Philippine Management Review 2025, Vol. 32, 1-22.

Who Gets a Seat at the Table? The Role of Director Characteristics in Philippine Board Committee Membership

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Abstract: This study investigates the influence of directors' characteristics on committee membership in Philippine publicly listed corporations (PLCs). This study analyzes a sample of 2,573 directors from 282 active PLCs as of the end of 2023. The findings reveal that director independence and committee linkage are significant predictors of committee membership. Committee membership patterns vary based on the committee's role and regulatory recommendations. The audit, corporate governance, risk, and related party transaction committees, as recommended by the Philippines Code of Corporate Governance for PLC, prioritize non-executive directors with shorter tenure. In contrast, compensation, nomination, and executive committees favor longer tenured executive directors. A novel finding is the curvilinear relationship between committee linkage and committee membership, suggesting that moderate levels of committee involvement are optimal. This study enhances the understanding of factors shaping committee membership in Philippine PLCs, offering valuable insights for policymakers, boards, and investors.

Keywords: Board committee membership, directors' characteristics, agency theory, resource dependence theory, human capital theory, social capital theory, Philippines

1 Introduction

The board of directors (board) is a central governance mechanism that bridges the relationship between shareholders and management and oversees the firm's strategic direction and performance. However, the growing complexity of the business and regulatory environments places significant pressure on the board (Kolev et al., 2019). To improve effectiveness and governance quality, creating board committees is recommended to delegate tasks to smaller groups of decision makers (Spira & Bender, 2004).

Committees have become crucial in corporate governance, as boards delegate more tasks to them, strengthening and specializing processes boards perform (Kaczmarek & Nyuur, 2016; Lee, 2020). Committees can enhance oversight, efficiency, accountability, legitimacy, and credibility, as well as reduce director liability (Chen & Wu, 2016; Harrison, 1987). Research on committees has grown, especially in the United States (US) (see review articles of Kaczmarek & Nyuur, 2016; Kolev et al., 2019). While the rationale for the establishment of committees is well understood, less is known about the specific qualifications and characteristics of committee members (Kaczmarek & Nyuur, 2016). Hence, it is essential to explore the factors driving committee membership.

This study aims to bridge a knowledge gap by investigating the factors influencing committee membership in Philippine publicly listed corporations (PLCs). By using multiple theoretical perspectives, including agency theory (Jensen & Meckling, 1976), resource dependence theory (RDT) (Pfeffer & Salancik, 1978), human capital theory (Becker, 1962), and social capital theory (Bourdieu, 1986), this study provides a deeper understanding of the determinants of committee membership. It builds on earlier empirical work by examining the influence of directors' characteristics on committee membership, such as age, tenure, board linkage, committee linkage, and independence. These characteristics represent directors' human capital and social capital, necessary for fulfilling their monitoring and resource provisioning roles (Kolev et al., 2019). Using these measures as proxies for unobservable constructs, the study applies upper echelons theory (UET), suggesting demographic characteristics can serve as proxies for cognitive frames and decision-making styles (Hambrick, 2007; Hambrick & Mason, 1984).

The Philippines offers a unique institutional, emerging market context to validate prior determinants of committee membership. Research on committees in developing countries is limited compared to developed ones (Jipaporn et al., 2009; Kolev et al., 2019), and research on determinants

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of committee membership is limited in both contexts. While Philippine corporate governance is discussed in literature (e.g., Roman et al., 2020[1]), empirical research on committees is limited (e.g., Dewayanto et al., 2017; Nay-ud, 2022; Chua Bun Pho, 2020, 2022). To the author's knowledge, no prior studies have empirically investigated the determinants of committee membership.

This study contributes to the literature by addressing research gaps. First, it focuses on the determinants of committee membership, an understudied area compared to research on committee outcomes. Second, by drawing on multiple theoretical perspectives, it provides a more comprehensive understanding of the factors influencing committee membership. Third, it extends the existing literature to an emerging market context, the Philippines, where unique corporate governance dynamics may prevail. Finally, it examines a broader range of committees, including risk and related party transaction (RPT), and introduces a novel insight into the curvilinear relationship between committee linkage and committee membership.

