Outside Board Seats	16,082	0.952	4,865	0.586	0.366***
Director Tenure	16,082	3.996	4,865	3.595	0.401***
Female	16,082	0.0922	4,865	0.0962	-0.004
Director Committee	16,082	0.646	4,865	0.476	0.171***
Director Lead	16,082	0.465	4,865	0.318	0.148***
Director Departure t+1	16,082	0.151	4,865	0.164	-0.013**
Director Departure t+2	11,149	0.253	3,204	0.270	-0.017**
Board Size	16,082	5.526	4,865	5.222	0.304***
Percent Independent Directors	16,082	0.490	4,865	0.394	0.096***
CEO is Chair	16,082	0.0001	4,865	0	0.0001
Firm Size	16,082	18.28	4,865	17.26	1.02***
Market to Book	16,082	2.557	4,865	2.000	0.557***
Volatility	16,082	1.624	4,865	1.417	0.207***
LT Debt to Total Assets	16,082	0.0876	4,865	0.0807	0.0069***

Definitions of the variables are detailed in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel D: Analysis of CEO turnover by the presence of immigrant directors on the board (sample of firms)

Variables	(1)	(2)	(3)	(4)	(5)
	Immigrant directors are not present on the board (*Percent Immigrant Directors=0*)		Immigrant directors are present on the board (*Percent Immigrant Directors>0*)		Difference
	Observations	Mean	Observations	Mean	
CEO Turnover	1,177	0.0714	4,186	0.0745	-0.0031
Dividend Cuts	1,177	0.0399	4,186	0.0521	-0.0122*
Loss	1,177	0.576	4,186	0.565	0.011
RET	1,177	1.736	4,186	1.802	-0.066
Negative RET	1,177	0.364	4,186	0.365	-0.001
ROA	1,177	-0.252	4,186	-0.281	0.029
Negative ROA	1,177	0.574	4,186	0.546	0.028*
CEO Age	1,177	51.39	4,186	51.64	-0.25
CEO Ownership	1,177	0.0514	4,186	0.0321	0.0193***
CEO Tenure	1,177	5.351	4,186	4.576	0.775***
Female CEO	1,177	0.0297	4,186	0.0377	-0.008
Board Size	1,177	4.054	4,186	4.929	-0.875***
Percent Independent Directors	1,177	0.470	4,186	0.467	0.003
CEO is Chair	1,177	0	4,186	0	0
Firm Size	1,177	17.11	4,186	17.83	-0.72***
Market to Book	1,177	2.140	4,186	2.306	-0.166
Volatility	1,177	1.584	4,186	1.624	-0.04
LT Debt to Total Assets	1,177	0.0609	4,186	0.0756	-0.0147***

Definitions of the variables are detailed in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Panel E: Analysis of abnormal CEO compensation by the presence of immigrant directors on the remuneration committee (sample of firms)

Variables	(1)	(2)	(3)	(4)	(5)
	Presence Immigrant Directors on Remuneration Committee and Immigrant Chair Remuneration Committee =0		*Presence Immigrant Directors on Remuneration Committee or Immigrant Chair Remuneration Committee =1*		Difference
	Observations	Mean	Observations	Mean	
Abnormal CEO Compensation (in millions)	3,295	-0.0906	2,376	0.111	-0.20***
ROA	3,295	-0.376	2,376	-0.126	-0.25***
CEO Age	3,295	51.58	2,376	51.78	-0.20
CEO Ownership	3,295	0.0391	2,376	0.0279	0.011***
CEO Tenure	3,295	4.607	2,376	4.862	-0.26*
Female CEO	3,295	0.0355	2,376	0.0362	-0.001
Board Size	3,295	4.279	2,376	5.300	-1.02***
Percent Independent Directors	3,295	0.432	2,376	0.539	-0.107***
CEO is Chair	3,295	0	2,376	0	0
Firm Size	3,295	16.60	2,376	18.01	-1.41***
Market to Book	3,295	2.228	2,376	2.298	-0.07
Volatility	3,295	1.414	2,376	1.739	-0.325***
LT Debt to Total Assets	3,295	0.0535	2,376	0.0972	-0.044***

Definitions of the variables are detailed in Appendix A. All financial continuous variables are winsorized at the 1% and 99% percentiles. ***, **, * indicate statistical significance at the 1%, 5% and 10% level, respectively.

Table 5: The impact of a director's immigrant status on director turnover following negative events

VARIABLES	(1) Director Turnover Baseline Full Sample	(2) Director Turnover Strike Full Sample	(3) Director Turnover Dividend cuts Full Sample	(4) Director Turnover Loss Full Sample	(5) Director Turnover RET Full Sample	(6) Director Turnover Negative RET Full Sample	(7) Director Turnover ROA Full Sample	(8) Director Turnover Negative ROA Full Sample
Immigrant Director	0.007	0.002	-0.007	0.008	-0.002	0.015	0.010	0.061
	(0.83)	(0.96)	(0.85)	(0.86)	(0.96)	(0.72)	(0.78)	(0.20)
Strike		0.408***						
		(0.00)						
Immigrant Director # Strike		-0.047						
		(0.66)						
Dividend Cuts			0.098					
			(0.33)					
Immigrant Director# Dividend Cuts			0.229*					
			(0.08)					
Loss				0.233***				
				(0.00)				
Immigrant Director # Loss				-0.002				
				(0.97)				
RET	-0.014*	-0.015*	-0.011		-0.017*			
	(0.10)	(0.08)	(0.18)		(0.08)			
Immigrant Director # RET					0.006			
					(0.56)			
Negative RET						0.192***		
						(0.00)		
Immigrant Director # Negative RET						-0.019		
						(0.75)		
ROA	-0.061***	-0.046**	-0.061***				-0.065***	
	(0.00)	(0.03)	(0.00)				(0.00)	
Immigrant Director# ROA							0.008	
							(0.77)	
Negative ROA								0.190***
								(0.01)
Immigrant Director# Negative ROA								-0.091
								(0.14)
Director Age	0.008***	0.008***	0.008***	0.008***	0.008***	0.008***	0.008***	0.008***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	-0.099***	-0.099***	-0.099***	-0.099***	-0.099***	-0.099***	-0.099***	-0.099***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.082***	0.083***	0.081***	0.082***	0.082***	0.081***	0.082***	0.082***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.295***	0.297***	0.295***	0.293***	0.294***	0.290***	0.296***	0.295***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	-0.123	-0.095	-0.122	-0.128	-0.127	-0.137	-0.123	-0.127
	(0.15)	(0.30)	(0.15)	(0.14)	(0.14)	(0.11)	(0.15)	(0.14)
Market to Book	0.007	0.009*	0.007	0.007	0.008	0.009	0.007	0.007
	(0.16)	(0.10)	(0.16)	(0.18)	(0.15)	(0.11)	(0.17)	(0.18)
LT Debt to Total Assets	-0.039	-0.008	-0.047	-0.043	-0.023	-0.040	-0.034	-0.007
	(0.85)	(0.97)	(0.82)	(0.84)	(0.91)	(0.84)	(0.87)	(0.97)
Firm Size	-0.217***	-0.227***	-0.217***	-0.223***	-0.231***	-0.216***	-0.225***	-0.229***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Volatility	0.003	0.007	0.001	-0.001	0.003	-0.002	-0.003	-0.002
	(0.72)	(0.43)	(0.88)	(0.91)	(0.68)	(0.83)	(0.75)	(0.84)
CEO is Chair	14.733***	13.367***	14.727***	14.771***	14.747***	14.701***	14.735***	14.767***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	-0.054	-0.050	-0.054	-0.054	-0.053	-0.056	-0.053	-0.053
	(0.30)	(0.34)	(0.30)	(0.30)	(0.30)	(0.28)	(0.31)	(0.30)
Observations	44,612	44,612	44,612	44,612	44,612	44,612	44,612	44,612
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.03

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 6: The impact of an immigrant director's generational status on director turnover following negative events

VARIABLES	(1) Director Turnover Baseline Subsample of immigrant directors	(2) Director Turnover Strike Subsample of immigrant directors	(3) Director Turnover Dividend cuts Subsample of immigrant directors	(4) Director Turnover Loss Subsample of immigrant directors	(5) Director Turnover RET Subsample of immigrant directors	(6) Director Turnover Negative RET Subsample of immigrant directors	(7) Director Turnover ROA Subsample of immigrant directors	(8) Director Turnover Negative ROA Subsample of immigrant directors
Director Born Overseas	0.036	0.103	0.015	0.259**	0.010	0.005	0.073	0.326**
	(0.65)	(0.24)	(0.86)	(0.04)	(0.90)	(0.96)	(0.39)	(0.01)
Strike		0.573***						
		(0.00)						
Director Born Overseas # Strike		-0.317						
		(0.10)						
Dividend Cuts			-0.094					
			(0.71)					
Director Born Overseas # Dividend Cuts			0.444*					
			(0.09)					
Loss				0.650***				
				(0.00)				
Director Born Overseas # Loss				-0.327**				
				(0.03)				
RET	-0.024*	-0.026**	-0.020		-0.034			
	(0.06)	(0.04)	(0.10)		(0.11)			
Director Born Overseas # RET					0.014			
					(0.53)			
Negative RET						0.166		
						(0.13)		
Director Born Overseas # Negative RET						0.058		
						(0.63)		
ROA	-0.084***	-0.054	-0.084***				-0.129***	
	(0.00)	(0.11)	(0.00)				(0.00)	
Director Born Overseas # ROA							0.063	
							(0.13)	
Negative ROA								0.559***
								(0.00)
Director Born Overseas # Negative ROA								-0.436***
								(0.00)
Director Age	-0.001	-0.002	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001
	(0.71)	(0.50)	(0.71)	(0.72)	(0.71)	(0.71)	(0.74)	(0.75)
Number Outside Board Seats	-0.107***	-0.101***	-0.108***	-0.109***	-0.109***	-0.108***	-0.108***	-0.111***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.114***	0.119***	0.114***	0.115***	0.114***	0.114***	0.115***	0.115***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.275***	0.280***	0.275***	0.269***	0.272***	0.267***	0.276***	0.274***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	-0.132	-0.120	-0.130	-0.131	-0.132	-0.146	-0.136	-0.133
	(0.30)	(0.37)	(0.30)	(0.30)	(0.29)	(0.25)	(0.28)	(0.29)
Market to Book	0.011	0.012	0.011	0.011	0.012	0.012*	0.011	0.011
	(0.12)	(0.11)	(0.12)	(0.13)	(0.11)	(0.09)	(0.12)	(0.14)
LT Debt to Total Assets	-0.294	-0.285	-0.308	-0.294	-0.261	-0.280	-0.284	-0.248
	(0.30)	(0.35)	(0.28)	(0.29)	(0.35)	(0.32)	(0.32)	(0.37)
Firm Size	-0.213***	-0.221***	-0.213***	-0.225***	-0.233***	-0.219***	-0.227***	-0.236***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Volatility	0.003	0.010	0.000	-0.005	0.003	-0.006	-0.007	-0.005
	(0.84)	(0.45)	(0.97)	(0.66)	(0.81)	(0.62)	(0.57)	(0.67)
Female	-0.091	-0.104	-0.090	-0.100	-0.094	-0.097	-0.089	-0.093
	(0.36)	(0.31)	(0.36)	(0.31)	(0.34)	(0.33)	(0.37)	(0.34)
Observations	16,278	16,278	16,278	16,278	16,278	16,278	16,278	16,278
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.05	0.05	0.05	0.05	0.04	0.05	0.05	0.05

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 7: The impact of immigrant directors' cultural backgrounds on director turnover following negative events

VARIABLES	(1) Director Turnover Baseline Subsample of immigrant directors	(2) Director Turnover Strike Subsample of immigrant directors	(3) Director Turnover Dividend cuts Subsample of immigrant directors	(4) Director Turnover Loss Subsample of immigrant directors	(5) Director Turnover RET Subsample of immigrant directors	(6) Director Turnover Negative RET Subsample of immigrant directors	(7) Director Turnover ROA Subsample of immigrant directors	(8) Director Turnover Negative ROA Subsample of immigrant directors
Cultural Distance	-0.002	-0.001	-0.002	0.033	-0.016	0.026	0.010	0.022
	(0.92)	(0.98)	(0.93)	(0.30)	(0.44)	(0.26)	(0.60)	(0.45)
Strike		0.427***						
		(0.01)						
Cultural Distance # Strike		-0.050						
		(0.36)						
Dividend Cuts			0.277					
			(0.14)					
Cultural Distance # Dividend Cuts			-0.004					
			(0.96)					
Loss				0.491***				
				(0.00)				
Cultural Distance # Loss				-0.050				
				(0.16)				
RET	-0.024*	-0.026**	-0.020		-0.047***			
	(0.06)	(0.04)	(0.11)		(0.01)			
Cultural Distance # RET					0.010**			
					(0.03)			
Negative RET						0.370***		
						(0.00)		
Cultural Distance # Negative RET						-0.067**		
						(0.02)		
ROA	-0.084***	-0.053	-0.084***				-0.155***	
	(0.00)	(0.11)	(0.00)				(0.00)	
Cultural Distance # ROA							0.027**	
							(0.03)	
Negative ROA								0.294**
								(0.02)
Cultural Distance # Negative ROA								-0.037
								(0.28)
Director Age	-0.001	-0.002	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001
	(0.74)	(0.54)	(0.73)	(0.68)	(0.72)	(0.73)	(0.74)	(0.71)
Number Outside Board Seats	-0.108***	-0.102***	-0.108***	-0.107***	-0.108***	-0.108***	-0.107***	-0.108***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.114***	0.119***	0.114***	0.115***	0.114***	0.114***	0.114***	0.114***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.275***	0.281***	0.275***	0.268***	0.272***	0.268***	0.276***	0.272***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	-0.133	-0.128	-0.128	-0.132	-0.136	-0.151	-0.127	-0.131
	(0.29)	(0.34)	(0.31)	(0.29)	(0.28)	(0.23)	(0.31)	(0.30)
Market to Book	0.011	0.012	0.011	0.011	0.011	0.012*	0.010	0.011
	(0.12)	(0.12)	(0.12)	(0.13)	(0.12)	(0.09)	(0.15)	(0.13)
LT Debt to Total Assets	-0.294	-0.280	-0.306	-0.291	-0.249	-0.269	-0.286	-0.243
	(0.30)	(0.36)	(0.28)	(0.30)	(0.38)	(0.34)	(0.32)	(0.39)
Firm Size	-0.213***	-0.221***	-0.213***	-0.223***	-0.233***	-0.218***	-0.223***	-0.233***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Volatility	0.003	0.009	0.000	-0.006	0.003	-0.006	-0.007	-0.005
	(0.84)	(0.46)	(0.98)	(0.63)	(0.83)	(0.63)	(0.54)	(0.65)
Female	-0.088	-0.099	-0.088	-0.094	-0.088	-0.095	-0.086	-0.088
	(0.37)	(0.33)	(0.37)	(0.34)	(0.37)	(0.34)	(0.39)	(0.38)
Observations	16,278	16,278	16,278	16,278	16,278	16,278	16,278	16,278
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.05	0.05	0.05	0.05	0.04	0.05	0.05	0.04

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 8: The impact of an immigrant status on the number of outside board seats held following negative events

VARIABLES	(1) Board Seats t+1 Baseline Full Sample	(2) Board Seats t+2 Baseline Full Sample	(3) Board Seats t+1 Strike Full Sample	(4) Board Seats t+2 Strike Full Sample	(5) Board Seats t+1 Dividend cuts Full Sample	(6) Board Seats t+2 Dividend cuts Full Sample	(7) Board Seats t+1 Loss Full Sample	(8) Board Seats t+2 Loss Full Sample	(9) Board Seats t+1 RET Full Sample	(10) Board Seats t+2 RET Full Sample	(11) Board Seats t+1 Negative RET Full Sample	(12) Board Seats t+2 Negative RET Full Sample	(13) Board Seats t+1 ROA Full Sample	(14) Board Seats t+2 ROA Full Sample	(15) Board Seats t+1 Negative ROA Full Sample	(16) Board Seats t+2 Negative ROA Full Sample
Immigrant Director	-0.030***	-0.046**	-0.026**	-0.047**	-0.029***	-0.045**	-0.026*	-0.044*	-0.031***	-0.051***	-0.033***	-0.048**	-0.033***	-0.046**	-0.025*	-0.043*
	(0.01)	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)	(0.07)	(0.08)	(0.00)	(0.01)	(0.01)	(0.03)	(0.00)	(0.02)	(0.07)	(0.08)
Strike			0.020	-0.002												
			(0.24)	(0.93)												
Immigrant Director# Strike			-0.026	0.029												
			(0.30)	(0.45)												
Dividend Cuts					-0.016	-0.004										
					(0.34)	(0.87)										
Immigrant Director # Dividend Cuts					-0.002	-0.023										
					(0.91)	(0.50)										
Loss							0.004	0.022								
							(0.71)	(0.24)								
Immigrant Director # Loss							-0.007	-0.005								
							(0.65)	(0.85)								
RET	-0.0004	-0.0001	-0.001	-0.001	-0.001	-0.001			-0.001	-0.001						
	(0.77)	(0.87)	(0.67)	(0.66)	(0.65)	(0.79)			(0.68)	(0.25)						
Immigrant Director # RET									0.001	0.002						
									(0.74)	(0.16)						
Negative RET											0.004	0.023				
											(0.70)	(0.22)				
Immigrant Director # Negative RET											0.011	0.006				
											(0.47)	(0.82)				
ROA	-0.008	-0.009	-0.013	-0.012	-0.008	-0.009							-0.001	-0.002		
	(0.10)	(0.24)	(0.20)	(0.22)	(0.10)	(0.25)							(0.87)	(0.82)		
Immigrant Director # ROA													-0.013*	-0.014		
													(0.06)	(0.28)		
Negative ROA															0.002	0.015
															(0.89)	(0.49)
Immigrant Director # Negative ROA															-0.009	-0.007
															(0.56)	(0.78)
Director Departure t+1	-0.110***		-0.109***		-0.110***		-0.110***		-0.110***		-0.110***		-0.110***		-0.110***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.12***		-0.115***		-0.12***		-0.12***		-0.12***		-0.12***		-0.12***		-0.12***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	0.845***	0.749***	0.848***	0.753***	0.845***	0.749***	0.845***	0.749***	0.845***	0.749***	0.845***	0.749***	0.845***	0.749***	0.845***	0.749***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.006	0.019	0.004	0.015	0.006	0.019	0.006	0.018	0.006	0.019	0.006	0.018	0.006	0.019	0.006	0.018
	(0.55)	(0.35)	(0.72)	(0.46)	(0.55)	(0.35)	(0.57)	(0.36)	(0.57)	(0.35)	(0.59)	(0.38)	(0.55)	(0.36)	(0.57)	(0.36)
Director Lead	-0.007	0.017	-0.007	0.016	-0.007	0.017	-0.007	0.017	-0.007	0.017	-0.007	0.017	-0.007	0.018	-0.007	0.017
	(0.31)	(0.16)	(0.35)	(0.20)	(0.31)	(0.16)	(0.31)	(0.16)	(0.31)	(0.16)	(0.31)	(0.16)	(0.32)	(0.15)	(0.31)	(0.16)
Director Tenure	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Age	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.016***	0.030***	0.017***	0.032***	0.016***	0.030***	0.015***	0.030***	0.015***	0.028***	0.016***	0.031***	0.016***	0.029***	0.015***	0.029***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.074***	0.136***	0.075***	0.137***	0.074***	0.136***	0.074***	0.136***	0.074***	0.136***	0.073***	0.135***	0.074***	0.136***	0.074***	0.136***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Constant	0.092	0.129	0.077	0.081	0.094	0.131	0.119	0.118	0.120	0.161	0.102	0.090	0.100	0.133	0.125	0.135
	(0.24)	(0.38)	(0.34)	(0.59)	(0.23)	(0.37)	(0.13)	(0.41)	(0.12)	(0.26)	(0.20)	(0.55)	(0.19)	(0.34)	(0.11)	(0.34)
Observations	49776	34835	49776	34835	49776	34835	49776	34835	49776	34835	49776	34835	49776	34835	49776	34835
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 9: The impact of an immigrant status on the likelihood of increasing the number of outside board seats held following negative events

VARIABLES	(1) Increase Board Seats t+1 Baseline Full Sample	(2) Increase Board Seats t+2 Baseline Full Sample	(3) Increase Board Seats t+1 Strike Full Sample	(4) Increase Board Seats t+2 Strike Full Sample	(5) Increase Board Seats t+1 Dividend cuts Full Sample	(6) Increase Board Seats t+2 Dividend cuts Full Sample	(7) Increase Board Seats t+1 Loss Full Sample	(8) Increase Board Seats t+2 Loss Full Sample	(9) Increase Board Seats t+1 RET Full Sample	(10) Increase Board Seats t+2 RET Full Sample	(11) Increase Board Seats t+1 Negative RET Full Sample	(12) Increase Board Seats t+2 Negative RET Full Sample	(13) Increase Board Seats t+1 ROA Full Sample	(14) Increase Board Seats t+2 ROA Full Sample	(15) Increase Board Seats t+1 Negative ROA Full Sample	(16) Increase Board Seats t+2 Negative ROA Full Sample
Immigrant Director	-0.223***	-0.303***	-0.207***	-0.303***	-0.224***	-0.295***	-0.147***	-0.267***	-0.255***	-0.365***	-0.211***	-0.309***	-0.238***	-0.308***	-0.151***	-0.273***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Strike			0.139	0.037												
			(0.11)	(0.71)												
Immigrant Director# Strike			-0.151	-0.078												
			(0.28)	(0.65)												
Dividend Cuts					-0.116	0.056										
					(0.18)	(0.52)										
Immigrant Director # Dividend Cuts					0.031	-0.130										
					(0.83)	(0.43)										
Loss							0.104*	0.081								
							(0.08)	(0.22)								
Immigrant Director # Loss							-0.139**	-0.072								
							(0.04)	(0.41)								
RET	-0.008	-0.001	-0.007	-0.003	-0.009	-0.001			-0.015*	-0.012						
	(0.26)	(0.92)	(0.31)	(0.76)	(0.19)	(0.95)			(0.07)	(0.22)						
Immigrant Director #RET									0.016	0.027						
									(0.11)	(0.14)						
Negative RET											0.107**	0.063				
											(0.03)	(0.27)				
Immigrant Director # Negative RET											-0.037	0.019				
											(0.58)	(0.82)				
ROA	-0.022	-0.022	-0.041*	-0.029	-0.022	-0.023							0.005	-0.009		
	(0.30)	(0.46)	(0.06)	(0.40)	(0.30)	(0.46)							(0.85)	(0.79)		
Immigrant Director #ROA													-0.052*	-0.027		
													(0.09)	(0.56)		
Negative ROA															0.080	0.059
															(0.21)	(0.46)
Immigrant Director # Negative ROA															-0.141**	-0.066
															(0.03)	(0.46)
Director Departure t+1	-0.418***		-0.429***		-0.417***		-0.418***		-0.417***		-0.420***		-0.418***		-0.418***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.337***		-0.343***		-0.337***		-0.338***		-0.337***		-0.337***		-0.336***		-0.337***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	-0.009	-0.137***	-0.002	-0.135***	-0.009	-0.137***	-0.009	-0.137***	-0.009	-0.137***	-0.009	-0.137***	-0.009	-0.137***	-0.009	-0.137***
	(0.52)	(0.00)	(0.87)	(0.00)	(0.52)	(0.00)	(0.52)	(0.00)	(0.51)	(0.00)	(0.52)	(0.00)	(0.52)	(0.00)	(0.52)	(0.00)
Director Committee	-0.068	0.046	-0.056	0.050	-0.068	0.047	-0.067	0.046	-0.068	0.048	-0.071	0.045	-0.068	0.047	-0.067	0.047
	(0.16)	(0.46)	(0.26)	(0.44)	(0.16)	(0.45)	(0.17)	(0.46)	(0.16)	(0.44)	(0.14)	(0.47)	(0.16)	(0.46)	(0.17)	(0.46)
Director Lead	0.135***	0.192***	0.127***	0.189***	0.135***	0.192***	0.133***	0.192***	0.134***	0.191***	0.134***	0.193***	0.135***	0.193***	0.134***	0.192***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	-0.043***	-0.046***	-0.044***	-0.047***	-0.043***	-0.046***	-0.043***	-0.046***	-0.043***	-0.046***	-0.043***	-0.046***	-0.043***	-0.046***	-0.043***	-0.046***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Age	-0.023***	-0.030***	-0.024***	-0.029***	-0.023***	-0.030***	-0.023***	-0.030***	-0.023***	-0.030***	-0.024***	-0.030***	-0.023***	-0.030***	-0.023***	-0.030***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.088***	0.111***	0.090***	0.111***	0.088***	0.111***	0.083***	0.111***	0.084***	0.109***	0.090***	0.117***	0.083***	0.111***	0.081***	0.110***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.274***	0.418***	0.281***	0.432***	0.274***	0.419***	0.275***	0.418***	0.274***	0.419***	0.273***	0.417***	0.276***	0.418***	0.275***	0.418***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Observations	43,213	29,515	43,213	29,515	43,213	29,515	43,213	29,515	43,213	29,515	43,213	29,515	43,213	29,515	43,213	29,515
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.03

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 10: The effect of a director's immigrant generational status on the number of outside board seats held following negative events

VARIABLES	(1) Board Seats t+1 Baseline Subsample of immigrant directors	(2) Board Seats t+2 Baseline Subsample of immigrant directors	(3) Board Seats t+1 Strike Subsample of immigrant directors	(4) Board Seats t+2 Strike Subsample of immigrant directors	(5) Board Seats t+1 Dividend cuts Subsample of immigrant directors	(6) Board Seats t+2 Dividend cuts Subsample of immigrant directors	(7) Board Seats t+1 Loss Subsample of immigrant directors	(8) Board Seats t+2 Loss Subsample of immigrant directors	(9) Board Seats t+1 RET Subsample of immigrant directors	(10) Board Seats t+2 RET Subsample of immigrant directors	(11) Board Seats t+1 Negative RET Subsample of immigrant directors	(12) Board Seats t+2 Negative RET Subsample of immigrant directors	(13) Board Seats t+1 ROA Subsample of immigrant directors	(14) Board Seats t+2 ROA Subsample of immigrant directors	(15) Board Seats t+1 Negative ROA Subsample of immigrant directors	(16) Board Seats t+2 Negative ROA Subsample of immigrant directors
Director Born Overseas	0.001	0.019	-0.006	0.007	-0.001	0.018	0.020	0.049	-0.001	0.015	0.010	0.039	-0.004	0.016	0.028	0.056
	(0.94)	(0.54)	(0.73)	(0.81)	(0.97)	(0.57)	(0.39)	(0.24)	(0.95)	(0.62)	(0.60)	(0.27)	(0.83)	(0.59)	(0.22)	(0.18)
Strike			-0.031	-0.078												
			(0.48)	(0.20)												
Director Born Overseas # Strike			0.026	0.126*												
			(0.61)	(0.08)												
Dividend Cuts					-0.053	-0.014										
					(0.12)	(0.81)										
Director Born Overseas # Dividend Cuts					0.035	0.019										
					(0.36)	(0.76)										
Loss							0.033	0.083*								
							(0.19)	(0.06)								
Director Born Overseas # Loss							-0.034	-0.061								
							(0.22)	(0.20)								
RET	-0.000	0.002	-0.001	0.002	-0.001	0.002			-0.001	-0.0001						
	(0.86)	(0.45)	(0.76)	(0.49)	(0.73)	(0.40)			(0.79)	(0.87)						
Director Born Overseas # RET									0.001	0.001						
									(0.83)	(0.67)						
Negative RET											0.044*	0.104***				
											(0.09)	(0.01)				
Director Born Overseas # Negative RET											-0.030	-0.071*				
											(0.28)	(0.08)				
ROA	-0.017**	-0.022*	-0.020**	-0.025*	-0.017**	-0.022*							-0.007	0.002**		
	(0.01)	(0.07)	(0.01)	(0.08)	(0.01)	(0.07)							(0.55)	(0.03)		
Director Born Overseas # ROA													-0.014	-0.002**		
													(0.25)	(0.02)		
Negative ROA															0.042	0.089*
															(0.11)	(0.07)
Director Born Overseas # Negative ROA															-0.050*	-0.079
															(0.07)	(0.12)
Director Departure t+1	-0.115***		-0.107***		-0.115***		-0.114***		-0.114***		-0.115***		-0.115***		-0.115***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.108***		-0.102***		-0.108***		-0.109***		-0.108***		-0.109***		-0.109***		-0.109***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	0.832***	0.728***	0.837***	0.735***	0.832***	0.728***	0.832***	0.727***	0.832***	0.728***	0.832***	0.727***	0.832***	0.728***	0.831***	0.727***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.028*	0.047*	0.027*	0.048*	0.028*	0.047*	0.027*	0.046*	0.027*	0.046*	0.026*	0.044*	0.028*	0.046*	0.027*	0.046*
	(0.06)	(0.06)	(0.07)	(0.06)	(0.06)	(0.06)	(0.07)	(0.07)	(0.07)	(0.07)	(0.08)	(0.08)	(0.06)	(0.07)	(0.07)	(0.07)
Director Lead	-0.012	0.015	-0.012	0.011	-0.012	0.015	-0.012	0.015	-0.012	0.015	-0.012	0.014	-0.012	0.015	-0.012	0.014
	(0.39)	(0.56)	(0.37)	(0.68)	(0.39)	(0.56)	(0.39)	(0.56)	(0.39)	(0.56)	(0.37)	(0.58)	(0.39)	(0.56)	(0.38)	(0.57)
Director Tenure	-0.002	-0.004	-0.003*	-0.004	-0.002	-0.004	-0.002	-0.004	-0.002	-0.004	-0.002	-0.004	-0.002	-0.004	-0.002	-0.004
	(0.17)	(0.16)	(0.06)	(0.16)	(0.17)	(0.17)	(0.17)	(0.18)	(0.17)	(0.17)	(0.17)	(0.16)	(0.16)	(0.16)	(0.18)	(0.18)
Director Age	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.011*	0.038***	0.013**	0.040***	0.011*	0.038***	0.008	0.038***	0.008	0.036***	0.010*	0.043***	0.011*	0.036***	0.008	0.037***
	(0.07)	(0.00)	(0.05)	(0.00)	(0.07)	(0.00)	(0.17)	(0.00)	(0.18)	(0.00)	(0.09)	(0.00)	(0.06)	(0.00)	(0.19)	(0.00)
Female	0.069***	0.127***	0.065***	0.125***	0.069***	0.127***	0.069***	0.126***	0.069***	0.127***	0.068***	0.125***	0.069***	0.127***	0.069***	0.126***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Constant	0.104	-0.126	0.083	-0.177	0.109	-0.125	0.148	-0.170	0.170	-0.051	0.113	-0.240	0.110	-0.151	0.149	-0.151
	(0.37)	(0.57)	(0.49)	(0.44)	(0.35)	(0.58)	(0.20)	(0.45)	(0.13)	(0.82)	(0.34)	(0.30)	(0.33)	(0.49)	(0.19)	(0.50)
Observations	20,646	14,067	20,646	14,067	20,646	14,067	20,646	14,067	20,646	14,067	20,646	14,067	20,646	14,067	20,646	14,067
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.82	0.75	0.82	0.75	0.82	0.75	0.82	0.75	0.82	0.75	0.82	0.75	0.82	0.75	0.82	0.75

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 11: The impact of a director's immigrant generational status on the likelihood of increasing the number of outside board seats held following negative events

VARIABLES	(1) Increase Board Seats t+1 Baseline Subsample of immigrant directors	(2) Increase Board Seats t+2 Baseline Subsample of immigrant directors	(3) Increase Board Seats t+1 Strike Subsample of immigrant directors	(4) Increase Board Seats t+2 Strike Subsample of immigrant directors	(5) Increase Board Seats t+1 Dividend cuts Subsample of immigrant directors	(6) Increase Board Seats t+2 Dividend cuts Subsample of immigrant directors	(7) Increase Board Seats t+1 Loss Subsample of immigrant directors	(8) Increase Board Seats t+2 Loss Subsample of immigrant directors	(9) Increase Board Seats t+1 RET Subsample of immigrant directors	(10) Increase Board Seats t+2 RET Subsample of immigrant directors	(11) Increase Board Seats t+1 Negative RET Subsample of immigrant directors	(12) Increase Board Seats t+2 Negative RET Subsample of immigrant directors	(13) Increase Board Seats t+1 ROA Subsample of immigrant directors	(14) Increase Board Seats t+2 ROA Subsample of immigrant directors	(15) Increase Board Seats t+1 Negative ROA Subsample of immigrant directors	(16) Increase Board Seats t+2 Negative ROA Subsample of immigrant directors
Director Born Overseas	-0.082	-0.033	-0.103	-0.061	-0.107	-0.053	0.185	0.194	-0.144	-0.107	0.003	0.043	-0.085	-0.018	0.237*	0.206
	(0.35)	(0.79)	(0.26)	(0.63)	(0.22)	(0.67)	(0.15)	(0.22)	(0.13)	(0.43)	(0.98)	(0.75)	(0.35)	(0.89)	(0.06)	(0.20)
Strike			-0.230	-0.960**												
			(0.39)	(0.01)												
Director Born Overseas # Strike			0.259	1.105***												
			(0.38)	(0.01)												
Dividend Cuts					-0.735***	-0.382										
					(0.01)	(0.28)										
Director Born Overseas # Dividend Cuts					0.632**	0.437										
					(0.03)	(0.23)										
Loss							0.379**	0.394**								
							(0.01)	(0.03)								
Director Born Overseas # Loss							-0.448***	-0.438**								
							(0.00)	(0.02)								
RET	-0.009	0.021	-0.009	0.021	-0.011	0.020			-0.032	-0.001						
	(0.44)	(0.13)	(0.45)	(0.14)	(0.31)	(0.15)			(0.15)	(0.95)						
Director Born Overseas # RET									0.031	0.030						
									(0.18)	(0.23)						
Negative RET											0.332***	0.360**				
											(0.01)	(0.01)				
Director Born Overseas # Negative RET											-0.257**	-0.245				
											(0.05)	(0.13)				
ROA	-0.088***	-0.055	-0.094***	-0.080	-0.088***	-0.054							-0.083	-0.099		
	(0.00)	(0.23)	(0.00)	(0.14)	(0.00)	(0.23)							(0.11)	(0.17)		
Director Born Overseas # ROA													-0.008	0.065		
													(0.90)	(0.40)		
Negative ROA															0.451***	0.486**
															(0.01)	(0.01)
Director Born Overseas # Negative ROA															-0.553***	-0.497**
															(0.00)	(0.01)
Director Departure t+1	-0.545***		-0.506***		-0.544***		-0.546***		-0.541***		-0.545***		-0.544***		-0.546***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.370***		-0.381***		-0.370***		-0.371***		-0.368***		-0.372***		-0.370***		-0.373***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	-0.028	-0.172***	-0.014	-0.164***	-0.029	-0.173***	-0.031	-0.176***	-0.030	-0.173***	-0.030	-0.175***	-0.028	-0.173***	-0.032	-0.176***
	(0.26)	(0.00)	(0.59)	(0.00)	(0.25)	(0.00)	(0.21)	(0.00)	(0.24)	(0.00)	(0.23)	(0.00)	(0.26)	(0.00)	(0.20)	(0.00)
Director Committee	-0.032	0.140	-0.031	0.168	-0.031	0.141	-0.038	0.135	-0.037	0.135	-0.042	0.128	-0.031	0.137	-0.037	0.134
	(0.68)	(0.18)	(0.70)	(0.12)	(0.70)	(0.18)	(0.63)	(0.20)	(0.64)	(0.19)	(0.60)	(0.22)	(0.70)	(0.19)	(0.64)	(0.20)
Director Lead	0.080	0.170**	0.069	0.163*	0.079	0.169*	0.078	0.168*	0.078	0.168*	0.077	0.167*	0.081	0.170*	0.077	0.165*
	(0.23)	(0.05)	(0.31)	(0.06)	(0.24)	(0.05)	(0.24)	(0.05)	(0.24)	(0.05)	(0.25)	(0.05)	(0.23)	(0.05)	(0.25)	(0.06)
Director Tenure	-0.033***	-0.027*	-0.033***	-0.025	-0.033***	-0.027*	-0.033***	-0.026*	-0.033***	-0.027*	-0.034***	-0.027*	-0.033***	-0.027*	-0.032***	-0.025*
	(0.00)	(0.07)	(0.00)	(0.10)	(0.00)	(0.07)	(0.00)	(0.08)	(0.00)	(0.07)	(0.00)	(0.07)	(0.00)	(0.07)	(0.00)	(0.08)
Director Age	-0.021***	-0.031***	-0.020***	-0.031***	-0.020***	-0.031***	-0.021***	-0.031***	-0.021***	-0.031***	-0.021***	-0.031***	-0.020***	-0.031***	-0.020***	-0.031***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.107***	0.126***	0.108***	0.131***	0.106***	0.125***	0.083**	0.132***	0.087**	0.115**	0.099***	0.154***	0.102***	0.138***	0.082**	0.132***
	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.02)	(0.00)
Female	0.261***	0.472***	0.251**	0.475***	0.262**	0.474***	0.251**	0.462***	0.254**	0.468***	0.249**	0.461***	0.262**	0.469***	0.250**	0.461***
	(0.01)	(0.00)	(0.02)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)
Observations	14,415	9,262	14,415	9,262	14,415	9,262	14,415	9,262	14,415	9,262	14,415	9,262	14,415	9,262	14,415	9,262
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.03

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 12: The impact of immigrant directors' cultural backgrounds on the number of outside board seats held following negative events

VARIABLES	(1) Board Seats t+1 Baseline Subsample of immigrant directors	(2) Board Seats t+2 Baseline Subsample of immigrant directors	(3) Board Seats t+1 Strike Subsample of immigrant directors	(4) Board Seats t+2 Strike Subsample of immigrant directors	(5) Board Seats t+1 Dividend cuts Subsample of immigrant directors	(6) Board Seats t+2 Dividend cuts Subsample of immigrant directors	(7) Board Seats t+1 Loss Subsample of immigrant directors	(8) Board Seats t+2 Loss Subsample of immigrant directors	(9) Board Seats t+1 RET Subsample of immigrant directors	(10) Board Seats t+2 RET Subsample of immigrant directors	(11) Board Seats t+1 Negative RET Subsample of immigrant directors	(12) Board Seats t+2 Negative RET Subsample of immigrant directors	(13) Board Seats t+1 ROA Subsample of immigrant directors	(14) Board Seats t+2 ROA Subsample of immigrant directors	(15) Board Seats t+1 Negative ROA Subsample of immigrant directors	(16) Board Seats t+2 Negative ROA Subsample of immigrant directors
Cultural Distance	-0.006	-0.012	-0.006	-0.012	-0.006	-0.011	-0.006	-0.010	-0.004	-0.011	-0.007	-0.014*	-0.006	-0.012	-0.011**	-0.009
	(0.25)	(0.17)	(0.26)	(0.14)	(0.29)	(0.19)	(0.28)	(0.31)	(0.45)	(0.20)	(0.16)	(0.10)	(0.26)	(0.17)	(0.05)	(0.35)
Strike			-0.038	0.030												
			(0.29)	(0.57)												
Cultural Distance # Strike			0.013	-0.002												
			(0.22)	(0.90)												
Dividend Cuts					-0.000	0.031										
					(0.99)	(0.45)										
Cultural Distance # Dividend Cuts					-0.014	-0.016										
					(0.16)	(0.24)										
Loss							0.004	0.039								
							(0.83)	(0.21)								
Cultural Distance # Loss							0.001	-0.003								
							(0.91)	(0.80)								
RET	-0.000	0.002	-0.001	0.002	-0.001	0.002			0.002	0.001						
	(0.87)	(0.45)	(0.76)	(0.52)	(0.75)	(0.45)			(0.49)	(0.43)						
Cultural Distance # RET									-0.001	-0.0001						
									(0.23)	(0.40)						
Negative RET											0.014	0.033				
											(0.46)	(0.23)				
Cultural Distance # Negative RET											0.003	0.006				
											(0.66)	(0.52)				
ROA	-0.017**	-0.022*	-0.020**	-0.025*	-0.017**	-0.022*							-0.017*	-0.000		
	(0.01)	(0.07)	(0.01)	(0.08)	(0.01)	(0.07)							(0.09)	(0.74)		
Cultural Distance #ROA													-0.000	0.000		
													(0.97)	(0.83)		
Negative ROA															-0.017	0.036
															(0.43)	(0.33)
Cultural Distance # Negative ROA															0.009	-0.004
															(0.17)	(0.67)
Director Departure t+1	-0.115***		-0.107***		-0.115***		-0.114***		-0.114***		-0.115***		-0.115***		-0.114***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.108***		-0.102***		-0.107***		-0.108***		-0.108***		-0.109***		-0.108***		-0.108***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	0.832***	0.727***	0.837***	0.735***	0.832***	0.727***	0.831***	0.727***	0.831***	0.727***	0.831***	0.727***	0.832***	0.727***	0.831***	0.727***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.026*	0.043*	0.027*	0.045*	0.026*	0.043*	0.026*	0.042*	0.026*	0.042*	0.025*	0.042*	0.026*	0.042*	0.026*	0.042*
	(0.08)	(0.09)	(0.08)	(0.09)	(0.08)	(0.10)	(0.09)	(0.10)	(0.09)	(0.10)	(0.09)	(0.10)	(0.08)	(0.10)	(0.09)	(0.10)
Director Lead	-0.012	0.013	-0.013	0.008	-0.012	0.013	-0.012	0.013	-0.012	0.013	-0.013	0.013	-0.012	0.013	-0.012	0.013
	(0.37)	(0.62)	(0.36)	(0.74)	(0.36)	(0.62)	(0.37)	(0.62)	(0.36)	(0.62)	(0.37)	(0.62)	(0.36)	(0.62)	(0.36)	(0.62)
Director Tenure	-0.002	-0.004	-0.003*	-0.004	-0.002	-0.004	-0.002	-0.004	-0.002	-0.004	-0.002	-0.004	-0.002	-0.004	-0.002	-0.004
	(0.18)	(0.17)	(0.06)	(0.13)	(0.18)	(0.17)	(0.17)	(0.18)	(0.17)	(0.17)	(0.17)	(0.17)	(0.18)	(0.17)	(0.17)	(0.18)
Director Age	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.011*	0.038***	0.013**	0.040***	0.011*	0.038***	0.008	0.038***	0.008	0.036***	0.010*	0.043***	0.011*	0.036***	0.008	0.038***
	(0.07)	(0.00)	(0.05)	(0.00)	(0.07)	(0.00)	(0.17)	(0.00)	(0.18)	(0.00)	(0.09)	(0.00)	(0.07)	(0.00)	(0.19)	(0.00)
Female	0.069***	0.128***	0.064***	0.126***	0.069***	0.128***	0.069***	0.128***	0.068***	0.128***	0.068***	0.127***	0.069***	0.128***	0.069***	0.128***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Constant	0.129	-0.070	0.102	-0.125	0.131	-0.072	0.188*	-0.094	0.186	-0.013	0.149	-0.155	0.133	-0.093	0.205*	-0.076
	(0.27)	(0.76)	(0.40)	(0.59)	(0.26)	(0.75)	(0.10)	(0.68)	(0.10)	(0.95)	(0.21)	(0.50)	(0.24)	(0.68)	(0.07)	(0.74)
Observations	20,646	14,067	20,646	14,067	20,646	14,067	20,646	14,067	20,646	14,067	20,646	14,067	20,646	14,067	20,646	14,067
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.82	0.75	0.82	0.75	0.82	0.75	0.82	0.75	0.82	0.75	0.82	0.75	0.82	0.75	0.82	0.75