This study offers valuable insight for policymakers, boards, and investors. Policymakers can use these insights to strengthen regulations and promote further board independence. Boards can use these findings to improve committee structures and ensure directors have the necessary skills and experience for their roles. Investors can make more informed decisions and hold boards accountable by understanding corporate governance practices.

2 Review of literature

This study draws on multiple theoretical perspectives to understand the factors influencing committee membership. Agency theory (Jensen & Meckling, 1976) highlights the monitoring and oversight role of committees in mitigating agency problems between shareholders and managers, while RDT (Pfeffer & Salancik, 1978) emphasizes the role of committees in managing relationships with external stakeholders and securing resources. Additionally, human capital and social capital theories underscore the importance of individual characteristics, such as experience and relationships, in deciding committee membership. By combining these theoretical perspectives, this study aims to provide a deeper understanding of directors' characteristics as determinants of committee membership.

2.1 Agency theory

Agency theory is a foundational and dominant framework in corporate governance, emphasizing the conflict between shareholders (principals) and managers (agents) (Eisenhardt, 1989; Fama and & Jensen, 1983; Jensen & Meckling, 1976). The principal-agent problem arises from the separation of ownership and control in the modern corporation (Bearle & Means, 1932). According to Jensen and Meckling (1976), the quality of management is not perfectly observable by shareholders (information asymmetries). This enables managers to act in self-interest at the expense of shareholders (divergent goals) and gives rise to agency costs. The firms bear these costs, designing and implementing mechanisms to align incentives and alleviate conflicts between shareholders and managers. To address the agency problem and mitigate agency costs, organizations often delegate decision management to management while retaining decision control to several internal and external control mechanisms, one of which is the board (Jensen & Meckling, 1976). The board has appeared as a legal, market-induced, and cost-effective mechanism to monitor management and protect shareholder interests, with directors legally liable to the shareholders they represent (Vafeas, 2000).

Committees further reduce information asymmetries, monitor managerial behavior, and mitigate agency conflicts by overseeing specific concerns, such as audit (Fama & Jensen, 1983; Jensen & Meckling, 1976). This structure allows for focused attention and deeper inquiry into important corporate matters (Bilimoria & Piderit, 1994a, 1994b; Kesner, 1988; Kolev et al., 2019). For instance,

[1] Some readings in this Readings of Corporate Governance book (Roman et al., 2020) discuss committees. Migallos (2020) focuses on the Securities and Exchange Commission's mandates for establishing key committees within PLCs, while Chua Bun Pho and Rodriguez (2020) highlight the composition of these key committees, and the importance of independent directors and diversity. The critical functions of specific committees have also been explored, such as audit (Cayanan & Lloren-Alcantara, 2020) and risk (Asinas & Borja, 2020).

the audit committee plays a crucial role in reducing information asymmetry and agency costs by overseeing "financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations" (SEC, 2016, p. 16).

However, the creation of committees introduces additional complexity to the agency relationships. Committees can lead to further potential conflicts of interest and information asymmetries. Committee members serve both the full board and specific committees, leading to conflicting identities, complicating accountability, and creating potential conflicts (Kaczmarek & Nyuur, 2016).

2.2 Resource dependence theory

RDT, proposed by Pfeffer and Salancik (1978), posits that organizations are deeply embedded in their (uncertain) external environments. To survive and thrive, they say organizations must manage their relationships with key stakeholders and secure essential resources. Boards function as resource providers, bridging firms and their environments to secure firms' access to valuable resources and information, increase legitimacy, and reduce environmental uncertainty (Pfeffer & Salancik, 1978).

RDT moves beyond the owner–management–board relationship and focuses on the firm–environment relationship (Ruigrok et al., 2006). It expands the agency theory perspective, emphasizing the importance of directors' skills, knowledge, and networks in navigating the complex external environment and securing valuable resources (Ruigrok et al., 2006; Putra & Setiawan, 2024).

2.3 Directors' human capital and social capital

Directors need both human capital and social capital to effectively fulfill their monitoring and resource provisioning roles and be valuable to organizations (Kolev et al., 2019; Kor & Sundaramurthy, 2009). According to Coleman (1988), these intangible assets help productive activity, just like other forms of capital. However, they are not completely fungible. He further explains that these are created through investments in education, training, and relationship building. The importance of each capital depends on the committee's primary function, with human capital crucial for monitoring and advisory roles, and social capital for resource provisioning and external relationships (Kolev et al., 2019).

Human capital theory, proposed by Becker (1962), examines the role of an individual's aggregate stock of education, skills, and experience in improving one's cognitive abilities and productivity. It is developed through education, training, and accumulation of various experiences (Coleman, 1988).

Social capital theory, defined by Bourdieu (1986), is the collective value derived from membership in a social network, which provides access to resources, information, opportunities, and support. He explains that individuals create social capital by investing time and effort in building their social networks. However, the total amount of an individual's social capital depends not only on the size and quality of their own network, but also on the social capital of their connections.

Measuring human capital and social capital directly can be challenging. UET offers a practical approach by using demographic characteristics (e.g., education, age, functional tracks, tenure, other professional experiences, socioeconomic roots, financial positions) as proxies for executives' cognitive frames and psychological characteristics that drive their behavior (Hambrick, 2007; Hambrick & Mason, 1984). UET suggests executives' experiences, values, and personalities influence their interpretation of a situation, affecting their decision-making and actions (Hambrick, 2007; Hambrick & Mason, 1984).

Although these proxies are imperfect, as acknowledged by the authors, they offer a practical and objective way to measure attributes that are often difficult to quantify, especially given the challenge of collecting detailed data from busy executives. They further claim extensive research has shown a strong correlation between executive demographic profiles and outcomes. Demographic variables offer an objective, parsimonious, comprehensible, and logical representation of factors that are often difficult to collect and confirm; they explain significant variance in dependent variables (Pfeffer, 1983).

2.4 Board committees

The board is the central governance mechanism responsible for overseeing firm strategic directions and performance, bridging the shareholder–management gap. However, the growing complexity of business and regulatory environments places significant pressure on the board (Kolev et al., 2019). To address these challenges, the board has increasingly relied on committees to delegate specific tasks and enhance oversight.

Boards perform three core functions: (1) determining firm mission, direction, strategies, and policies (directing); (2) maintaining integrity of corporate assets by ensuring continued management competencies (overseeing management); and (3) complying with legal requirements (legitimizing) (Bilimoria & Piderit, 1994a). Challenges like limited knowledge of firm intricacies, coordination issues, and social loafing among board members have led to concerns about the effectiveness of full boards. Committees can address these inherent deficiencies (Kolev et al., 2019).

Committees can be classified into two main categories: (1) monitoring or oversight, which protect shareholder interests and ensure compliance, like the audit, compensation, CG, and nominating committees; and (2) advisory or management support, which provide advice and expertise on strategic matters, like the executive and strategic committees (Harrison, 1987; Kolev et al, 2019). The number and functions of committees vary across firms, with committees sometimes combined, and are influenced by both internal needs and external regulatory requirements. Many of the important decisions are initiated in committees, with their recommendations brought to the full board for deliberations and decisions (Green & Homroy, 2018; Kesner, 1988).