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 13: The impact of immigrant directors' cultural backgrounds on the likelihood of increasing the number of outside board seats held following negative events

VARIABLES	(1) Increase Board Seats t+1 Baseline Subsample of immigrant directors	(2) Increase Board Seats t+2 Baseline Subsample of immigrant directors	(3) Increase Board Seats t+1 Strike Subsample of immigrant directors	(4) Increase Board Seats t+2 Strike Subsample of immigrant directors	(5) Increase Board Seats t+1 Dividend cuts Subsample of immigrant directors	(6) Increase Board Seats t+2 Dividend cuts Subsample of immigrant directors	(7) Increase Board Seats t+1 Loss Subsample of immigrant directors	(8) Increase Board Seats t+2 Loss Subsample of immigrant directors	(9) Increase Board Seats t+1 RET Subsample of immigrant directors	(10) Increase Board Seats t+2 RET Subsample of immigrant directors	(11) Increase Board Seats t+1 Negative RET Subsample of immigrant directors	(12) Increase Board Seats t+2 Negative RET Subsample of immigrant directors	(13) Increase Board Seats t+1 ROA Subsample of immigrant directors	(14) Increase Board Seats t+2 ROA Subsample of immigrant directors	(15) Increase Board Seats t+1 Negative ROA Subsample of immigrant directors	(16) Increase Board Seats t+2 Negative ROA Subsample of immigrant directors
Cultural Distance	-0.042* (0.07)	-0.066* (0.06)	-0.046* (0.06)	-0.065* (0.07)	-0.037 (0.11)	-0.064* (0.07)	-0.017 (0.61)	0.029 (0.51)	-0.036 (0.15)	-0.084** (0.02)	-0.040 (0.11)	-0.053 (0.16)	-0.042* (0.08)	-0.058 (0.10)	-0.040 (0.23)	0.013 (0.76)
Strike			0.016 (0.94)	0.257 (0.26)												
Cultural Distance # Strike			-0.018 (0.80)	-0.154 (0.11)												
Dividend Cuts					0.193 (0.48)	0.121 (0.64)										
Cultural Distance # Dividend Cuts					-0.269* (0.08)	-0.100 (0.43)										
Loss							0.097 (0.40)	0.348** (0.02)								
Cultural Distance # Loss							-0.038 (0.31)	-0.154*** (0.00)								
RET	-0.008 (0.45)	0.021 (0.13)	-0.009 (0.45)	0.020 (0.16)	-0.011 (0.32)	0.020 (0.14)			-0.001 (0.94)	0.001 (0.98)						
Cultural Distance # RET									-0.004 (0.50)	0.010 (0.18)						
Negative RET											0.141 (0.14)	0.246** (0.04)				
Cultural Distance # Negative RET											-0.003 (0.92)	-0.033 (0.43)				
ROA	-0.089*** (0.00)	-0.054 (0.23)	-0.095*** (0.00)	-0.078 (0.15)	-0.089*** (0.00)	-0.054 (0.23)							-0.090* (0.06)	-0.108 (0.11)		
Cultural Distance # ROA													0.001 (0.96)	0.023 (0.27)		
Negative ROA															0.023 (0.86)	0.381** (0.03)
Cultural Distance # Negative ROA															-0.003 (0.94)	-0.134** (0.01)
Director Departure t+1	-0.548*** (0.00)		-0.512*** (0.00)		-0.548*** (0.00)		-0.544*** (0.00)		-0.542*** (0.00)		-0.547*** (0.00)		-0.548*** (0.00)		-0.542*** (0.00)	
Director Departure t+2		-0.369*** (0.00)		-0.378*** (0.00)		-0.369*** (0.00)		-0.368*** (0.00)		-0.370*** (0.00)		-0.370*** (0.00)		-0.370*** (0.00)		-0.370*** (0.00)
Number Outside Board Seats	-0.030 (0.24)	-0.173*** (0.00)	-0.015 (0.55)	-0.164*** (0.00)	-0.030 (0.23)	-0.173*** (0.00)	-0.029 (0.25)	-0.174*** (0.00)	-0.030 (0.23)	-0.173*** (0.00)	-0.030 (0.24)	-0.174*** (0.00)	-0.030 (0.24)	-0.174*** (0.00)	-0.030 (0.24)	-0.174*** (0.00)
Director Committee	-0.039 (0.62)	0.120 (0.25)	-0.039 (0.63)	0.144 (0.19)	-0.038 (0.63)	0.121 (0.25)	-0.040 (0.61)	0.114 (0.28)	-0.042 (0.59)	0.116 (0.27)	-0.046 (0.56)	0.113 (0.28)	-0.038 (0.63)	0.118 (0.26)	-0.041 (0.61)	0.114 (0.27)
Director Lead	0.081 (0.22)	0.166* (0.06)	0.070 (0.30)	0.158* (0.07)	0.080 (0.23)	0.166* (0.06)	0.080 (0.23)	0.163* (0.06)	0.079 (0.23)	0.165* (0.06)	0.080 (0.23)	0.165* (0.06)	0.081 (0.22)	0.166* (0.06)	0.080 (0.23)	0.162* (0.06)
Director Tenure	-0.032*** (0.00)	-0.026* (0.08)	-0.033*** (0.00)	-0.023 (0.12)	-0.032*** (0.00)	-0.026* (0.08)	-0.033*** (0.00)	-0.025* (0.09)	-0.033*** (0.00)	-0.026* (0.08)	-0.033*** (0.00)	-0.026* (0.07)	-0.032*** (0.00)	-0.025* (0.08)	-0.033*** (0.00)	-0.025* (0.09)
Director Age	-0.022*** (0.00)	-0.033*** (0.00)	-0.022*** (0.00)	-0.033*** (0.00)	-0.022*** (0.00)	-0.033*** (0.00)	-0.023*** (0.00)	-0.033*** (0.00)	-0.023*** (0.00)	-0.033*** (0.00)	-0.023*** (0.00)	-0.033*** (0.00)	-0.022*** (0.00)	-0.033*** (0.00)	-0.023*** (0.00)	-0.033*** (0.00)
Firm Size	0.107*** (0.00)	0.127*** (0.01)	0.109*** (0.00)	0.132*** (0.01)	0.107*** (0.00)	0.127*** (0.01)	0.084** (0.01)	0.137*** (0.00)	0.088** (0.01)	0.117** (0.01)	0.098*** (0.00)	0.155*** (0.00)	0.102*** (0.00)	0.141*** (0.00)	0.083** (0.01)	0.139*** (0.00)
Female	0.250** (0.01)	0.468*** (0.00)	0.237** (0.02)	0.477*** (0.00)	0.250** (0.01)	0.468*** (0.00)	0.246** (0.02)	0.460*** (0.00)	0.243** (0.02)	0.471*** (0.00)	0.242** (0.02)	0.460*** (0.00)	0.251** (0.01)	0.463*** (0.00)	0.246** (0.02)	0.463*** (0.00)
Observations	14,415	9,262	14,415	9,262	14,415	9,262	14,415	9,262	14,415	9,262	14,415	9,262	14,415	9,262	14,415	9,262
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.04	0.02	0.03	0.02	0.03	0.02	0.03	0.02	0.04

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 14: The impact of the presence of immigrant directors on the sensitivity of CEO turnover to performance

VARIABLES	(1) CEO Turnover Baseline Full Sample	(2) CEO Turnover Dividend cuts Full Sample	(3) CEO Turnover Loss Full Sample	(4) CEO Turnover RET Full Sample	(5) CEO Turnover Negative RET Full Sample	(6) CEO Turnover ROA Full Sample	(7) CEO Turnover Negative ROA Full Sample
Percent Immigrant Directors	-0.402	-0.425	0.260	-0.566	-0.372	-0.365	0.177
	(0.43)	(0.40)	(0.71)	(0.26)	(0.52)	(0.46)	(0.80)
Dividend Cuts		0.217					
		(0.74)					
Percent Immigrant Directors # Dividend Cuts		0.381					
		(0.78)					
Loss			0.888**				
			(0.01)				
Percent Immigrant Directors # Loss			-0.906				
			(0.20)				
RET	-0.030	-0.025		-0.125**			
	(0.37)	(0.46)		(0.03)			
Percent Immigrant Directors # RET				0.224**			
				(0.02)			
Negative RET					-0.367		
					(0.21)		
Percent Immigrant Directors # Negative RET					-0.024		
					(0.96)		
ROA	-0.084	-0.084				-0.146	
	(0.38)	(0.38)				(0.51)	
Percent Immigrant Directors # ROA						0.127	
						(0.75)	
Negative ROA							0.882**
							(0.02)
Percent Immigrant Directors # Negative ROA							-0.784
							(0.26)
CEO Age	-0.007	-0.008	-0.009	-0.008	-0.008	-0.007	-0.008
	(0.67)	(0.66)	(0.61)	(0.66)	(0.63)	(0.70)	(0.65)
CEO Tenure	-6.809**	-6.876**	-6.676**	-6.764**	-7.087**	-6.943**	-6.801**
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.01)	(0.03)
CEO Ownership	0.219***	0.218***	0.220***	0.226***	0.223***	0.218***	0.224***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.348***	0.345***	0.360***	0.347***	0.371***	0.350***	0.369***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	-0.952**	-0.952**	-0.998***	-0.984***	-0.925**	-0.943**	-0.993***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Market to Book	0.008	0.008	0.008	0.009	0.008	0.009	0.009
	(0.64)	(0.63)	(0.62)	(0.62)	(0.64)	(0.61)	(0.60)
LT Debt to Total Assets	-0.138	-0.051	-0.150	0.027	-0.072	-0.091	0.010
	(0.89)	(0.96)	(0.89)	(0.98)	(0.95)	(0.93)	(0.99)
Firm Size	-0.535***	-0.534***	-0.527***	-0.540***	-0.669***	-0.556***	-0.528***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Volatility	0.049	0.046	0.045	0.039	0.034	0.036	0.045
	(0.16)	(0.19)	(0.18)	(0.29)	(0.32)	(0.27)	(0.18)
Female CEO	1.031*	1.032*	1.070*	0.986*	1.003*	1.022*	1.104*
	(0.08)	(0.08)	(0.07)	(0.10)	(0.07)	(0.08)	(0.06)
Observations	1,511	1,511	1,511	1,511	1,511	1,511	1,511
Firm FE	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.16	0.16	0.17	0.16	0.17	0.16	0.17

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by firm. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table 15: The impact of the presence of immigrant directors on abnormal CEO compensation

	(1)
	Abnormal CEO Compensation
VARIABLES	Full Sample
Presence Immigrant Director on Remuneration Committee	0.013
	(0.80)
Immigrant Chair Remuneration Committee	-0.020
	(0.66)
ROA	0.008
	(0.27)
CEO Age	0.002
	(0.52)
CEO Ownership	-0.100
	(0.46)
CEO Tenure	0.023***
	(0.00)
Board Size	0.073***
	(0.00)
Percent Independent Directors	0.082*
	(0.08)
Market to Book	0.0001
	(0.89)
Firm Size	-0.098***
	(0.00)
Volatility	-0.015***
	(0.00)
LT Debt to Total Assets	0.317*
	(0.07)
Female	-0.080
	(0.50)
Constant	1.110***
	(0.00)
Observations	5,273
Firm FE	YES
Year FE	YES
Adjusted R-squared	0.72

Definitions of the variables are detailed in Appendix A. The model is estimated using OLS model with standard errors clustered by firm. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively

Appendices

Appendix A: Definition of variables

Table A1: Variable definitions

Variable	Definition	Source
Panel A: Variables used in main testing		
Director Turnover	An indicator variable equal to 1 if a director leaves the firm in the year after negative events, and 0 otherwise.	Connect 4
Immigrant Director	Indicator variable set to 1 if a director is an immigrant, and 0 otherwise.	Following the approach in Ellahie et al. (2017) and Pan et al. (2017), based on the director's surname using immigration records from ancestry.com.au.
Strike	An indicator variable equal to 1 if the firm receives a strike against the remuneration report, and 0 otherwise.	Financial Review remuneration report voting database, ASX announcements from Morningstar DatAnalysis Premium.
Dividend Cuts	An indicator variable set to 1 if there is a reduction of at least 25% in a firm's yearly dividend payments compared to the previous year (Kaplan & Reishus, 1990), and 0 otherwise.	Morningstar DatAnalysis Premium.

Variable	Definition	Source
Loss	An indicator variable equal to 1 if the firm's accounting profit is less than zero, and 0 otherwise.	Morningstar DatAnalysis Premium.
RET	Annual stock return.	Morningstar DatAnalysis Premium
Negative RET	An indicator variable set to 1 if the annual stock return is less than zero, and 0 otherwise.	Morningstar DatAnalysis Premium
ROA	Net income divided by total assets.	Morningstar DatAnalysis Premium
Negative ROA	An indicator variable equal to 1 if the return on assets is less than zero, and 0 otherwise.	Morningstar DatAnalysis Premium
Director Age	The age of the director in years.	Connect 4, ASIC-approved information brokers websites (Ready Search, CreditorWatch)
Number Outside Board Seats	The number of outside directorships held by the director.	Connect 4
Director Tenure	The number of years served by the director on the board of the firm.	Connect 4
Female	Indicator variable equal to 1 if the director is a female, 0 otherwise.	Connect 4

Variable	Definition	Source
Board Size	Number of directors on the board.	Connect 4
Percent Independent Directors	Percentage of independent directors on the board.	Connect 4
CEO is Chair	An indicator variable equal to 1 if the CEO is a chair, 0 otherwise.	Connect 4
Firm Size	Natural logarithm of market capitalisation of the firm.	Morningstar DatAnalysis Premium
Market to Book	The closing share price on the last day of the company's financial year divided by shareholders' equity per share.	Morningstar DatAnalysis Premium
LT Debt to Total Assets	Total long-term debt divided by total assets.	Morningstar DatAnalysis Premium
Volatility	Standard deviation of annual stock returns over the previous three years.	Morningstar DatAnalysis Premium
Director Born Overseas	Indicator variable set to 1 if a director was born overseas, and 0 otherwise.	ASIC-approved information brokers websites (Ready Search, CreditorWatch)

Variable	Definition	Source
Cultural Distance	Continuous variable that measures the relative distance of an immigrant director's cultural background from the cultural background of the domestic population of the host country. A director's cultural background is defined by the cultural cluster to which the country of the director's ethnicity belongs. Cultural clusters are country groupings based on similarities of their national cultures (Ronen & Shenkar, 2013). Values of the *Cultural Distance* variable are assigned in increasing order of the distance of an immigrant director's cultural background from the Anglo cultural cluster to which Australia belongs: - Anglo=1; - West Europe=2; - Latin America =3; - Confucian Asia =4; - East Europe =5; - Southern Asia=6; - Africa and Middle East=7.	Cultural clusters identified by Hofstede (2001), Inglehart and Baker (2000), House et al. (2004), Schwartz (2006), the distance between the Anglo cultural cluster and the other cultural clusters mapped by Schwartz (2006).
Board Seats t+1	The number of outside board seats held by the director in one year (year t+1) following negative events.	Connect 4
Board Seats t+2	The number of outside board seats held by the director in two years (year t+2) following negative events.	Connect 4

Variable	Definition	Source
Increase Board Seats t+1	An indicator variable set to 1 if the difference between the number of outside board seats held by the director in year t+1 and in year t (the year of the negative event) is positive, and zero otherwise.	Connect 4
Increase Board Seats t+2	An indicator variable set to 1 if the difference between the number of outside board seats held by the director in year t+2 and in year t (the year of the negative event) is positive, and zero otherwise.	Connect 4
Director Departure t+1	An indicator variable equal to 1 if the director leaves the firm within one year after negative corporate events, and 0 otherwise.	Connect 4
Director Departure t+2	An indicator variable that equals 1 if the director is not on the board of the firm at the end of year t+2, and 0 otherwise	Connect 4
Director Committee	An indicator variable equal to 1 if a director is a member of the audit, remuneration, nomination, governance committee, and 0 otherwise.	Connect 4
Director Lead	An indicator variable equal to 1 if a director is the chair of the board, the chair of the audit, remuneration, nomination, governance committee, and 0 otherwise.	Connect 4
CEO Turnover	An indicator variable equal to 1 if a CEO leaves the firm in the year following negative event, and 0 otherwise.	Connect 4

Variable	Definition	Source
Percent Immigrant Directors	The percentage of immigrant directors on the board.	Following the approach in Ellahie et al. (2017) and Pan et al. (2017), based on the director's surname using immigration records from ancestry.com.au.
CEO Age	The age of the CEO in years.	Connect 4
CEO Ownership	Percentage of the firm's outstanding shares owned by the CEO.	SIRCA
CEO Tenure	The number of years served in the position of the firm's CEO.	Connect 4
Female CEO	Indicator variable equal to 1 if the CEO is a female, 0 otherwise.	Connect 4
Total CEO Compensation	Total annual CEO compensation, including salary, bonus, shares, options and other compensation.	Connect 4
Net RET	Annual stock return net of ASX All Ordinaries.	Morningstar DatAnalysis Premium, Yahoo Finance

Variable	Definition	Source
Abnormal CEO Compensation	Following Yermack (2006) and Field et al. (2020), estimated as the residual of the following OLS model: $$Total\ CEO\ Compensation$$ $$= \alpha + \beta_1 Firm\ Size + \beta_2 Net\ RET$$ $$+ \beta_3\ CEO\ Tenure$$ $$+ \beta_4 Industry\ FE + \beta_5 Year\ FE$$ $$+ \varepsilon_i$$ where *Industry FE* are industry fixed effects and *Year FE* are year fixed effects.	Connect 4, Morningstar DatAnalysis Premium
Presence Immigrant Directors on Remuneration Committee	An indicator variable equal to 1 if there is at least one immigrant director on the remuneration committee, and zero otherwise.	Connect 4, immigration records from ancestry.com.au.
Immigrant Chair Remuneration Committee	An indicator variable equal to 1 if the chair of the remuneration committee is an immigrant, and zero otherwise.	Connect 4, immigration records from ancestry.com.au.

Panel B: Variables used in additional testing

Variable	Definition	Source
Director Turnover (Table B1-B3)	An indicator variable equal 1 if the director departs from the board within three years after negative events, and zero otherwise.	Connect 4
Board Seats t+3 (Table C1-C3)	The number of outside directorships held by the director in three years after negative events.	Connect 4
Director Departure t+3 (Table C1-C3)	An indicator variable that equals 1 if the director is not on the board of the firm at the end of year t+3, and 0 otherwise.	Connect 4

Variable	Definition	Source
Non-Anglo/Non-WE Immigrant Director (Table E1)	An indicator variable set to 1 if the director is an immigrant with non-Anglo and non-Western European cultural background (i.e., observations for which the value of variable *Cultural Distance* is greater than 2), and zero otherwise.	Based on the values of the *Cultural Distance* variable. Cultural clusters identified by Hofstede (2001), Inglehart and Baker (2000), House et al. (2004), Schwartz (2006), the country of an immigrant's ethnicity identified based on the immigrant's surname using immigration records from ancestry.com.au.
Board Seats t+1 (Table F1-F3)	Ordinal variable that equals to zero, one, two, three or four based on the number of outside directorships held by directors in period t+1.	Connect 4
Board Seats t+2 (Table F1-F3)	Ordinal variable that equals to zero, one, two, three or four based on the number of outside directorships held by directors in period t+2.	Connect 4
Percent Immigrant Directors (Table G7)	The percentage of male immigrant directors in the total number of male directors on the board.	Connect 4, immigration records from ancestry.com.au
Presence Immigrant Directors on Remuneration Committee (Table G8)	An indicator variable equal to 1 if there is at least one male immigrant director on the remuneration committee, and zero otherwise.	Connect 4, immigration records from ancestry.com.au
Immigrant Chair Remuneration Committee (Table G8)	An indicator variable equal to 1 if the chair of remuneration committee is a male immigrant, and zero otherwise.	Connect 4, immigration records from ancestry.com.au

Appendix B: Director turnover within three years after negative events

Table B1: The impact of an immigrant status on director turnover within 3 years after negative events

VARIABLES	(1) Director Turnover Baseline Full Sample	(2) Director Turnover Strike Full Sample	(3) Director Turnover Dividend cuts Full Sample	(4) Director Turnover Loss Full Sample	(5) Director Turnover RET Full Sample	(6) Director Turnover Negative RET Full Sample	(7) Director Turnover ROA Full Sample	(8) Director Turnover Negative ROA Full Sample
Immigrant Director	0.103*	0.098*	0.092*	0.181***	0.060	0.097	0.085	0.175**
	(0.06)	(0.09)	(0.09)	(0.01)	(0.36)	(0.11)	(0.12)	(0.01)
Strike		-0.026						
		(0.85)						
Immigrant Director # Strike		-0.016						
		(0.94)						
Dividend Cuts			0.016					
			(0.89)					
Immigrant Director# Dividend Cuts			0.160					
			(0.38)					
Loss				0.062				
				(0.48)				
Immigrant Director # Loss				-0.160				
				(0.19)				
RET	-0.041***	-0.043***	-0.040***		-0.049***			
	(0.00)	(0.00)	(0.00)		(0.00)			
Immigrant Director # RET					0.019			
					(0.17)			
Negative RET						-0.045		
						(0.58)		
Immigrant Director # Negative RET						0.020		
						(0.84)		
ROA	-0.042	0.001	-0.042				0.009	
	(0.32)	(0.98)	(0.32)				(0.85)	
Immigrant Director# ROA							-0.099	
							(0.12)	
Negative ROA								0.104
								(0.29)
Immigrant Director# Negative ROA								-0.162
								(0.10)
Director Age	0.025***	0.025***	0.025***	0.025***	0.025***	0.025***	0.025***	0.025***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	-0.086***	-0.085***	-0.086***	-0.085***	-0.086***	-0.085***	-0.085***	-0.085***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.079***	0.079***	0.079***	0.079***	0.079***	0.079***	0.079***	0.079***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.115***	0.115***	0.115***	0.118***	0.115***	0.118***	0.118***	0.118***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	0.133	0.218	0.133	0.137	0.138	0.140	0.137	0.136
	(0.30)	(0.11)	(0.30)	(0.29)	(0.29)	(0.28)	(0.29)	(0.29)
Market to Book	0.009	0.010	0.009	0.008	0.009	0.008	0.008	0.008
	(0.38)	(0.38)	(0.38)	(0.41)	(0.37)	(0.41)	(0.40)	(0.42)
LT Debt to Total Assets	0.054	-0.095	0.049	0.087	0.064	0.092	0.079	0.096
	(0.88)	(0.80)	(0.89)	(0.80)	(0.85)	(0.79)	(0.82)	(0.78)
Firm Size	0.027	0.034	0.027	-0.006	0.020	-0.011	0.000	-0.002
	(0.49)	(0.40)	(0.49)	(0.88)	(0.59)	(0.77)	(0.99)	(0.95)
Volatility	0.009	0.005	0.009	-0.007	0.009	-0.007	-0.007	-0.006
	(0.42)	(0.70)	(0.46)	(0.53)	(0.43)	(0.53)	(0.54)	(0.54)
Female	-0.053	-0.043	-0.054	-0.055	-0.054	-0.053	-0.052	-0.055
	(0.47)	(0.57)	(0.47)	(0.46)	(0.47)	(0.48)	(0.48)	(0.46)
Observations	20,482	20,482	20,482	20,482	20,482	20,482	20,482	20,482
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table B2: The impact of an immigrant generational status on director turnover within 3 years after negative events

VARIABLES	(1) Director Turnover Baseline Subsample of immigrant directors	(2) Director Turnover Strike Subsample of immigrant directors	(3) Director Turnover Dividend cuts Subsample of immigrant directors	(4) Director Turnover Loss Subsample of immigrant directors	(5) Director Turnover RET Subsample of immigrant directors	(6) Director Turnover Negative RET Subsample of immigrant directors	(7) Director Turnover ROA Subsample of immigrant directors	(8) Director Turnover Negative ROA Subsample of immigrant directors
Director Born Overseas	-0.088	-0.071	-0.077	0.092	-0.147	-0.010	-0.040	0.170
	(0.57)	(0.65)	(0.62)	(0.63)	(0.40)	(0.95)	(0.80)	(0.36)
Strike		-0.335						
		(0.39)						
Director Born Overseas # Strike		0.359						
		(0.40)						
Dividend Cuts			0.244					
			(0.42)					
Director Born Overseas # Dividend Cuts			-0.149					
			(0.66)					
Loss				0.208				
				(0.33)				
Director Born Overseas # Loss				-0.327				
				(0.14)				
RET	-0.050***	-0.053***	-0.047***		-0.067**			
	(0.00)	(0.00)	(0.00)		(0.03)			
Director Born Overseas # RET					0.024			
					(0.45)			
Negative RET						0.177		
						(0.35)		
Director Born Overseas # Negative RET						-0.208		
						(0.30)		
ROA	-0.183***	-0.168**	-0.183***				-0.289**	
	(0.01)	(0.02)	(0.01)				(0.03)	
Director Born Overseas # ROA							0.136	
							(0.34)	
Negative ROA								0.318
								(0.15)
Director Born Overseas # Negative ROA								-0.498**
								(0.03)
Director Age	0.018***	0.019***	0.018***	0.018***	0.018***	0.018***	0.018***	0.018***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Number Outside Board Seats	-0.124***	-0.130***	-0.123***	-0.128***	-0.126***	-0.124***	-0.123***	-0.130***
	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Director Tenure	0.130***	0.132***	0.130***	0.131***	0.131***	0.131***	0.130***	0.131***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.119***	0.125***	0.119***	0.125***	0.119***	0.122***	0.123***	0.124***
	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	0.242	0.284	0.245	0.261	0.249	0.259	0.248	0.262
	(0.18)	(0.14)	(0.18)	(0.15)	(0.17)	(0.16)	(0.17)	(0.15)
Market to Book	0.025*	0.024	0.025*	0.024*	0.026*	0.025*	0.024*	0.025*
	(0.08)	(0.14)	(0.08)	(0.09)	(0.07)	(0.09)	(0.10)	(0.09)
LT Debt to Total Assets	-0.267	-0.426	-0.270	-0.177	-0.194	-0.188	-0.242	-0.182
	(0.58)	(0.41)	(0.58)	(0.73)	(0.70)	(0.71)	(0.63)	(0.72)
Firm Size	-0.011	-0.002	-0.012	-0.076	-0.044	-0.069	-0.042	-0.079
	(0.85)	(0.97)	(0.84)	(0.16)	(0.43)	(0.22)	(0.45)	(0.15)
Volatility	0.033*	0.031	0.032*	0.010	0.031*	0.010	0.011	0.011
	(0.08)	(0.12)	(0.09)	(0.55)	(0.10)	(0.55)	(0.53)	(0.51)
Female	0.057	0.073	0.054	0.060	0.059	0.058	0.059	0.062
	(0.73)	(0.66)	(0.74)	(0.71)	(0.72)	(0.72)	(0.72)	(0.70)
Observations	6,838	6,838	6,838	6,838	6,838	6,838	6,838	6,838
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.06	0.06	0.06	0.05	0.06	0.05	0.06	0.05

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table B3: The impact of immigrants' cultural backgrounds on director turnover within 3 years after negative events

VARIABLES	(1) *Director Turnover* Baseline Subsample of immigrant directors	(2) *Director Turnover* Strike Subsample of immigrant directors	(3) *Director Turnover* Dividend cuts Subsample of immigrant directors	(4) *Director Turnover* Loss Subsample of immigrant directors	(5) *Director Turnover* RET Subsample of immigrant directors	(6) *Director Turnover* Negative RET Subsample of immigrant directors	(7) *Director Turnover* ROA Subsample of immigrant directors	(8) *Director Turnover* Negative ROA Subsample of immigrant directors
Cultural Distance	0.062	0.049	0.064*	0.089*	0.042	0.088**	0.062	0.104**
	(0.10)	(0.22)	(0.10)	(0.05)	(0.31)	(0.03)	(0.11)	(0.03)
Strike		-0.312						
		(0.24)						
Cultural Distance # Strike		0.134						
		(0.17)						
Dividend Cuts			0.191					
			(0.52)					
Cultural Distance # Dividend Cuts			-0.033					
			(0.81)					
Loss				0.040				
				(0.80)				
Cultural Distance # Loss				-0.047				
				(0.40)				
RET	-0.050***	-0.053***	-0.047***		-0.071***			
	(0.00)	(0.00)	(0.00)		(0.00)			
Cultural Distance # RET					0.011			
					(0.14)			
Negative RET						0.169		
						(0.23)		
Cultural Distance # Negative RET						-0.068		
						(0.14)		
ROA	-0.182***	-0.163**	-0.182***				-0.183*	
	(0.01)	(0.02)	(0.01)				(0.09)	
Cultural Distance # ROA							0.002	
							(0.95)	
Negative ROA								0.094
								(0.60)
Cultural Distance # Negative ROA								-0.078
								(0.19)
Director Age	0.019***	0.020***	0.019***	0.019***	0.019***	0.019***	0.019***	0.019***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.01)
Number Outside Board Seats	-0.120***	-0.128***	-0.120***	-0.119***	-0.119***	-0.118***	-0.119***	-0.119***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Director Tenure	0.131***	0.133***	0.131***	0.132***	0.132***	0.132***	0.130***	0.132***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.117***	0.124***	0.117***	0.122***	0.117***	0.120***	0.121***	0.122***
	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)
Percent Independent Directors	0.243	0.294	0.244	0.256	0.244	0.260	0.254	0.259
	(0.18)	(0.13)	(0.18)	(0.16)	(0.18)	(0.15)	(0.16)	(0.16)
Market to Book	0.026*	0.024	0.026*	0.025*	0.027*	0.025*	0.023	0.025*
	(0.08)	(0.14)	(0.08)	(0.09)	(0.07)	(0.09)	(0.10)	(0.09)
LT Debt to Total Assets	-0.309	-0.463	-0.323	-0.217	-0.232	-0.215	-0.295	-0.215
	(0.53)	(0.37)	(0.51)	(0.67)	(0.64)	(0.67)	(0.55)	(0.67)
Firm Size	-0.010	-0.001	-0.011	-0.073	-0.042	-0.068	-0.040	-0.073
	(0.86)	(0.99)	(0.85)	(0.18)	(0.45)	(0.23)	(0.49)	(0.19)
Volatility	0.032*	0.030	0.031*	0.009	0.031*	0.010	0.011	0.009
	(0.09)	(0.13)	(0.10)	(0.58)	(0.10)	(0.55)	(0.54)	(0.59)
Female	0.068	0.081	0.066	0.070	0.074	0.073	0.068	0.070
	(0.68)	(0.63)	(0.69)	(0.67)	(0.65)	(0.66)	(0.68)	(0.67)
Observations	6,838	6,838	6,838	6,838	6,838	6,838	6,838	6,838
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.06	0.06	0.06	0.05	0.06	0.06	0.06	0.06

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendix C: Analysis of the number of outside directorships held by directors in three years after negative events

Table C1: The impact of an immigrant status on the number of outside board seats held in period t+3 after negative events

VARIABLES	(1) Board Seats t+3 Baseline Full Sample	(2) Board Seats t+3 Strike Full Sample	(3) Board Seats t+3 Dividend cuts Full Sample	(4) Board Seats t+3 Loss Full Sample	(5) Board Seats t+3 RET Full Sample	(6) Board Seats t+3 Negative RET Full Sample	(7) Board Seats t+3 ROA Full Sample	(8) Board Seats t+3 Negative ROA Full Sample
Immigrant Director*	-0.055*	-0.054*	-0.053*	-0.063*	-0.064**	-0.055*	-0.056*	-0.059*
	(0.05)	(0.06)	(0.06)	(0.08)	(0.02)	(0.08)	(0.05)	(0.10)
Strike		-0.019						
		(0.56)						
Immigrant Director# Strike		-0.042						
		(0.40)						
Dividend Cuts			0.030					
			(0.36)					
Immigrant Director #Dividend Cuts			-0.040					
			(0.40)					
Loss				0.019				
				(0.44)				
Immigrant Director # Loss				0.017				
				(0.64)				
RET	-0.002	-0.003	-0.002		-0.004			
	(0.33)	(0.29)	(0.40)		(0.25)			
Immigrant Director #RET					0.003			
					(0.53)			
Negative RET						0.040*		
						(0.07)		
Immigrant Director # Negative RET						-0.001		
						(0.98)		
ROA	-0.004	-0.004	-0.004				-0.003	
	(0.69)	(0.72)	(0.68)				(0.80)	
Immigrant Director #ROA							-0.002	
							(0.92)	
Negative ROA								0.020
								(0.48)
Immigrant Director # Negative ROA								0.009
								(0.82)
Director Departure t+3	-0.136***	-0.135***	-0.136***	-0.135***	-0.136***	-0.135***	-0.135***	-0.135***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	0.670***	0.674***	0.670***	0.671***	0.670***	0.670***	0.670***	0.671***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.003	-0.001	0.003	0.003	0.003	0.003	0.003	0.003
	(0.92)	(0.99)	(0.92)	(0.93)	(0.92)	(0.93)	(0.92)	(0.92)
Director Lead	0.026	0.027	0.026	0.026	0.026	0.026	0.026	0.026
	(0.16)	(0.15)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)	(0.16)
Director Tenure	-0.006**	-0.006**	-0.006**	-0.006**	-0.006**	-0.006**	-0.006**	-0.006**
	(0.02)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Director Age	-0.012***	-0.012***	-0.012***	-0.012***	-0.012***	-0.012***	-0.012***	-0.012***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.039***	0.041***	0.039***	0.039***	0.039***	0.043***	0.037***	0.038***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.192***	0.188***	0.192***	0.192***	0.192***	0.191***	0.192***	0.192***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Constant	0.260	0.246	0.256	0.248	0.273	0.176	0.287	0.258
	(0.28)	(0.32)	(0.29)	(0.30)	(0.25)	(0.48)	(0.22)	(0.27)
Observations	24,470	24,470	24,470	24,470	24,470	24,470	24,470	24,470
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.65	0.66	0.65	0.65	0.65	0.65	0.65	0.65

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table C2: The impact of an immigrant generational status on the number of outside board seats held in period t+3 after negative events

VARIABLES	(1) Board Seats t+3 Baseline Subsample of immigrant directors	(2) Board Seats t+3 Strike Subsample of immigrant directors	(3) Board Seats t+3 Dividend cuts Subsample of immigrant directors	(4) Board Seats t+3 Loss Subsample of immigrant directors	(5) Board Seats t+3 RET Subsample of immigrant directors	(6) Board Seats t+3 Negative RET Subsample of immigrant directors	(7) Board Seats t+3 ROA Subsample of immigrant directors	(8) Board Seats t+3 Negative ROA Subsample of immigrant directors
Director Born Overseas	0.049	0.040	0.051	0.105*	0.044	0.064	0.045	0.128**
	(0.31)	(0.41)	(0.30)	(0.10)	(0.34)	(0.24)	(0.36)	(0.05)
Strike		-0.159						
		(0.13)						
Director Born Overseas # Strike		0.106						
		(0.35)						
Dividend Cuts			0.033					
			(0.63)					
Director Born Overseas #Dividend Cuts			-0.029					
			(0.71)					
Loss				0.141**				
				(0.02)				
Director Born Overseas # Loss				-0.126*				
				(0.06)				
RET	-0.002	-0.002	-0.001		-0.003			
	(0.69)	(0.68)	(0.74)		(0.74)			
Director Born Overseas #RET					0.002			
					(0.86)			
Negative RET						0.099*		
						(0.08)		
Director Born Overseas # Negative RET						-0.054		
						(0.35)		
ROA	-0.003	-0.002	-0.003				0.017	
	(0.80)	(0.90)	(0.80)				(0.51)	
Director Born Overseas #ROA							-0.025	
							(0.42)	
Negative ROA								0.179**
								(0.01)
Director Born Overseas # Negative ROA								-0.195**
								(0.01)
Director Departure t+3	-0.135***	-0.121***	-0.135***	-0.135***	-0.135***	-0.135***	-0.135***	-0.137***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	0.638***	0.646***	0.638***	0.638***	0.638***	0.638***	0.638***	0.637***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.034	0.031	0.034	0.033	0.034	0.033	0.034	0.033
	(0.39)	(0.43)	(0.39)	(0.39)	(0.39)	(0.40)	(0.39)	(0.40)
Director Lead	0.023	0.021	0.023	0.022	0.023	0.023	0.023	0.021
	(0.56)	(0.59)	(0.56)	(0.57)	(0.56)	(0.56)	(0.56)	(0.59)
Director Tenure	-0.003	-0.004	-0.003	-0.003	-0.003	-0.003	-0.003	-0.002
	(0.57)	(0.41)	(0.57)	(0.58)	(0.57)	(0.55)	(0.56)	(0.60)
Director Age	-0.011***	-0.011***	-0.011***	-0.010***	-0.011***	-0.011***	-0.011***	-0.010***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.052***	0.054***	0.052***	0.054***	0.052***	0.060***	0.051***	0.052***
	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Female	0.177***	0.178***	0.177***	0.177***	0.177***	0.177***	0.178***	0.177***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Constant	-0.137	-0.150	-0.141	-0.234	-0.125	-0.304	-0.116	-0.208
	(0.71)	(0.68)	(0.70)	(0.52)	(0.73)	(0.42)	(0.74)	(0.56)
Observations	9,625	9,625	9,625	9,625	9,625	9,625	9,625	9,625
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.72	0.73	0.72	0.72	0.72	0.72	0.72	0.72

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table C3: The impact of immigrants' cultural backgrounds on the number of outside board seats held in period t+3 after negative events

VARIABLES	(1) Board Seats t+3 Baseline Subsample of immigrant directors	(2) Board Seats t+3 Strike Subsample of immigrant directors	(3) Board Seats t+3 Dividend cuts Subsample of immigrant directors	(4) Board Seats t+3 Loss Subsample of immigrant directors	(5) Board Seats t+3 RET Subsample of immigrant directors	(6) Board Seats t+3 Negative RET Subsample of immigrant directors	(7) Board Seats t+3 ROA Subsample of immigrant directors	(8) Board Seats t+3 Negative ROA Subsample of immigrant directors
Cultural Distance	-0.011	-0.010	-0.011	-0.007	-0.015	-0.009	-0.010	-0.014
	(0.31)	(0.38)	(0.31)	(0.64)	(0.20)	(0.46)	(0.41)	(0.32)
Strike		-0.089						
		(0.19)						
Cultural Distance # Strike		0.009						
		(0.74)						
Dividend Cuts			0.015					
			(0.78)					
Cultural Distance #Dividend Cuts			-0.002					
			(0.90)					
Loss				0.059				
				(0.13)				
Cultural Distance # Loss				-0.009				
				(0.48)				
RET	-0.002	-0.002	-0.002		-0.005			
	(0.67)	(0.65)	(0.71)		(0.39)			
Cultural Distance #RET					0.002			
					(0.37)			
Negative RET						0.076**		
						(0.02)		
Cultural Distance # Negative RET						-0.008		
						(0.44)		
ROA	-0.004	-0.002	-0.004				-0.024	
	(0.79)	(0.91)	(0.79)				(0.29)	
Cultural Distance #ROA							0.007	
							(0.25)	
Negative ROA								0.016
								(0.74)
Cultural Distance # Negative ROA								0.004
								(0.74)
Director Departure t+3	-0.135***	-0.121***	-0.135***	-0.134***	-0.135***	-0.135***	-0.135***	-0.134***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	0.638***	0.646***	0.638***	0.638***	0.638***	0.638***	0.638***	0.638***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.029	0.028	0.029	0.029	0.029	0.029	0.029	0.029
	(0.46)	(0.49)	(0.46)	(0.46)	(0.47)	(0.46)	(0.45)	(0.46)
Director Lead	0.020	0.018	0.020	0.019	0.020	0.020	0.020	0.019
	(0.63)	(0.66)	(0.63)	(0.63)	(0.63)	(0.63)	(0.62)	(0.63)
Director Tenure	-0.003	-0.004	-0.003	-0.003	-0.003	-0.003	-0.003	-0.003
	(0.59)	(0.42)	(0.59)	(0.60)	(0.59)	(0.57)	(0.60)	(0.59)
Director Age	-0.011***	-0.011***	-0.011***	-0.011***	-0.011***	-0.011***	-0.011***	-0.010***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.052***	0.054***	0.052***	0.054***	0.052***	0.059***	0.052***	0.052***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)
Female	0.181***	0.181***	0.181***	0.181***	0.182***	0.181***	0.181***	0.181***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Constant	-0.072	-0.098	-0.074	-0.130	-0.052	-0.229	-0.064	-0.077
	(0.84)	(0.79)	(0.84)	(0.72)	(0.89)	(0.55)	(0.86)	(0.83)
Observations	9,625	9,625	9,625	9,625	9,625	9,625	9,625	9,625
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.72	0.73	0.72	0.72	0.72	0.72	0.72	0.72

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendix D: Analysis of the number of outside directorships held by directors who left the board following negative events

Table D1: The impact of an immigrant status on the number of outside directorships held by directors who left the board in period t+1 and period t+2 following negative events

VARIABLES	(1) Board Seats t+1 Baseline Full Sample	(2) Board Seats t+2 Baseline Full Sample	(3) Board Seats t+1 Strike Full Sample	(4) Board Seats t+2 Strike Full Sample	(5) Board Seats t+1 Dividend cuts Full Sample	(6) Board Seats t+2 Dividend cuts Full Sample	(7) Board Seats t+1 Loss Full Sample	(8) Board Seats t+2 Loss Full Sample	(9) Board Seats t+1 RET Full Sample	(10) Board Seats t+2 RET Full Sample	(11) Board Seats t+1 Negative RET Full Sample	(12) Board Seats t+2 Negative RET Full Sample	(13) Board Seats t+1 ROA Full Sample	(14) Board Seats t+2 ROA Full Sample	(15) Board Seats t+1 Negative ROA Full Sample	(16) Board Seats t+2 Negative ROA Full Sample
Immigrant Director	-0.041*	-0.038	-0.019	-0.034	-0.041*	-0.039	-0.059*	-0.087*	-0.037	-0.033	-0.079***	-0.071*	-0.046*	-0.049	-0.053	-0.052
	(0.08)	(0.23)	(0.46)	(0.30)	(0.09)	(0.23)	(0.07)	(0.05)	(0.15)	(0.36)	(0.00)	(0.05)	(0.06)	(0.13)	(0.10)	(0.24)
Strike			0.085*	0.084												
			(0.09)	(0.28)												
Immigrant Director# Strike			-0.137**	0.102												
			(0.04)	(0.35)												
Dividend Cuts					-0.057	0.028										
					(0.31)	(0.77)										
Immigrant Director #Dividend Cuts					0.002	0.012										
					(0.98)	(0.91)										
Loss							-0.026	0.045								
							(0.52)	(0.47)								
Immigrant Director # Loss							0.029	0.088								
							(0.46)	(0.13)								
RET	0.004	0.003	0.005	0.001	0.003	0.004			0.005	0.004						
	(0.42)	(0.60)	(0.25)	(0.92)	(0.51)	(0.56)			(0.36)	(0.54)						
Immigrant Director #RET									-0.002	-0.002						
									(0.70)	(0.80)						
Negative RET											-0.114***	-0.039				
											(0.00)	(0.43)				
Immigrant Director # Negative RET											0.095**	0.097*				
											(0.02)	(0.10)				
ROA	-0.020**	0.021	-0.026**	0.018	-0.020**	0.021							-0.015	0.037*		
	(0.04)	(0.24)	(0.03)	(0.37)	(0.05)	(0.24)							(0.22)	(0.07)		
Immigrant Director #ROA													-0.010	-0.036		
													(0.44)	(0.17)		
Negative ROA															0.021	0.009
															(0.63)	(0.90)
Immigrant Director # Negative ROA															0.020	0.027
															(0.61)	(0.65)
Number Outside Board Seats	0.825***	0.741***	0.832***	0.753***	0.825***	0.741***	0.825***	0.742***	0.825***	0.741***	0.824***	0.741***	0.825***	0.741***	0.825***	0.741***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.026	0.002	0.026	-0.012	0.025	0.002	0.024	0.003	0.024	0.003	0.025	0.005	0.026	0.002	0.024	0.003
	(0.28)	(0.96)	(0.29)	(0.77)	(0.29)	(0.97)	(0.31)	(0.94)	(0.31)	(0.93)	(0.29)	(0.90)	(0.28)	(0.96)	(0.31)	(0.93)
Director Lead	0.004	0.008	0.007	-0.002	0.004	0.008	0.004	0.007	0.004	0.007	0.005	0.006	0.004	0.008	0.004	0.008
	(0.85)	(0.81)	(0.74)	(0.94)	(0.86)	(0.81)	(0.86)	(0.82)	(0.87)	(0.81)	(0.82)	(0.84)	(0.85)	(0.80)	(0.86)	(0.81)
Director Tenure	-0.002	-0.003	-0.003	-0.004	-0.002	-0.003	-0.002	-0.003	-0.002	-0.003	-0.002	-0.003	-0.002	-0.003	-0.002	-0.003
	(0.41)	(0.37)	(0.20)	(0.31)	(0.39)	(0.38)	(0.39)	(0.35)	(0.39)	(0.36)	(0.42)	(0.37)	(0.41)	(0.37)	(0.41)	(0.36)
Director Age	-0.003***	-0.006***	-0.003***	-0.006***	-0.003***	-0.006***	-0.003***	-0.006***	-0.003***	-0.006***	-0.003**	-0.006***	-0.003***	-0.006***	-0.003***	-0.006***
	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)
Firm Size	0.005	-0.013	0.003	-0.005	0.005	-0.013	0.000	-0.000	-0.002	-0.008	-0.008	-0.005	0.007	-0.011	0.003	-0.004
	(0.75)	(0.56)	(0.87)	(0.83)	(0.75)	(0.56)	(0.99)	(0.99)	(0.92)	(0.72)	(0.61)	(0.79)	(0.63)	(0.60)	(0.86)	(0.84)
Female	0.131***	0.241***	0.132***	0.247***	0.133***	0.241***	0.132***	0.241***	0.132***	0.241***	0.132***	0.240***	0.132***	0.241***	0.132***	0.243***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Constant	0.102	0.689*	0.139	0.539	0.106	0.685*	0.215	0.430	0.221	0.580	0.376	0.564	0.071	0.668*	0.144	0.523
	(0.70)	(0.10)	(0.63)	(0.23)	(0.69)	(0.10)	(0.43)	(0.29)	(0.41)	(0.14)	(0.16)	(0.15)	(0.78)	(0.10)	(0.60)	(0.19)
Observations	6,537	4,287	6,537	4,287	6,537	4,287	6,537	4,287	6,537	4,287	6,537	4,287	6,537	4,287	6,537	4,287
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.72	0.62	0.73	0.63	0.72	0.62	0.72	0.62	0.72	0.62	0.73	0.62	0.72	0.62	0.72	0.71

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendix E: Analysis of the number of outside directorships held by immigrant directors with non-Anglo and non-Western European cultural backgrounds

Table E1: The number of outside directorships held by immigrant directors with non-Anglo and non-Western European cultural backgrounds following negative events

VARIABLES	(1) Board Seats t+1 Baseline Full Sample	(2) Board Seats t+2 Baseline Full Sample	(3) Board Seats t+1 Strike Full Sample	(4) Board Seats t+2 Strike Full Sample	(5) Board Seats t+1 Dividend cuts Full Sample	(6) Board Seats t+2 Dividend cuts Full Sample	(7) Board Seats t+1 Loss Full Sample	(8) Board Seats t+2 Loss Full Sample	(9) Board Seats t+1 RET Full Sample	(10) Board Seats t+2 RET Full Sample	(11) Board Seats t+1 Negative RET Full Sample	(12) Board Seats t+2 Negative RET Full Sample	(13) Board Seats t+1 ROA Full Sample	(14) Board Seats t+2 ROA Full Sample	(15) Board Seats t+1 Negative ROA Full Sample	(16) Board Seats t+2 Negative ROA Full Sample
Non-Anglo/Non-WE Immigrant Director	-0.061***	-0.101***	-0.061***	-0.106***	-0.058***	-0.098***	-0.054***	-0.076**	-0.057***	-0.104***	-0.064***	-0.106***	-0.064***	-0.101***	-0.068***	-0.078***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Strike			0.006	0.006												
			(0.70)	(0.79)												
Non-Anglo/Non-WE Immigrant Director# Strike			0.046	0.039												
			(0.16)	(0.52)												
Dividend Cuts					-0.013	-0.008										
					(0.32)	(0.68)										
Non-Anglo/Non-WE Immigrant Director #Dividend Cuts					-0.065*	-0.064										
					(0.06)	(0.25)										
Loss							0.002	0.024								
							(0.80)	(0.10)								
Non-Anglo/Non-WE Immigrant Director # Loss							-0.010	-0.041								
							(0.61)	(0.22)								
RET	-0.000	-0.000	-0.001	-0.001	-0.001				-0.000	-0.001						
	(0.78)	(0.85)	(0.68)	(0.65)	(0.65)				(0.90)	(0.79)						
Non-Anglo/Non-WE Immigrant Director #RET									-0.002	0.002						
									(0.43)	(0.67)						
Negative RET											0.008	0.024*				
											(0.37)	(0.08)				
Non-Anglo/Non-WE Immigrant Director # Negative RET											0.009	0.015				
											(0.64)	(0.65)				
ROA	-0.008	-0.010	-0.013**	-0.012	-0.008								-0.006	-0.009		
	(0.10)	(0.23)	(0.02)	(0.21)	(0.10)								(0.22)	(0.30)		
Non-Anglo/Non-WE Immigrant Director # ROA													-0.008	-0.001		
													(0.29)	(0.93)		
Negative ROA															-0.004	0.016
															(0.75)	(0.37)
Non-Anglo/Non-WE Immigrant Director # Negative ROA															0.012	-0.039
															(0.54)	(0.23)
Director Departure t+1	-0.111***		-0.109***		-0.110***		-0.110***		-0.110***		-0.111***		-0.110***		-0.110***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.120***		-0.115***		-0.120***		-0.120***		-0.120***		-0.121***		-0.120***		-0.120***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	0.845***	0.750***	0.848***	0.753***	0.845***	0.750***	0.845***	0.750***	0.845***	0.750***	0.845***	0.749***	0.845***	0.750***	0.845***	0.750***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.005	0.015	0.002	0.012	0.005	0.015	0.004	0.015	0.004	0.015	0.004	0.015	0.005	0.015	0.004	0.015
	(0.67)	(0.45)	(0.84)	(0.57)	(0.67)	(0.45)	(0.68)	(0.46)	(0.68)	(0.46)	(0.70)	(0.47)	(0.67)	(0.45)	(0.69)	(0.45)
Director Lead	-0.007	0.017	-0.007	0.016	-0.007	0.017	-0.007	0.016	-0.007	0.017	-0.007	0.017	-0.007	0.017	-0.007	0.016
	(0.31)	(0.18)	(0.34)	(0.21)	(0.31)	(0.18)	(0.30)	(0.18)	(0.30)	(0.18)	(0.30)	(0.18)	(0.31)	(0.18)	(0.30)	(0.18)
Director Tenure	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***	-0.003***	-0.005***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Age	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.016***	0.030***	0.017***	0.032***	0.016***	0.030***	0.015***	0.030***	0.015***	0.028***	0.016***	0.032***	0.016***	0.030***	0.014***	0.029***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.075***	0.139***	0.076***	0.139***	0.075***	0.139***	0.075***	0.138***	0.075***	0.139***	0.075***	0.138***	0.075***	0.139***	0.075***	0.139***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Constant	0.096	0.128	0.082	0.084	0.097	0.130	0.124	0.121	0.122	0.158	0.104	0.090	0.100	0.132	0.131*	0.138
	(0.22)	(0.38)	(0.31)	(0.57)	(0.21)	(0.37)	(0.11)	(0.39)	(0.11)	(0.27)	(0.19)	(0.55)	(0.19)	(0.35)	(0.09)	(0.33)

VARIABLES	(1) Board Seats t+1 Baseline Full Sample	(2) Board Seats t+2 Baseline Full Sample	(3) Board Seats t+1 Strike Full Sample	(4) Board Seats t+2 Strike Full Sample	(5) Board Seats t+1 Dividend cuts Full Sample	(6) Board Seats t+2 Dividend cuts Full Sample	(7) Board Seats t+1 Loss Full Sample	(8) Board Seats t+2 Loss Full Sample	(9) Board Seats t+1 RET Full Sample	(10) Board Seats t+2 RET Full Sample	(11) Board Seats t+1 Negative RET Full Sample	(12) Board Seats t+2 Negative RET Full Sample	(13) Board Seats t+1 ROA Full Sample	(14) Board Seats t+2 ROA Full Sample	(15) Board Seats t+1 Negative ROA Full Sample	(16) Board Seats t+2 Negative ROA Full Sample
Observations	49,776	34,835	49,776	34,835	49,776	34,835	49,776	34,835	49,776	34,835	49,776	34,835	49,776	34,835	49,776	34,835
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendix F: Analysis of directors' career outcomes in the external labour market following negative events using ordered logit models

Table F1: The impact of an immigrant status on the number of outside board seats held following negative events using ordered logit models

VARIABLES	(1) Board Seats t+1 Baseline Full Sample	(2) Board Seats t+2 Baseline Full Sample	(3) Board Seats t+1 Strike Full Sample	(4) Board Seats t+2 Strike Full Sample	(5) Board Seats t+1 Dividend cuts Full Sample	(6) Board Seats t+2 Dividend cuts Full Sample	(7) Board Seats t+1 Loss Full Sample	(8) Board Seats t+2 Loss Full Sample	(9) Board Seats t+1 RET Full Sample	(10) Board Seats t+2 RET Full Sample	(11) Board Seats t+1 Negative RET Full Sample	(12) Board Seats t+2 Negative RET Full Sample	(13) Board Seats t+1 ROA Full Sample	(14) Board Seats t+2 ROA Full Sample	(15) Board Seats t+1 Negative ROA Full Sample	(16) Board Seats t+2 Negative ROA Full Sample
Immigrant Director	-0.232***	-0.349***	-0.293***	-0.347***	-0.315***	-0.328***	-0.323***	-0.362***	-0.211***	-0.345***	-0.350***	-0.428***	-0.247***	-0.320***	-0.264***	-0.354***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Strike			-0.110	-0.211*												
			(0.38)	(0.08)												
Immigrant Director# Strike			0.210	0.159												
			(0.28)	(0.43)												
Dividend Cuts					-0.016	-0.232**										
					(0.89)	(0.05)										
Immigrant Director #Dividend Cuts					-0.167	0.114										
					(0.35)	(0.56)										
Loss							-0.090	0.079								
							(0.26)	(0.32)								
Immigrant Director # Loss							0.036	0.061								
							(0.69)	(0.56)								
RET	-0.006	-0.004	-0.018*	-0.011	-0.009	-0.010			-0.003	-0.003						
	(0.52)	(0.64)	(0.07)	(0.25)	(0.34)	(0.32)			(0.78)	(0.82)						
Immigrant Director #RET									0.004	-0.001						
									(0.77)	(0.93)						
Negative RET											0.017	-0.018				
											(0.80)	(0.79)				
Immigrant Director # Negative RET											0.106	0.216**				
											(0.25)	(0.02)				
ROA	-0.019	-0.022	-0.076***	-0.066*	-0.050*	-0.017							-0.054	-0.055		
	(0.50)	(0.51)	(0.01)	(0.10)	(0.08)	(0.63)							(0.11)	(0.22)		
Immigrant Director #ROA													-0.013	0.009		
													(0.74)	(0.88)		
Negative ROA															-0.063	0.019
															(0.48)	(0.84)
Immigrant Director # Negative ROA															-0.042	0.023
															(0.65)	(0.83)
Director Departure t+1	-0.538***		-0.561***		-0.514***		-0.550***		-0.537***		-0.524***		-0.508***		-0.522***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.457***		-0.473***		-0.493***		-0.436***		-0.393***		-0.451***		-0.459***		-0.371***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	2.130***	1.486***	2.155***	1.477***	2.147***	1.497***	2.066***	1.506***	2.093***	1.481***	2.118***	1.467***	2.135***	1.495***	2.099***	1.512***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.049	0.130*	0.022	0.027	0.041	0.180**	0.024	0.087	-0.030	0.070	0.080	0.087	-0.016	0.060	-0.019	0.100
	(0.46)	(0.07)	(0.75)	(0.72)	(0.54)	(0.02)	(0.70)	(0.25)	(0.62)	(0.36)	(0.21)	(0.23)	(0.80)	(0.41)	(0.77)	(0.20)
Director Lead	0.095*	0.189***	0.061	0.198***	0.058	0.094*	0.067	0.119**	0.093*	0.218***	0.084*	0.163***	-0.022	0.181***	0.114**	0.196***
	(0.06)	(0.00)	(0.24)	(0.00)	(0.24)	(0.10)	(0.18)	(0.04)	(0.06)	(0.00)	(0.08)	(0.00)	(0.66)	(0.00)	(0.02)	(0.00)
Director Tenure	-0.034***	-0.053***	-0.032***	-0.042***	-0.040***	-0.039***	-0.038***	-0.051***	-0.039***	-0.044***	-0.034***	-0.048***	-0.028***	-0.042***	-0.039***	-0.046***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Age	-0.015***	-0.024***	-0.017***	-0.025***	-0.015***	-0.027***	-0.018***	-0.021***	-0.014***	-0.024***	-0.015***	-0.024***	-0.016***	-0.026***	-0.015***	-0.023***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.023	0.056*	0.078***	0.100***	0.031	0.087***	0.062**	0.075**	0.011	0.095***	0.062**	0.073***	0.072***	0.096***	0.035	0.089***
	(0.39)	(0.08)	(0.00)	(0.00)	(0.24)	(0.01)	(0.01)	(0.02)	(0.67)	(0.00)	(0.01)	(0.02)	(0.00)	(0.00)	(0.17)	(0.00)
Female	0.306***	0.424***	0.247***	0.436***	0.204***	0.424***	0.299***	0.346***	0.275***	0.453***	0.290***	0.370***	0.292***	0.505***	0.235***	0.463***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Observations	34,444	25,111	32,292	23,660	34,483	25,067	34,401	25,222	34,579	25,161	34,553	25,337	34,415	25,398	34,449	25,003
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.60	0.46	0.61	0.46	0.60	0.46	0.59	0.47	0.60	0.46	0.60	0.45	0.60	0.46	0.60	0.46

Definitions of the variables are detailed in Appendix A. The models are estimated using ordered logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table F2: The effect of a director's immigrant generational status on the number of outside board seats held following negative events using ordered logit models

VARIABLES	(1) Board Seats t+1 Baseline Subsample of immigrant directors	(2) Board Seats t+2 Baseline Subsample of immigrant directors	(3) Board Seats t+1 Strike Subsample of immigrant directors	(4) Board Seats t+2 Strike Subsample of immigrant directors	(5) Board Seats t+1 Dividend cuts Subsample of immigrant directors	(6) Board Seats t+2 Dividend cuts Subsample of immigrant directors	(7) Board Seats t+1 Loss Subsample of immigrant directors	(8) Board Seats t+2 Loss Subsample of immigrant directors	(9) Board Seats t+1 RET Subsample of immigrant directors	(10) Board Seats t+2 RET Subsample of immigrant directors	(11) Board Seats t+1 Negative RET Subsample of immigrant directors	(12) Board Seats t+2 Negative RET Subsample of immigrant directors	(13) Board Seats t+1 ROA Subsample of immigrant directors	(14) Board Seats t+2 ROA Subsample of immigrant directors	(15) Board Seats t+1 Negative ROA Subsample of immigrant directors	(16) Board Seats t+2 Negative ROA Subsample of immigrant directors
Director Born Overseas	-0.216**	-0.129	-0.179*	-0.174	-0.232**	-0.185	0.042	-0.006	-0.208**	-0.251	-0.212*	-0.096	-0.218**	-0.230	-0.008	-0.124
	(0.03)	(0.33)	(0.06)	(0.21)	(0.02)	(0.17)	(0.76)	(0.97)	(0.04)	(0.10)	(0.05)	(0.51)	(0.03)	(0.10)	(0.95)	(0.45)
Strike			0.052	-0.545**												
			(0.82)	(0.03)												
Director Born Overseas # Strike			-0.104	0.656**												
			(0.70)	(0.02)												
Dividend Cuts					-0.408*	-0.114										
					(0.09)	(0.64)										
Director Born Overseas #Dividend Cuts					0.296	-0.027										
					(0.30)	(0.93)										
Loss							0.227	0.281								
							(0.14)	(0.13)								
Director Born Overseas # Loss							-0.275	-0.231								
							(0.10)	(0.24)								
RET	-0.004	0.013	0.002	0.008	-0.008	0.013			-0.025	-0.005						
	(0.79)	(0.37)	(0.88)	(0.60)	(0.52)	(0.41)			(0.23)	(0.85)						
Director Born Overseas #RET									0.011	0.022						
									(0.63)	(0.42)						
Negative RET											0.119	0.339**				
											(0.38)	(0.02)				
Director Born Overseas # Negative RET											0.008	-0.261				
											(0.96)	(0.11)				
ROA	-0.074**	-0.075	-0.101**	-0.078	-0.106***	-0.066							0.029	-0.065		
	(0.04)	(0.12)	(0.03)	(0.17)	(0.00)	(0.17)							(0.63)	(0.45)		
Director Born Overseas #ROA													-0.146**	-0.061		
													(0.05)	(0.58)		
Negative ROA															0.149	0.236
															(0.36)	(0.25)
Director Born Overseas # Negative ROA															-0.250	-0.194
															(0.12)	(0.35)
Director Departure t+1	-0.736***		-0.693***		-0.721***		-0.693***		-0.655***		-0.618***		-0.784***		-0.677***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.569***		-0.521***		-0.508***		-0.548***		-0.564***		-0.525***		-0.548***		-0.548***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	1.833***	1.311***	1.832***	1.345***	1.879***	1.332***	1.842***	1.333***	1.795***	1.341***	1.841***	1.304***	1.856***	1.287***	1.827***	1.296***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.078	0.249**	0.108	0.201*	0.097	0.230**	0.078	0.155	0.155*	0.160	0.172**	0.246**	0.149*	0.270**	0.065	0.211*
	(0.37)	(0.03)	(0.22)	(0.08)	(0.27)	(0.04)	(0.37)	(0.17)	(0.08)	(0.17)	(0.04)	(0.03)	(0.10)	(0.01)	(0.46)	(0.07)
Director Lead	0.093	0.250***	0.076	0.286***	0.022	0.164*	0.015	0.222**	0.061	0.224**	0.002	0.256***	0.086	0.160*	0.025	0.178*
	(0.24)	(0.01)	(0.33)	(0.00)	(0.77)	(0.08)	(0.84)	(0.02)	(0.42)	(0.01)	(0.98)	(0.01)	(0.25)	(0.09)	(0.75)	(0.05)
Director Tenure	-0.027**	-0.059***	-0.028***	-0.061***	-0.027***	-0.054***	-0.026**	-0.052***	-0.026**	-0.062***	-0.047***	-0.063***	-0.030***	-0.048***	-0.029***	-0.049***
	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)
Director Age	-0.010**	-0.013**	-0.011**	-0.016**	-0.012***	-0.013**	-0.012***	-0.011*	-0.007*	-0.009	-0.004	-0.013**	-0.009**	-0.012**	-0.010**	-0.013**
	(0.02)	(0.02)	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.07)	(0.09)	(0.14)	(0.40)	(0.03)	(0.03)	(0.03)	(0.02)	(0.03)
Firm Size	0.018	0.110**	0.033	0.116**	0.029	0.116**	-0.028	0.096**	-0.018	0.087*	0.016	0.129***	-0.012	0.109**	-0.010	0.088*
	(0.62)	(0.02)	(0.36)	(0.02)	(0.41)	(0.01)	(0.42)	(0.03)	(0.61)	(0.06)	(0.65)	(0.01)	(0.74)	(0.02)	(0.78)	(0.05)
Female	0.424***	0.600***	0.452***	0.625***	0.414***	0.647***	0.416***	0.614***	0.560***	0.731***	0.480***	0.693***	0.493***	0.702***	0.577***	0.773***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Observations	17,791	12,046	16,774	11,476	17,816	12,088	17,758	12,043	17,816	11,991	17,679	12,063	17,700	11,874	17,834	12,011
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.51	0.37	0.51	0.38	0.52	0.37	0.51	0.37	0.50	0.38	0.51	0.37	0.51	0.37	0.51	0.37

Definitions of the variables are detailed in Appendix A. The models are estimated using ordered logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table F3: The impact of immigrant directors' cultural backgrounds on the number of outside board seats held following negative events using ordered logit models

VARIABLES	(1) Board Seats t+1 Baseline Subsample of immigrant directors	(2) Board Seats t+2 Baseline Subsample of immigrant directors	(3) Board Seats t+1 Strike Subsample of immigrant directors	(4) Board Seats t+2 Strike Subsample of immigrant directors	(5) Board Seats t+1 Dividend cuts Subsample of immigrant directors	(6) Board Seats t+2 Dividend cuts Subsample of immigrant directors	(7) Board Seats t+1 Loss Subsample of immigrant directors	(8) Board Seats t+2 Loss Subsample of immigrant directors	(9) Board Seats t+1 RET Subsample of immigrant directors	(10) Board Seats t+2 RET Subsample of immigrant directors	(11) Board Seats t+1 Negative RET Subsample of immigrant directors	(12) Board Seats t+2 Negative RET Subsample of immigrant directors	(13) Board Seats t+1 ROA Subsample of immigrant directors	(14) Board Seats t+2 ROA Subsample of immigrant directors	(15) Board Seats t+1 Negative ROA Subsample of immigrant directors	(16) Board Seats t+2 Negative ROA Subsample of immigrant directors
Cultural Distance	-0.056**	-0.083**	-0.075***	-0.091**	-0.058**	-0.040	-0.049	-0.077	-0.054**	-0.068*	-0.056**	-0.094**	-0.058**	-0.082**	-0.089**	-0.044
	(0.03)	(0.01)	(0.00)	(0.01)	(0.03)	(0.23)	(0.19)	(0.12)	(0.04)	(0.06)	(0.04)	(0.02)	(0.03)	(0.02)	(0.02)	(0.39)
Strike			0.037	0.166												
			(0.86)	(0.47)												
Cultural Distance # Strike			-0.025	-0.068												
			(0.74)	(0.40)												
Dividend Cuts					-0.040	0.173										
					(0.84)	(0.47)										
Cultural Distance #Dividend Cuts					-0.006	-0.120										
					(0.95)	(0.26)										
Loss							0.061	0.197								
							(0.63)	(0.17)								
Cultural Distance # Loss							0.004	-0.029								
							(0.93)	(0.61)								
RET	-0.007	0.017	0.008	0.005	0.010	0.009			-0.000	0.011						
	(0.60)	(0.23)	(0.56)	(0.75)	(0.43)	(0.51)			(1.00)	(0.65)						
Cultural Distance #RET									-0.004	-0.004						
									(0.55)	(0.59)						
Negative RET											0.126	0.068				
											(0.25)	(0.60)				
Cultural Distance # Negative RET											-0.004	0.054				
											(0.90)	(0.23)				
ROA	-0.079**	-0.082*	-0.104**	-0.069	-0.100***	-0.066							-0.003	0.034		
	(0.02)	(0.08)	(0.02)	(0.29)	(0.00)	(0.15)							(0.96)	(0.67)		
Cultural Distance #ROA													-0.031*	-0.045*		
													(0.09)	(0.08)		
Negative ROA															-0.080	0.037
															(0.58)	(0.83)
Cultural Distance # Negative ROA															0.037	-0.015
															(0.38)	(0.80)
Director Departure t+1	-0.692***		-0.659***		-0.704***		-0.700***		-0.632***		-0.699***		-0.719***		-0.771***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.542***		-0.499***		-0.606***		-0.533***		-0.583***		-0.479***		-0.568***		-0.592***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	1.812***	1.297***	1.930***	1.335***	1.839***	1.286***	1.816***	1.276***	1.866***	1.311***	1.839***	1.289***	1.859***	1.322***	1.868***	1.305***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.128	0.105	0.074	0.057	0.140	0.159	0.114	0.233**	0.053	0.233**	0.065	0.193*	0.127	0.164	0.086	0.203*
	(0.16)	(0.37)	(0.42)	(0.63)	(0.11)	(0.17)	(0.19)	(0.04)	(0.57)	(0.04)	(0.44)	(0.09)	(0.16)	(0.14)	(0.35)	(0.07)
Director Lead	0.038	0.215**	0.028	0.175*	0.032	0.240***	0.023	0.235**	0.024	0.178*	0.059	0.210**	0.018	0.291***	-0.023	0.201**
	(0.62)	(0.02)	(0.73)	(0.08)	(0.68)	(0.01)	(0.76)	(0.01)	(0.75)	(0.06)	(0.44)	(0.02)	(0.81)	(0.00)	(0.77)	(0.03)
Director Tenure	-0.022**	-0.050***	-0.036***	-0.049***	-0.039***	-0.053***	-0.030***	-0.054***	-0.030***	-0.050***	-0.025**	-0.056***	-0.029***	-0.058***	-0.022**	-0.056***
	(0.03)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.03)	(0.00)
Director Age	-0.013***	-0.015***	-0.012**	-0.013**	-0.011***	-0.013***	-0.012***	-0.015**	-0.010**	-0.013**	-0.014***	-0.015***	-0.011***	-0.014**	-0.011**	-0.013**
	(0.00)	(0.01)	(0.01)	(0.03)	(0.01)	(0.03)	(0.01)	(0.02)	(0.02)	(0.03)	(0.00)	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)
Firm Size	0.015	0.091**	-0.007	0.118**	-0.020	0.092*	-0.025	0.098**	-0.020	0.068	0.028	0.113**	0.005	0.096**	-0.008	0.086*
	(0.66)	(0.04)	(0.85)	(0.01)	(0.57)	(0.06)	(0.44)	(0.04)	(0.55)	(0.16)	(0.41)	(0.02)	(0.88)	(0.04)	(0.81)	(0.06)
Female	0.491***	0.581***	0.540***	0.629***	0.517***	0.625***	0.455***	0.730***	0.408***	0.603***	0.436***	0.618***	0.467***	0.689***	0.444***	0.690***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Observations	17,735	11,965	16,820	11,175	17,777	11,821	17,826	11,973	18,096	12,031	17,865	12,134	17,783	12,028	17,758	11,939
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.50	0.37	0.53	0.37	0.51	0.37	0.50	0.36	0.52	0.37	0.50	0.37	0.51	0.38	0.51	0.37

Definitions of the variables are detailed in Appendix A. The models are estimated using ordered logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendix G: Testing the hypotheses on samples restricted to male directors

Table G1: The impact of a director's immigrant status on director turnover following negative events using a sample restricted to male directors

VARIABLES	(1) Director Turnover Baseline Full Sample	(2) Director Turnover Strike Full Sample	(3) Director Turnover Dividend cuts Full Sample	(4) Director Turnover Loss Full Sample	(5) Director Turnover RET Full Sample	(6) Director Turnover Negative RET Full Sample	(7) Director Turnover ROA Full Sample	(8) Director Turnover Negative ROA Full Sample
Immigrant Director	-0.010	-0.022	-0.031	0.013	-0.019	0.001	-0.010	0.072
	(0.77)	(0.58)	(0.39)	(0.81)	(0.62)	(0.98)	(0.78)	(0.18)
Strike		0.350***						
		(0.00)						
Immigrant Director # Strike		0.020						
		(0.86)						
Dividend Cuts			-0.042					
			(0.70)					
Immigrant Director# Dividend Cuts			0.395***					
			(0.01)					
Loss				0.204***				
				(0.00)				
Immigrant Director # Loss				-0.036				
				(0.59)				
RET	-0.013	-0.014	-0.011		-0.016			
	(0.15)	(0.12)	(0.21)		(0.12)			
Immigrant Director # RET					0.006			
					(0.55)			
Negative RET						0.200***		
						(0.00)		
Immigrant Director # Negative RET						-0.027		
						(0.67)		
ROA	-0.059***	-0.047**	-0.059***				-0.059***	
	(0.00)	(0.04)	(0.00)				(0.01)	
Immigrant Director# ROA							0.001	
							(0.98)	
Negative ROA								0.183***
								(0.01)
Immigrant Director# Negative ROA								-0.133**
								(0.04)
Director Age	0.008***	0.008***	0.009***	0.008***	0.008***	0.008***	0.008***	0.008***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Number Outside Board Seats	-0.105***	-0.105***	-0.105***	-0.105***	-0.105***	-0.105***	-0.105***	-0.105***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.078***	0.079***	0.077***	0.078***	0.078***	0.077***	0.078***	0.078***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.305***	0.307***	0.305***	0.303***	0.304***	0.299***	0.306***	0.305***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	-0.120	-0.085	-0.118	-0.124	-0.124	-0.134	-0.120	-0.123
	(0.17)	(0.36)	(0.18)	(0.16)	(0.16)	(0.13)	(0.17)	(0.16)
Market to Book	0.008	0.010*	0.008	0.008	0.008	0.009*	0.007	0.008
	(0.15)	(0.09)	(0.15)	(0.16)	(0.14)	(0.10)	(0.16)	(0.16)
LT Debt to Total Assets	0.012	0.033	0.009	0.015	0.030	0.015	0.017	0.046
	(0.95)	(0.88)	(0.97)	(0.94)	(0.88)	(0.94)	(0.93)	(0.82)
Firm Size	-0.210***	-0.221***	-0.210***	-0.218***	-0.223***	-0.207***	-0.217***	-0.222***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Volatility	0.002	0.007	0.001	-0.001	0.003	-0.002	-0.003	-0.002
	(0.78)	(0.46)	(0.89)	(0.87)	(0.76)	(0.81)	(0.73)	(0.81)
CEO is Chair	14.747***	13.390***	14.743***	14.781***	14.760***	14.713***	14.749***	14.777***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Observations	39,692	39,692	39,692	39,692	39,692	39,692	39,692	39,692
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.03	0.04	0.03	0.03	0.03	0.03	0.03	0.03

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table G2: The impact of an immigrant director's generational status on director turnover following negative events using a sample restricted to male directors

VARIABLES	(1) Director Turnover Baseline Subsample of immigrant directors	(2) Director Turnover Strike Subsample of immigrant directors	(3) Director Turnover Dividend cuts Subsample of immigrant directors	(4) Director Turnover Loss Subsample of immigrant directors	(5) Director Turnover RET Subsample of immigrant directors	(6) Director Turnover Negative RET Subsample of immigrant directors	(7) Director Turnover ROA Subsample of immigrant directors	(8) Director Turnover Negative ROA Subsample of immigrant directors
Director Born Overseas	0.007	0.071	-0.005	0.202	-0.009	-0.053	0.039	0.265*
	(0.93)	(0.45)	(0.96)	(0.15)	(0.92)	(0.61)	(0.67)	(0.06)
Strike		0.580***						
		(0.00)						
Director Born Overseas # Strike		-0.304						
		(0.14)						
Dividend Cuts			0.055					
			(0.83)					
Director Born Overseas # Dividend Cuts			0.303					
			(0.27)					
Loss				0.542***				
				(0.00)				
Director Born Overseas # Loss				-0.282*				
				(0.07)				
RET	-0.024*	-0.027**	-0.021		-0.029			
	(0.06)	(0.04)	(0.11)		(0.20)			
Director Born Overseas # RET					0.006			
					(0.79)			
Negative RET						0.125		
						(0.27)		
Director Born Overseas # Negative RET						0.119		
						(0.33)		
ROA	-0.088***	-0.062*	-0.088***				-0.124***	
	(0.00)	(0.07)	(0.00)				(0.00)	
Director Born Overseas # ROA							0.050	
							(0.23)	
Negative ROA								0.454***
								(0.00)
Director Born Overseas # Negative ROA								-0.379**
								(0.02)
Director Age	-0.001	-0.002	-0.001	-0.001	-0.001	-0.001	-0.001	-0.000
	(0.86)	(0.68)	(0.85)	(0.88)	(0.87)	(0.87)	(0.88)	(0.90)
Number Outside Board Seats	-0.108***	-0.100***	-0.108***	-0.110***	-0.109***	-0.109***	-0.108***	-0.111***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.110***	0.116***	0.110***	0.111***	0.110***	0.110***	0.111***	0.111***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.297***	0.303***	0.297***	0.290***	0.293***	0.287***	0.298***	0.294***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	-0.118	-0.083	-0.114	-0.115	-0.119	-0.132	-0.120	-0.118
	(0.36)	(0.55)	(0.38)	(0.38)	(0.36)	(0.31)	(0.36)	(0.36)
Market to Book	0.011	0.012	0.011	0.011	0.012	0.013*	0.011	0.011
	(0.12)	(0.14)	(0.12)	(0.13)	(0.11)	(0.09)	(0.12)	(0.13)
LT Debt to Total Assets	-0.246	-0.240	-0.258	-0.237	-0.209	-0.224	-0.236	-0.199
	(0.40)	(0.45)	(0.38)	(0.41)	(0.47)	(0.44)	(0.42)	(0.49)
Firm Size	-0.209***	-0.213***	-0.208***	-0.227***	-0.230***	-0.216***	-0.223***	-0.237***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Volatility	0.003	0.010	0.001	-0.005	0.003	-0.006	-0.007	-0.005
	(0.83)	(0.44)	(0.96)	(0.67)	(0.81)	(0.64)	(0.58)	(0.66)
Observations	14,517	14,517	14,517	14,517	14,517	14,517	14,517	14,517
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table G3: The impact of immigrant directors' cultural backgrounds on director turnover following negative events using a sample restricted to male directors

VARIABLES	(1) *Director Turnover* Baseline Subsample of immigrant directors	(2) *Director Turnover* Strike Subsample of immigrant directors	(3) *Director Turnover* Dividend cuts Subsample of immigrant directors	(4) *Director Turnover* Loss Subsample of immigrant directors	(5) *Director Turnover* RET Subsample of immigrant directors	(6) *Director Turnover* Negative RET Subsample of immigrant directors	(7) *Director Turnover* ROA Subsample of immigrant directors	(8) *Director Turnover* Negative ROA Subsample of immigrant directors
Cultural Distance	-0.002	-0.003	-0.001	0.033	-0.015	0.028	0.013	0.024
	(0.93)	(0.91)	(0.95)	(0.35)	(0.49)	(0.26)	(0.56)	(0.47)
Strike		0.418***						
		(0.01)						
Cultural Distance # Strike		-0.036						
		(0.51)						
Dividend Cuts			0.340*					
			(0.08)					
Cultural Distance # Dividend Cuts			-0.024					
			(0.78)					
Loss				0.422***				
				(0.00)				
Cultural Distance # Loss				-0.049				
				(0.20)				
RET	-0.024*	-0.027**	-0.021		-0.048***			
	(0.06)	(0.04)	(0.11)		(0.01)			
Cultural Distance # RET					0.011**			
					(0.03)			
Negative RET						0.383***		
						(0.00)		
Cultural Distance # Negative RET						-0.071**		
						(0.02)		
ROA	-0.088***	-0.062*	-0.088***				-0.165***	
	(0.00)	(0.07)	(0.00)				(0.00)	
Cultural Distance # ROA							0.029**	
							(0.02)	
Negative ROA								0.239*
								(0.07)
Cultural Distance # Negative ROA								-0.038
								(0.31)
Director Age	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001	-0.001
	(0.85)	(0.70)	(0.84)	(0.82)	(0.86)	(0.86)	(0.87)	(0.85)
Number Outside Board Seats	-0.108***	-0.102***	-0.108***	-0.108***	-0.108***	-0.109***	-0.107***	-0.108***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Tenure	0.110***	0.116***	0.110***	0.111***	0.111***	0.110***	0.110***	0.110***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.298***	0.303***	0.297***	0.289***	0.293***	0.288***	0.298***	0.293***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	-0.119	-0.090	-0.113	-0.117	-0.123	-0.137	-0.110	-0.117
	(0.36)	(0.52)	(0.38)	(0.37)	(0.34)	(0.29)	(0.40)	(0.37)
Market to Book	0.011	0.012	0.011	0.012	0.012	0.013*	0.010	0.012
	(0.12)	(0.14)	(0.12)	(0.12)	(0.11)	(0.09)	(0.14)	(0.12)
LT Debt to Total Assets	-0.246	-0.234	-0.258	-0.232	-0.194	-0.212	-0.237	-0.194
	(0.40)	(0.46)	(0.38)	(0.42)	(0.50)	(0.46)	(0.43)	(0.50)
Firm Size	-0.210***	-0.214***	-0.209***	-0.225***	-0.230***	-0.214***	-0.219***	-0.235***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Volatility	0.003	0.010	0.000	-0.006	0.003	-0.006	-0.007	-0.006
	(0.83)	(0.44)	(0.97)	(0.64)	(0.83)	(0.64)	(0.56)	(0.65)
Observations	14,517	14,517	14,517	14,517	14,517	14,517	14,517	14,517
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table G4: The impact of an immigrant status on the number of outside board seats held following negative events using a sample restricted to male directors

VARIABLES	(1) Board Seats t+1 Baseline Full Sample	(2) Board Seats t+2 Baseline Full Sample	(3) Board Seats t+1 Strike Full Sample	(4) Board Seats t+2 Strike Full Sample	(5) Board Seats t+1 Dividend cuts Full Sample	(6) Board Seats t+2 Dividend cuts Full Sample	(7) Board Seats t+1 Loss Full Sample	(8) Board Seats t+2 Loss Full Sample	(9) Board Seats t+1 RET Full Sample	(10) Board Seats t+2 RET Full Sample	(11) Board Seats t+1 Negative RET Full Sample	(12) Board Seats t+2 Negative RET Full Sample	(13) Board Seats t+1 ROA Full Sample	(14) Board Seats t+2 ROA Full Sample	(15) Board Seats t+1 Negative ROA Full Sample	(16) Board Seats t+2 Negative ROA Full Sample
Immigrant Director	-0.029**	-0.044**	-0.024**	-0.044**	-0.030**	-0.044**	-0.028*	-0.042	-0.030***	-0.055***	-0.034***	-0.046**	-0.033***	-0.047**	-0.026*	-0.040
	(0.01)	(0.03)	(0.04)	(0.03)	(0.01)	(0.03)	(0.07)	(0.12)	(0.01)	(0.00)	(0.01)	(0.05)	(0.01)	(0.03)	(0.08)	(0.13)
Strike			0.017	-0.000												
			(0.35)	(1.00)												
Immigrant Director# Strike			-0.025	0.026												
			(0.37)	(0.51)												
Dividend Cuts					-0.012	0.000										
					(0.51)	(0.99)										
Immigrant Director #Dividend Cuts					0.005	-0.005										
					(0.83)	(0.89)										
Loss							-0.003	0.016								
							(0.84)	(0.41)								
Immigrant Director # Loss							-0.003	-0.004								
							(0.87)	(0.88)								
RET	0.000	0.000	-0.000	-0.000	0.000	0.000			-0.000	-0.002						
	(0.92)	(0.95)	(0.87)	(0.81)	(1.00)	(0.96)			(1.00)	(0.49)						
Immigrant Director #RET									0.000	0.005						
									(0.89)	(0.25)						
Negative RET											0.001	0.021				
											(0.92)	(0.29)				
Immigrant Director # Negative RET											0.014	0.006				
											(0.36)	(0.83)				
ROA	-0.008*	-0.008	-0.013**	-0.011	-0.008*	-0.008							-0.001	-0.001		
	(0.10)	(0.31)	(0.02)	(0.27)	(0.10)	(0.31)							(0.92)	(0.94)		
Immigrant Director #ROA													-0.014**	-0.015		
													(0.05)	(0.25)		
Negative ROA															-0.006	0.003
															(0.67)	(0.91)
Immigrant Director # Negative ROA															-0.006	-0.008
															(0.72)	(0.77)
Director Departure t+1	-0.116***		-0.115***		-0.116***		-0.116***		-0.116***		-0.116***		-0.116***		-0.116***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.128***		-0.123***		-0.128***		-0.128***		-0.128***		-0.129***		-0.128***		-0.128***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	0.845***	0.750***	0.848***	0.754***	0.845***	0.750***	0.845***	0.750***	0.845***	0.750***	0.845***	0.750***	0.845***	0.750***	0.845***	0.750***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.003	0.012	0.000	0.007	0.003	0.012	0.002	0.012	0.002	0.012	0.002	0.011	0.003	0.012	0.002	0.012
	(0.82)	(0.57)	(0.97)	(0.73)	(0.82)	(0.57)	(0.84)	(0.58)	(0.84)	(0.57)	(0.86)	(0.59)	(0.81)	(0.57)	(0.84)	(0.58)
Director Lead	-0.012*	0.009	-0.012	0.008	-0.012*	0.009	-0.012*	0.009	-0.012*	0.009	-0.012*	0.009	-0.012*	0.009	-0.012*	0.009
	(0.09)	(0.50)	(0.12)	(0.55)	(0.09)	(0.50)	(0.09)	(0.50)	(0.09)	(0.51)	(0.09)	(0.50)	(0.09)	(0.49)	(0.09)	(0.50)
Director Tenure	-0.003***	-0.004**	-0.003***	-0.004**	-0.003***	-0.004**	-0.003***	-0.004**	-0.003***	-0.004**	-0.003***	-0.004**	-0.003***	-0.004**	-0.003***	-0.004**
	(0.00)	(0.02)	(0.00)	(0.02)	(0.00)	(0.02)	(0.00)	(0.02)	(0.00)	(0.02)	(0.00)	(0.02)	(0.00)	(0.02)	(0.00)	(0.02)
Director Age	-0.004***	-0.007***	-0.004***	-0.007***	-0.004***	-0.007***	-0.004***	-0.007***	-0.004***	-0.007***	-0.004***	-0.007***	-0.004***	-0.007***	-0.004***	-0.007***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.015***	0.029***	0.017***	0.033***	0.015***	0.029***	0.014***	0.029***	0.014***	0.028***	0.015***	0.031***	0.015***	0.029***	0.013***	0.028***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Constant	0.110	0.124	0.080	0.065	0.111	0.124	0.143*	0.121	0.139*	0.154	0.122	0.086	0.113	0.127	0.150*	0.148
	(0.17)	(0.41)	(0.34)	(0.68)	(0.17)	(0.41)	(0.08)	(0.41)	(0.08)	(0.30)	(0.14)	(0.58)	(0.15)	(0.38)	(0.06)	(0.32)
Observations	44,797	31,325	44,797	31,325	44,797	31,325	44,797	31,325	44,797	31,325	44,797	31,325	44,797	31,325	44,797	31,325
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.80	0.71	0.80	0.72	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71	0.80	0.71

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table G5: The effect of a director's immigrant generational status on the number of outside board seats held following negative events using a sample restricted to male directors

VARIABLES	(1) Board Seats t+1 Baseline Subsample of immigrant directors	(2) Board Seats t+2 Baseline Subsample of immigrant directors	(3) Board Seats t+1 Strike Subsample of immigrant directors	(4) Board Seats t+2 Strike Subsample of immigrant directors	(5) Board Seats t+1 Dividend cuts Subsample of immigrant directors	(6) Board Seats t+2 Dividend cuts Subsample of immigrant directors	(7) Board Seats t+1 Loss Subsample of immigrant directors	(8) Board Seats t+2 Loss Subsample of immigrant directors	(9) Board Seats t+1 RET Subsample of immigrant directors	(10) Board Seats t+2 RET Subsample of immigrant directors	(11) Board Seats t+1 Negative RET Subsample of immigrant directors	(12) Board Seats t+2 Negative RET Subsample of immigrant directors	(13) Board Seats t+1 ROA Subsample of immigrant directors	(14) Board Seats t+2 ROA Subsample of immigrant directors	(15) Board Seats t+1 Negative ROA Subsample of immigrant directors	(16) Board Seats t+2 Negative ROA Subsample of immigrant directors
Director Born Overseas	-0.009	-0.003	-0.016	-0.015	-0.010	-0.003	0.003	0.014	-0.010	-0.014	-0.004	0.016	-0.016	-0.009	0.011	0.022
	(0.63)	(0.94)	(0.41)	(0.66)	(0.58)	(0.93)	(0.91)	(0.76)	(0.60)	(0.69)	(0.84)	(0.68)	(0.41)	(0.80)	(0.66)	(0.64)
Strike			-0.019	-0.068												
			(0.69)	(0.29)												
Director Born Overseas # Strike			0.006	0.102												
			(0.90)	(0.18)												
Dividend Cuts					-0.037	0.018										
					(0.33)	(0.76)										
Director Born Overseas #Dividend Cuts					0.031	0.008										
					(0.47)	(0.91)										
Loss							0.024	0.064								
							(0.36)	(0.17)								
Director Born Overseas # Loss							-0.022	-0.034								
							(0.45)	(0.51)								
RET	-0.001	0.001	-0.001	0.001	-0.001	0.002			-0.001	-0.002						
	(0.72)	(0.66)	(0.56)	(0.75)	(0.67)	(0.60)			(0.86)	(0.73)						
Director Born Overseas #RET									-0.000	0.004						
									(0.99)	(0.50)						
Negative RET											0.037	0.101**				
											(0.17)	(0.01)				
Director Born Overseas # Negative RET											-0.019	-0.066				
											(0.51)	(0.13)				
ROA	-0.019***	-0.022*	-0.022***	-0.027*	-0.019***	-0.022*							-0.005	-0.004		
	(0.01)	(0.07)	(0.01)	(0.07)	(0.01)	(0.07)							(0.65)	(0.84)		
Director Born Overseas #ROA													-0.018	-0.024		
													(0.15)	(0.34)		
Negative ROA															0.029	0.059
															(0.29)	(0.26)
Director Born Overseas # Negative ROA															-0.037	-0.051
															(0.22)	(0.36)
Director Departure t+1	-0.128***		-0.119***		-0.128***		-0.127***		-0.127***		-0.127***		-0.128***		-0.127***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.117***		-0.110***		-0.117***		-0.118***		-0.117***		-0.118***		-0.117***		-0.118***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	0.830***	0.727***	0.836***	0.735***	0.830***	0.727***	0.830***	0.727***	0.830***	0.727***	0.830***	0.727***	0.830***	0.727***	0.830***	0.727***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.024	0.033	0.024	0.035	0.024	0.033	0.023	0.031	0.023	0.031	0.023	0.030	0.025	0.033	0.023	0.031
	(0.12)	(0.23)	(0.14)	(0.21)	(0.12)	(0.23)	(0.14)	(0.25)	(0.14)	(0.25)	(0.15)	(0.27)	(0.12)	(0.23)	(0.14)	(0.25)
Director Lead	-0.022	0.002	-0.024	-0.003	-0.022	0.002	-0.023	0.002	-0.023	0.002	-0.023	0.001	-0.023	0.002	-0.023	0.002
	(0.14)	(0.93)	(0.12)	(0.92)	(0.13)	(0.93)	(0.13)	(0.94)	(0.13)	(0.94)	(0.13)	(0.96)	(0.13)	(0.94)	(0.13)	(0.94)
Director Tenure	-0.001	-0.002	-0.002	-0.003	-0.001	-0.002	-0.001	-0.002	-0.001	-0.002	-0.001	-0.002	-0.001	-0.002	-0.001	-0.002
	(0.46)	(0.46)	(0.25)	(0.36)	(0.51)	(0.46)	(0.49)	(0.48)	(0.49)	(0.47)	(0.48)	(0.45)	(0.49)	(0.46)	(0.50)	(0.48)
Director Age	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***	-0.003***	-0.007***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.014**	0.045***	0.016**	0.050***	0.014**	0.046***	0.010	0.045***	0.010	0.042***	0.013*	0.051***	0.013**	0.047***	0.010	0.044***
	(0.04)	(0.00)	(0.02)	(0.00)	(0.04)	(0.00)	(0.11)	(0.00)	(0.11)	(0.00)	(0.05)	(0.00)	(0.03)	(0.00)	(0.12)	(0.00)
Constant	0.089	-0.200	0.059	-0.268	0.092	-0.204	0.147	-0.224	0.161	-0.126	0.105	-0.310	0.100	-0.212	0.152	-0.194
	(0.47)	(0.40)	(0.65)	(0.27)	(0.46)	(0.40)	(0.22)	(0.36)	(0.18)	(0.59)	(0.40)	(0.21)	(0.40)	(0.36)	(0.21)	(0.42)
Observations	18,693	12,720	18,693	12,720	18,693	12,720	18,693	12,720	18,693	12,720	18,693	12,720	18,693	12,720	18,693	12,720
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.82	0.76	0.83	0.76	0.82	0.76	0.82	0.76	0.82	0.76	0.82	0.76	0.82	0.76	0.82	0.76

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table G6: The impact of immigrant directors' cultural backgrounds on the number of outside board seats held following negative events using a sample restricted to male directors

VARIABLES	(1) Board Seats t+1 Baseline Subsample of immigrant directors	(2) Board Seats t+2 Baseline Subsample of immigrant directors	(3) Board Seats t+1 Strike Subsample of immigrant directors	(4) Board Seats t+2 Strike Subsample of immigrant directors	(5) Board Seats t+1 Dividend cuts Subsample of immigrant directors	(6) Board Seats t+2 Dividend cuts Subsample of immigrant directors	(7) Board Seats t+1 Loss Subsample of immigrant directors	(8) Board Seats t+2 Loss Subsample of immigrant directors	(9) Board Seats t+1 RET Subsample of immigrant directors	(10) Board Seats t+2 RET Subsample of immigrant directors	(11) Board Seats t+1 Negative RET Subsample of immigrant directors	(12) Board Seats t+2 Negative RET Subsample of immigrant directors	(13) Board Seats t+1 ROA Subsample of immigrant directors	(14) Board Seats t+2 ROA Subsample of immigrant directors	(15) Board Seats t+1 Negative ROA Subsample of immigrant directors	(16) Board Seats t+2 Negative ROA Subsample of immigrant directors
Cultural Distance	-0.005	-0.011	-0.005	-0.012	-0.005	-0.010	-0.006	-0.011	-0.003	-0.010	-0.006	-0.015	-0.005	-0.012	-0.012*	-0.011
	(0.36)	(0.22)	(0.40)	(0.18)	(0.41)	(0.26)	(0.39)	(0.36)	(0.58)	(0.31)	(0.28)	(0.11)	(0.40)	(0.21)	(0.08)	(0.34)
Strike			-0.052	0.000												
			(0.19)	(1.00)												
Cultural Distance # Strike			0.018	0.007												
			(0.12)	(0.75)												
Dividend Cuts					0.017	0.078*										
					(0.58)	(0.10)										
Cultural Distance #Dividend Cuts					-0.016	-0.028*										
					(0.14)	(0.06)										
Loss							0.004	0.038								
							(0.84)	(0.26)								
Cultural Distance # Loss							0.001	-0.001								
							(0.86)	(0.95)								
RET	-0.001	0.001	-0.001	0.001	-0.001	0.002			0.002	0.003						
	(0.74)	(0.66)	(0.57)	(0.76)	(0.69)	(0.59)			(0.52)	(0.47)						
Cultural Distance #RET									-0.001	-0.001						
									(0.20)	(0.52)						
Negative RET											0.017	0.026				
											(0.37)	(0.37)				
Cultural Distance # Negative RET											0.002	0.010				
											(0.74)	(0.31)				
ROA	-0.019***	-0.022*	-0.022***	-0.027*	-0.019***	-0.022*							-0.020**	-0.017		
	(0.01)	(0.07)	(0.01)	(0.07)	(0.01)	(0.07)							(0.05)	(0.46)		
Cultural Distance #ROA													0.000	-0.002		
													(0.84)	(0.70)		
Negative ROA															-0.022	0.020
															(0.34)	(0.61)
Cultural Distance # Negative ROA															0.010	-0.000
															(0.13)	(0.97)
Director Departure t+1	-0.128***		-0.119***		-0.128***		-0.127***		-0.126***		-0.127***		-0.128***		-0.127***	
	(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)	
Director Departure t+2		-0.117***		-0.110***		-0.116***		-0.117***		-0.117***		-0.118***		-0.117***		-0.117***
		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)		(0.00)
Number Outside Board Seats	0.830***	0.726***	0.836***	0.735***	0.830***	0.726***	0.830***	0.726***	0.830***	0.726***	0.830***	0.726***	0.830***	0.726***	0.830***	0.726***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Director Committee	0.023	0.030	0.024	0.033	0.023	0.030	0.023	0.029	0.023	0.029	0.022	0.029	0.024	0.030	0.022	0.029
	(0.14)	(0.27)	(0.14)	(0.24)	(0.14)	(0.28)	(0.15)	(0.29)	(0.15)	(0.28)	(0.16)	(0.29)	(0.14)	(0.28)	(0.16)	(0.29)
Director Lead	-0.022	0.001	-0.024	-0.004	-0.023	0.001	-0.023	0.002	-0.023	0.001	-0.023	0.001	-0.022	0.001	-0.023	0.001
	(0.14)	(0.96)	(0.13)	(0.90)	(0.14)	(0.96)	(0.14)	(0.96)	(0.13)	(0.96)	(0.13)	(0.98)	(0.14)	(0.96)	(0.13)	(0.96)
Director Tenure	-0.001	-0.002	-0.002	-0.003	-0.001	-0.002	-0.001	-0.002	-0.001	-0.002	-0.001	-0.002	-0.001	-0.002	-0.001	-0.002
	(0.52)	(0.48)	(0.27)	(0.37)	(0.52)	(0.47)	(0.50)	(0.49)	(0.49)	(0.48)	(0.49)	(0.45)	(0.52)	(0.47)	(0.48)	(0.48)
Director Age	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***	-0.004***	-0.008***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm Size	0.014**	0.045***	0.016**	0.050***	0.014**	0.046***	0.010	0.045***	0.010	0.042***	0.012*	0.050***	0.013**	0.046***	0.010	0.044***
	(0.04)	(0.00)	(0.02)	(0.00)	(0.04)	(0.00)	(0.11)	(0.00)	(0.11)	(0.00)	(0.06)	(0.00)	(0.04)	(0.00)	(0.12)	(0.00)
Constant	0.106	-0.157	0.068	-0.230	0.107	-0.165	0.175	-0.168	0.171	-0.098	0.130	-0.237	0.112	-0.168	0.198*	-0.134
	(0.39)	(0.52)	(0.60)	(0.35)	(0.39)	(0.50)	(0.14)	(0.49)	(0.15)	(0.69)	(0.30)	(0.34)	(0.35)	(0.48)	(0.10)	(0.58)
Observations	18,693	12,720	18,693	12,720	18,693	12,720	18,693	12,720	18,693	12,720	18,693	12,720	18,693	12,720	18,693	12,720
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.82	0.76	0.83	0.76	0.82	0.76	0.82	0.76	0.82	0.76	0.82	0.76	0.82	0.76	0.82	0.76

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table G7: The impact of the presence of male immigrant directors on the sensitivity of CEO turnover to performance

VARIABLES	(1) CEO Turnover Baseline Full Sample	(2) CEO Turnover Dividend cuts Full Sample	(3) CEO Turnover Loss Full Sample	(4) CEO Turnover RET Full Sample	(5) CEO Turnover Negative RET Full Sample	(6) CEO Turnover ROA Full Sample	(7) CEO Turnover Negative ROA Full Sample
Percent Immigrant Directors	-0.242	-0.276	0.389	-0.381	-0.224	-0.290	0.529
	(0.62)	(0.58)	(0.57)	(0.44)	(0.69)	(0.55)	(0.41)
Dividend Cuts		0.072					
		(0.91)					
Percent Immigrant Directors # Dividend Cuts		0.817					
		(0.55)					
Loss			0.846**				
			(0.02)				
Percent Immigrant Directors # Loss			-0.927				
			(0.20)				
RET	-0.028	-0.023		-0.086			
	(0.41)	(0.50)		(0.15)			
Percent Immigrant Directors # RET				0.137			
				(0.16)			
Negative RET					-0.310		
					(0.28)		
Percent Immigrant Directors # Negative RET					-0.126		
					(0.82)		
ROA	-0.028	-0.028				0.028	
	(0.74)	(0.73)				(0.83)	
Percent Immigrant Directors # ROA						-0.123	
						(0.67)	
Negative ROA							0.987**
							(0.01)
Percent Immigrant Directors # Negative ROA							-1.099
							(0.12)
CEO Age	-0.007	-0.007	-0.008	-0.007	-0.007	-0.006	-0.007
	(0.72)	(0.70)	(0.64)	(0.71)	(0.71)	(0.73)	(0.69)
CEO Tenure	-9.253***	-9.380***	-9.003***	-9.115***	-9.472***	-9.393***	-9.249***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
CEO Ownership	0.230***	0.231***	0.231***	0.234***	0.235***	0.230***	0.236***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.347***	0.342***	0.361***	0.345***	0.370***	0.350***	0.376***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	-0.962**	-0.965**	-0.979***	-0.975***	-0.918**	-0.940**	-0.988***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Market to Book	0.009	0.010	0.009	0.010	0.009	0.010	0.010
	(0.60)	(0.58)	(0.58)	(0.57)	(0.59)	(0.58)	(0.55)
LT Debt to Total Assets	-0.091	0.011	-0.113	0.037	-0.035	-0.155	0.056
	(0.93)	(0.99)	(0.92)	(0.97)	(0.97)	(0.88)	(0.96)
Firm Size	-0.544***	-0.542***	-0.524***	-0.541***	-0.663***	-0.569***	-0.522***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Volatility	0.049	0.046	0.044	0.040	0.034	0.037	0.045
	(0.16)	(0.19)	(0.20)	(0.28)	(0.31)	(0.26)	(0.20)
Female CEO	1.076*	1.072*	1.105*	1.046*	1.064*	1.084*	1.138*
	(0.07)	(0.07)	(0.07)	(0.09)	(0.07)	(0.07)	(0.06)
Observations	1,506	1,506	1,506	1,506	1,506	1,506	1,506
Firm FE	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.17	0.17	0.17	0.17	0.17	0.17	0.17

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by firm. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table G8: The impact of the presence of male immigrant directors on abnormal CEO compensation

VARIABLES	(1) *Abnormal CEO Compensation* Full Sample
Presence Immigrant Director on Remuneration Committee	-0.021
	(0.67)
Immigrant Chair Remuneration Committee	-0.012
	(0.80)
ROA	0.008
	(0.26)
CEO Age	0.002
	(0.52)
CEO Ownership	-0.103
	(0.44)
CEO Tenure	0.023***
	(0.00)
Board Size	0.074***
	(0.00)
Percent Independent Directors	0.084*
	(0.08)
Market to Book	0.000
	(0.86)
Firm Size	-0.097***
	(0.00)
Volatility	-0.015***
	(0.00)
LT Debt to Total Assets	0.318*
	(0.07)
Female	-0.082
	(0.49)
Constant	1.114***
	(0.00)
Observations	5,273
Firm FE	YES
Year FE	YES
Adjusted R-squared	0.72

Definitions of the variables are detailed in Appendix A. The model is estimated using OLS model with standard errors clustered by firm. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Appendix H: Testing the hypotheses on entropy-balanced samples

Table H1: The impact of a director's immigrant status on director turnover following negative events using the entropy-balanced sample

VARIABLES	(1) Director Turnover Baseline Entropy-balanced sample	(2) Director Turnover Strike Entropy-balanced sample	(3) Director Turnover Dividend cuts Entropy-balanced sample	(4) Director Turnover Loss Entropy-balanced sample	(5) Director Turnover RET Entropy-balanced sample	(6) Director Turnover Negative RET Entropy-balanced sample	(7) Director Turnover ROA Entropy-balanced sample	(8) Director Turnover Negative ROA Entropy-balanced sample
Immigrant Director	0.002 (0.58)	0.002 (0.61)	0.001 (0.89)	0.006 (0.23)	-0.001 (0.85)	0.004 (0.34)	0.004 (0.31)	0.011** (0.02)
Strike		0.043*** (0.00)						
Immigrant Director # Strike		0.002 (0.88)						
Dividend Cuts			0.013 (0.16)					
Immigrant Director# Dividend Cuts			0.027* (0.06)					
Loss				0.032*** (0.00)				
Immigrant Director # Loss				-0.006 (0.39)				
RET	-0.002** (0.02)	-0.002** (0.03)	-0.001* (0.08)		-0.003*** (0.00)			
Immigrant Director # RET					0.002 (0.15)			
Negative RET						0.029*** (0.00)		
Immigrant Director # Negative RET						-0.006 (0.42)		
ROA	-0.009*** (0.01)	-0.009*** (0.01)	-0.009*** (0.01)				-0.013*** (0.00)	
Immigrant Director# ROA							0.008 (0.12)	
Negative ROA								0.026*** (0.00)
Immigrant Director# Negative ROA								-0.017** (0.02)
Director Age	0.0001** (0.04)	0.0001** (0.05)	0.0001** (0.04)	0.0001** (0.05)	0.0001** (0.05)	0.0001* (0.05)	0.0001** (0.04)	0.0001** (0.04)
Number Outside Board Seats	-0.012*** (0.00)	-0.012*** (0.00)	-0.012*** (0.00)	-0.012*** (0.00)	-0.012*** (0.00)	-0.012*** (0.00)	-0.012*** (0.00)	-0.012*** (0.00)
Director Tenure	0.009*** (0.00)	0.008*** (0.00)	0.009*** (0.00)	0.009*** (0.00)	0.009*** (0.00)	0.008*** (0.00)	0.009*** (0.00)	0.008*** (0.00)
Board Size	0.036*** (0.00)	0.035*** (0.00)	0.036*** (0.00)	0.036*** (0.00)	0.036*** (0.00)	0.035*** (0.00)	0.036*** (0.00)	0.036*** (0.00)
Percent Independent Directors	-0.012 (0.22)	-0.013 (0.21)	-0.012 (0.23)	-0.012 (0.24)	-0.012 (0.23)	-0.013 (0.18)	-0.012 (0.23)	-0.012 (0.22)
Market to Book	0.001* (0.05)	0.001* (0.06)	0.001* (0.05)	0.001** (0.05)	0.001** (0.03)	0.002** (0.02)	0.001* (0.06)	0.001** (0.05)
LT Debt to Total Assets	0.007 (0.78)	0.005 (0.84)	0.005 (0.82)	0.007 (0.77)	0.009 (0.69)	0.008 (0.73)	0.009 (0.72)	0.012 (0.62)
Firm Size	-0.028*** (0.00)	-0.028*** (0.00)	-0.028*** (0.00)	-0.029*** (0.00)	-0.030*** (0.00)	-0.028*** (0.00)	-0.029*** (0.00)	-0.030*** (0.00)
Volatility	0.001 (0.53)	0.001 (0.48)	0.000 (0.73)	0.000 (0.97)	0.001 (0.52)	-0.000 (0.97)	-0.000 (0.85)	-0.000 (0.93)
CEO is Chair	0.279 (0.28)	0.279 (0.28)	0.279 (0.28)	0.279 (0.28)	0.279 (0.27)	0.272 (0.29)	0.280 (0.27)	0.279 (0.27)
Female	-0.006 (0.30)	-0.006 (0.31)	-0.006 (0.30)	-0.006 (0.30)	-0.006 (0.30)	-0.006 (0.27)	-0.006 (0.30)	-0.006 (0.30)
Observations	44,612	44,612	44,612	44,612	44,612	44,612	44,612	44,612
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.09

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table H2: The impact of an immigrant status on the number of outside board seats held following negative events using the entropy-balanced sample

VARIABLES	(1) Board Seats t+1 Baseline	(2) Board Seats t+2 Baseline	(3) Board Seats t+1 Strike	(4) Board Seats t+2 Strike	(5) Board Seats t+1 Dividend cuts	(6) Board Seats t+2 Dividend cuts	(7) Board Seats t+1 Loss	(8) Board Seats t+2 Loss	(9) Board Seats t+1 RET	(10) Board Seats t+2 RET	(11) Board Seats t+1 Negative RET	(12) Board Seats t+2 Negative RET	(13) Board Seats t+1 ROA	(14) Board Seats t+2 ROA	(15) Board Seats t+1 Negative ROA	(16) Board Seats t+2 Negative ROA
Immigrant Director	-0.032*** (0.00)	-0.051*** (0.00)	-0.030*** (0.00)	-0.053*** (0.00)	-0.032*** (0.00)	-0.050*** (0.00)	-0.027** (0.03)	-0.049** (0.03)	-0.035*** (0.00)	-0.062*** (0.00)	-0.037*** (0.00)	-0.056*** (0.00)	-0.035*** (0.00)	-0.053*** (0.00)	-0.026** (0.03)	-0.048** (0.03)
Strike			0.025 (0.12)	0.002 (0.94)												
Immigrant Director# Strike			-0.033 (0.17)	0.027 (0.47)												
Dividend Cuts					-0.024 (0.17)	0.002 (0.94)										
Immigrant Director #Dividend Cuts					-0.003 (0.91)	-0.020 (0.56)										
Loss							0.009 (0.43)	0.022 (0.26)								
Immigrant Director # Loss							-0.010 (0.52)	-0.004 (0.88)								
RET	-0.001 (0.66)	-0.000 (0.84)	-0.001 (0.67)	-0.000 (0.85)	-0.001 (0.51)	-0.001 (0.79)			-0.001 (0.47)	-0.003 (0.24)						
Immigrant Director #RET									0.001 (0.57)	0.005 (0.18)						
Negative RET											0.005 (0.65)	0.018 (0.29)				
Immigrant Director # Negative RET											0.013 (0.40)	0.016 (0.50)				
ROA	-0.013** (0.02)	-0.015 (0.11)	-0.013** (0.02)	-0.015 (0.11)	-0.013** (0.02)	-0.015 (0.11)							-0.007 (0.30)	-0.009 (0.41)		
Immigrant Director #ROA													-0.011 (0.17)	-0.011 (0.44)		
Negative ROA															0.004 (0.77)	0.019 (0.40)
Immigrant Director # Negative ROA															-0.012 (0.41)	-0.008 (0.77)
Director Departure t+1	-0.108*** (0.00)		-0.108*** (0.00)		-0.108*** (0.00)		-0.108*** (0.00)		-0.107*** (0.00)		-0.108*** (0.00)		-0.108*** (0.00)		-0.107*** (0.00)	
Director Departure t+2		-0.111*** (0.00)		-0.112*** (0.00)		-0.111*** (0.00)		-0.111*** (0.00)		-0.111*** (0.00)		-0.112*** (0.00)		-0.111*** (0.00)		-0.111*** (0.00)
Number Outside Board Seats	0.852*** (0.00)	0.761*** (0.00)	0.852*** (0.00)	0.761*** (0.00)	0.852*** (0.00)	0.761*** (0.00)	0.852*** (0.00)	0.761*** (0.00)	0.852*** (0.00)	0.761*** (0.00)	0.852*** (0.00)	0.761*** (0.00)	0.852*** (0.00)	0.761*** (0.00)	0.852*** (0.00)	0.761*** (0.00)
Director Committee	0.002 (0.84)	0.019 (0.32)	0.002 (0.84)	0.019 (0.32)	0.002 (0.84)	0.019 (0.32)	0.002 (0.87)	0.019 (0.33)	0.002 (0.87)	0.019 (0.31)	0.001 (0.90)	0.018 (0.34)	0.002 (0.84)	0.019 (0.32)	0.002 (0.87)	0.019 (0.32)
Director Lead	-0.004 (0.54)	0.019 (0.15)	-0.004 (0.55)	0.019 (0.15)	-0.004 (0.54)	0.019 (0.15)	-0.005 (0.53)	0.019 (0.15)	-0.005 (0.53)	0.019 (0.16)	-0.005 (0.54)	0.019 (0.15)	-0.004 (0.55)	0.019 (0.15)	-0.005 (0.53)	0.019 (0.16)
Director Tenure	-0.004*** (0.00)	-0.006*** (0.00)	-0.004*** (0.00)	-0.006*** (0.00)	-0.004*** (0.00)	-0.006*** (0.00)	-0.004*** (0.00)	-0.006*** (0.00)	-0.004*** (0.00)	-0.006*** (0.00)	-0.004*** (0.00)	-0.006*** (0.00)	-0.004*** (0.00)	-0.006*** (0.00)	-0.004*** (0.00)	-0.006*** (0.00)
Director Age	-0.003*** (0.00)	-0.006*** (0.00)	-0.003*** (0.00)	-0.006*** (0.00)	-0.003*** (0.00)	-0.006*** (0.00)	-0.003*** (0.00)	-0.006*** (0.00)	-0.003*** (0.00)	-0.006*** (0.00)	-0.003*** (0.00)	-0.006*** (0.00)	-0.003*** (0.00)	-0.006*** (0.00)	-0.003*** (0.00)	-0.006*** (0.00)
Firm Size	0.016*** (0.00)	0.033*** (0.00)	0.016*** (0.00)	0.033*** (0.00)	0.016*** (0.00)	0.033*** (0.00)	0.013*** (0.00)	0.032*** (0.00)	0.013*** (0.00)	0.031*** (0.00)	0.014*** (0.00)	0.035*** (0.00)	0.015*** (0.00)	0.033*** (0.00)	0.013*** (0.00)	0.032*** (0.00)
Female	0.072*** (0.00)	0.138*** (0.00)	0.072*** (0.00)	0.137*** (0.00)	0.072*** (0.00)	0.138*** (0.00)	0.072*** (0.00)	0.137*** (0.00)	0.072*** (0.00)	0.137*** (0.00)	0.072*** (0.00)	0.137*** (0.00)	0.072*** (0.00)	0.138*** (0.00)	0.072*** (0.00)	0.137*** (0.00)
Constant	0.073 (0.35)	-0.014 (0.92)	0.071 (0.37)	-0.016 (0.91)	0.075 (0.34)	-0.013 (0.93)	0.114 (0.14)	-0.001 (0.99)	0.120 (0.11)	0.034 (0.81)	0.098 (0.21)	-0.035 (0.81)	0.081 (0.29)	-0.008 (0.96)	0.125 (0.11)	0.008 (0.95)
Observations	47,162	33,181	47,162	33,181	47,162	33,181	47,162	33,181	47,162	33,181	47,162	33,181	47,162	33,181	47,162	33,181
Firm FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Adjusted R-squared	0.79	0.70	0.79	0.70	0.79	0.70	0.79	0.70	0.79	0.70	0.79	0.70	0.79	0.70	0.79	0.70

Definitions of the variables are detailed in Appendix A. The models are estimated using OLS models with standard errors clustered by director. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table H3: The impact of the presence of immigrant directors on the sensitivity of CEO turnover to firm performance using the entropy-balanced sample

VARIABLES	(1) CEO Turnover Baseline Entropy-balanced sample	(2) CEO Turnover Dividend cuts Entropy-balanced sample	(3) CEO Turnover Loss Entropy-balanced sample	(4) CEO Turnover RET Entropy-balanced sample	(5) CEO Turnover Negative RET Entropy-balanced sample	(6) CEO Turnover ROA Entropy-balanced sample	(7) CEO Turnover Negative ROA Entropy-balanced sample
Percent Immigrant Directors	-0.006	-0.007	0.011	-0.009	-0.018	-0.006	-0.001
	(0.87)	(0.85)	(0.80)	(0.81)	(0.64)	(0.88)	(0.98)
Dividend Cuts		0.010					
		(0.71)					
Percent Immigrant Directors # Dividend Cuts		0.035					
		(0.59)					
Loss			0.042*				
			(0.09)				
Percent Immigrant Directors # Loss			-0.023				
			(0.62)				
RET	-0.001	-0.001		-0.002			
	(0.76)	(0.85)		(0.63)			
Percent Immigrant Directors # RET				0.004			
				(0.60)			
Negative RET					-0.026		
					(0.23)		
Percent Immigrant Directors # Negative RET					0.031		
					(0.45)		
ROA	-0.014	-0.014				-0.014	
	(0.23)	(0.23)				(0.48)	
Percent Immigrant Directors # ROA						0.001	
						(0.99)	
Negative ROA							0.036
							(0.20)
Percent Immigrant Directors # Negative ROA							-0.005
							(0.92)
CEO Age	0.001	0.001	0.001	0.001	0.001	0.001	0.001
	(0.39)	(0.39)	(0.42)	(0.40)	(0.41)	(0.38)	(0.40)
CEO Tenure	0.008***	0.008***	0.008***	0.008***	0.008***	0.008***	0.008***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
CEO Ownership	-0.198***	-0.197***	-0.203***	-0.203***	-0.212***	-0.200***	-0.201***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Board Size	0.032***	0.032***	0.033***	0.032***	0.033***	0.032***	0.033***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Percent Independent Directors	-0.136**	-0.135**	-0.136**	-0.135**	-0.135**	-0.136**	-0.136**
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Market to Book	0.005*	0.005*	0.005*	0.005*	0.005*	0.005*	0.005*
	(0.06)	(0.06)	(0.06)	(0.06)	(0.07)	(0.06)	(0.06)
LT Debt to Total Assets	0.052	0.051	0.056	0.058	0.057	0.053	0.062
	(0.42)	(0.43)	(0.39)	(0.37)	(0.37)	(0.40)	(0.33)
Firm Size	-0.014*	-0.014*	-0.013	-0.015*	-0.019**	-0.014*	-0.013
	(0.08)	(0.08)	(0.13)	(0.06)	(0.03)	(0.09)	(0.12)
Volatility	-0.000	-0.001	-0.001	-0.000	-0.001	-0.001	-0.001
	(0.92)	(0.88)	(0.87)	(0.92)	(0.83)	(0.82)	(0.85)
Female CEO	0.061	0.062	0.066	0.061	0.059	0.061	0.065
	(0.40)	(0.39)	(0.37)	(0.40)	(0.42)	(0.40)	(0.37)
Observations	1,511	1,511	1,511	1,511	1,511	1,511	1,511
Firm FE	YES	YES	YES	YES	YES	YES	YES
Year FE	YES	YES	YES	YES	YES	YES	YES
Pseudo R2	0.17	0.17	0.17	0.16	0.17	0.17	0.17

Definitions of the variables are detailed in Appendix A. The models are estimated using logit models with standard errors clustered by firm. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Table H4: The impact of the presence of immigrant directors on abnormal CEO compensation using the entropy-balanced sample

VARIABLES	(1) *Abnormal CEO Compensation* Entropy-balanced sample
Presence Immigrant Director on Remuneration Committee	0.008
	(0.89)
Immigrant Chair Remuneration Committee	-0.044
	(0.38)
ROA	0.002
	(0.86)
CEO Age	0.001
	(0.77)
CEO Ownership	-0.089
	(0.68)
CEO Tenure	0.030***
	(0.00)
Board Size	0.082***
	(0.00)
Percent Independent Directors	0.122
	(0.16)
Market to Book	0.001
	(0.84)
Firm Size	-0.097***
	(0.00)
Volatility	-0.008
	(0.27)
LT Debt to Total Assets	0.633**
	(0.04)
Female	-0.110
	(0.35)
Constant	1.150***
	(0.00)
Observations	5,273
Firm FE	YES
Year FE	YES
Adjusted R-squared	0.73

Definitions of the variables are detailed in Appendix A. The model is estimated using OLS model with standard errors clustered by firm. All financial continuous variables are winsorized at the 1% and 99% percentiles. The numbers reported in parentheses are p-values. ***, **, * denote statistical significance at the 1%, 5% and 10% level, respectively.

Chapter 4: Conclusion

4.1 Conclusion

This thesis investigates career consequences for immigrants in the director and CEO labour markets. Chapter 2 explores immigrants' representation on corporate boards, on key board committees and in board leadership roles. It also examines whether and how the presence of the CEO or other directors with an immigrant background or with the same ethnicity as an immigrant candidate impact appointments to board committees or board leadership positions. In addition, Chapter 2 investigates immigrants' representation in CEO positions and the association between CEOs' immigrant backgrounds and their compensation level. It also explores whether first-generation immigrants and immigrants from national cultures that are more dissimilar to the culture of the host country experience stronger effects of their immigrant status in terms of their representation on key board committees, in board leadership positions and the level of compensation they receive as CEOs.

The findings of Chapter 2 demonstrate that a leadership gap exists for immigrant directors, as their representation in board leadership positions is lower than their representation on corporate boards. Accordingly, a director's immigrant background is negatively associated with the likelihood of performing board leadership functions. The presence of directors who have the same ethnicity as an immigrant candidate increases the likelihood that the immigrant director is appointed to board committees and board leadership positions. Furthermore, a CEO's immigrant background has a negative impact on their compensation as immigrant CEOs receive lower compensation than their non-immigrant counterparts. The evidence of Chapter 2 also indicates that first-generation immigrants and immigrants with a greater difference between their cultural background and the cultural background of the domestic population of

the receiving country are the least successful categories of immigrants in relation to obtaining seats on key board committees and holding board leadership positions. In addition, the negative pay gap is stronger for immigrant CEOs who came from a culture that is more dissimilar to the national culture of the host country.

Chapter 3 investigates whether immigrant directors are treated differently relative to their non-immigrant colleagues by the director labour market following negative firm events. Specifically, the association between a director's immigrant background and the likelihood of leaving the board following negative events, as well as the effect of an immigrant background on the number of outside directorships held by the director in periods subsequent to the incidence of negative events are examined. In addition, Chapter 3 explores whether first-generation immigrant directors and immigrant directors whose cultural backgrounds are more dissimilar to the national culture of the receiving country differ from their immigrant peers in terms of their career outcomes in the director labour market following negative events. The chapter also examines the impact of the presence of immigrant directors on board monitoring performance across such dimensions as the sensitivity of CEO turnover to performance and excess CEO compensation.

Chapter 3 provides evidence that immigrant directors experience negative consequences in the internal director labour market following dividend cuts, which is consistent with the arguments of social categorisation theory. The chapter finds no evidence that ex-post settling up exists in the external director labour market, as the number of outside board seats held by directors is not associated with past negative events and firm performance. However, the external director labour market penalises immigrants for their demographic background with fewer outside directorships in future periods, irrespective of firm performance. Furthermore, the findings show that the negative impact of a director's immigrant background on the likelihood of

serving in board leadership roles documented in Chapter 2 cannot be explained by immigrant directors' lower efficiency in fulfilling their board monitoring responsibilities, as no evidence is found that immigrant directors are dissimilar to their non-immigrant peers in terms of their monitoring performance.

The findings of this thesis contribute to prior literature on career outcomes in the corporate labour market by showing that an individual's immigrant background is a demographic attribute which entails consequences for various aspects of director and CEO careers, and those consequences are mostly adverse. Moreover, the thesis decomposes an immigrant background into an immigrant generational status and a cultural background and demonstrates the role each of these components has on immigrant directors' and CEOs' career outcomes. According to the evidence provided by the thesis, career consequences for immigrants differ, conditioned on their generational status and cultural background. Specifically, the thesis documents that first generation immigrants suffer from more pronounced negative consequences of their immigrant background relative to their peers belonging to second-and-higher immigrant generations in relation to receiving board committee assignments and holding board leadership positions.

The evidence provided by the thesis shows that immigrants whose cultural backgrounds are more dissimilar to the cultural background of the domestic population of the host country are the most disadvantaged category of immigrants in terms of their representation in CEO positions, on key board committees and in board leadership roles. Additionally, they receive lower CEO compensation, and their career outcomes in the external director labour market following negative firm events are worse.

This thesis also contributes to previous studies that examine factors influencing board diversity, as it provides evidence that board diversity in terms of immigrants' representation on board committees and in board leadership positions increases in the presence of other incumbent

board members with the same ethnicity as the immigrant candidate. Also, the presence of other directors with an immigrant background decreases the likelihood that the immigrant candidate receives appointments to board leadership positions.

4.2 Limitations and avenues for future research

The research conducted in this thesis is limited by certain considerations. Firstly, the surname-based identification strategy in relation to an individual's immigrant background cannot provide a perfectly accurate measure of an immigrant status as it is dependent on the assumption that a person bears the surname received from birth parents. Since this assumption is often not valid for females who traditionally in many cultures take their husband's surname upon marriage, the hypotheses in this thesis are additionally tested using samples restricted to males to address this concern. However, it is not possible to completely remove noise from measuring an immigrant background.

Secondly, as the data on residential addresses of directors and CEOs are not available, it is very difficult to distinguish immigrants from foreigners, i.e., individuals with overseas domicile, which may result in misidentification of directors and CEOs with an immigrant background. As an attempt to alleviate this limitation, the hypotheses are also tested on samples restricted to directors and CEOs of firms whose head offices are located in Australia. Thirdly, since the data on the time of immigrant directors' and CEOs' arrival to the host country are not directly available, it is not possible to consider the effect of the length of stay in the host country on immigrants' career in the director and the CEO labour markets. In addition, in the absence of data on time of arrival and given that the research of this thesis is conducted in the Australian setting, all second, third-and-higher generations of immigrants with the Anglo cultural background are classified as the domestic population of the host country. However, the above limitations should lead to a bias against finding results.

Finally, the findings of Chapter 2 indicating that immigrant directors are less likely to perform board leadership functions may be potentially driven by a difference in qualifications, professional expertise and education between immigrant directors and their non-immigrant colleagues. However, since Chapter 2 examines directors' board career subsequent to their initial appointments to the board, it should be of less concern in this setting, as these directors have already been deemed appropriate to sit on the board upon their initial selection. In addition, prior research shows that educational level, qualifications and expertise of demographic minorities on corporate boards is at least comparable and even higher than those of their non-minority peers (see, for example, Field et al., 2020).

The evidence of this thesis provides several avenues for future research. It is not clear whether and how major international events and changes in foreign policy affect immigrants' outcomes in the director and CEO labour market. The inconsistent findings on the impact of an immigrant generational status and dissimilarity of immigrant directors' cultural backgrounds to those of the domestic population of the receiving country on their career outcomes in the internal and external director labour markets following negative events also present an opportunity for future research. It is unclear if these findings are attributed to a different reaction of first-generation immigrant directors and immigrant directors whose cultural backgrounds are more dissimilar to the culture of the host country to negative events. It would be worthwhile to investigate whether these categories of immigrants are more motivated, due to vulnerability of their demographic background, or more experienced and competent to alleviate consequences of adverse corporate events and improve firm performance. Finally, future research could examine whether immigrant directors' turnover has effects on firm performance and policies, for example, if firm performance and dividend policy changes subsequent to immigrants' departure from the board.

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