Committees are critical in performing the board's governance task. They offer the benefits of enhanced oversight, improved efficiency, increased accountability, enhanced legitimacy and credibility, and reduced liability. First, by delegating specific tasks to committees, firms can foster specialization among directors; this allows directors to focus on their expertise and improve their ability to monitor and advise the firm (Chen & Wu, 2016). Second, this specialization can allow more efficient task allocation among directors (Chen & Wu, 2016). Additionally, committees being smaller and meeting more often can execute tasks with greater efficiency and expediency (Kesner, 1988). Third, since they have clearly defined mandates, committees are more likely to foster directors' accountability: reducing free-riding problems (Chen & Wu, 2016); and increasing observability of individual director's performance (Harrison, 1987). Fourth, committees, particularly those with monitoring roles, can signal responsible operations and independent oversight, reassuring stakeholders that firms are responsible and accountable (Harrison, 1987). Fifth, by delegating authority to committees and complying with standards of procedures and documentations, committees can mitigate the liability of both individual directors and the firm. Moreover, adopting committee structures that align with industry norms can enhance legitimacy and protection from legal risks (Harrison, 1987).

Despite these benefits, there are costs of information asymmetries, power imbalances, and lack of diverse perspectives. Vesting certain board powers to smaller committees can both enhance and hinder board effectiveness (Kolev et al., 2019, p. 1140). First, information silos can emerge as directors focus on their specific committee. This may limit their involvement in other matters and lead to a lack of coordination between different board functions (Jipaporn et al., 2020). Second, membership on major committees can increase director status and influence, creating power imbalances within the board (Kolev et al., 2019). Third, the efficiency offered by a smaller group can be countered with a lack of diverse perspectives (Kolev et al., 2019).

The growing importance of committees has led to increased research interest (Kolev et al., 2019). However, further research is needed to explore the relationship between directors' characteristics and committee membership. Building on Kesner's (1988) pioneering work and later works that follow, there is still an opportunity to further investigate the factors influencing committee membership.

Table 1 summarizes the handful of empirical studies exploring the relationship between directors' characteristics and committee membership. All studies use a US sample.

Table 1. Summary of Empirical Studies

Author (year)	Committees explored	Results
Adams & Ferreira (20072009)	Audit, CG, compensation, nominating	Females are more likely to serve on all committees, except compensation (where males are preferred). Directors with multiple directorships are favored, except on audit committees. Older directors are more likely to serve on all committees.

Author (year)	Committees explored	Results
Bilimoria & Piderit (1994a)	Audit, compensation, executive, finance, nominating, pension, public affairs, organizing, stock options	Executive committees require insiders, while audit needs outsiders. External-facing committees (audit, compensation, nominating) prefer directors with broader external experience (older age and multiple board membership), while internal-focused (executive, finance) prefer firm-specific knowledge (longer tenure).
Bilimoria & Piderit (1994b)	Audit, compensation, executive, finance, nominating, public affairs	Executive committees require insiders, while other committees need outsiders. Longer tenure is valued, especially for finance and executive committees. Multiple directorships are important for compensation, executive, and nominating committees, while public affairs prefer fewer. Males are more likely on compensation, executive, and finance committees, while females on public affairs.
Jipaporn et al. (2009)	Audit, compensation, CG, nominating	Busy directors are less likely to serve on audit and compensation committees. The relationship between "busyness" and nominating and CG committees is more complex, exhibiting inverted U-shaped (nominating) and U-shaped (CG) patterns. Older directors are less likely on audit, compensation, and nominating committees, but more likely on CG. Females are less likely on audit and CG committees, but more likely on compensation.
Kesner (1988)	Audit, compensation, executive, nominating	Committee composition differs from overall boards, with members tending to be outsiders with longer tenures and business backgrounds. Fewer females serve on nominating and executive committees.
Lee (2020)	Audit, compensation, nominating	Nominating and compensation committees prefer experienced, reputable directors (longer tenure, multiple directorships), while audit prefer those with shorter tenure and fewer directorships.
Peterson & Philpot (2007)	Audit, compensation, executive, finance, nominating, public affairs	Females are more likely on audit and public affairs committees, while males on executive. Gender has no significant impact on nominating, compensation, and finance committees. Longer tenure is significant in executive, nominating, and compensation committees, while more directorships are only significant for public affairs.
Vafeas (2000)	Compensation	Committee members tend to be outsiders, with longer tenures, multiple directorships, older age, and fewer other committee memberships.

3 Hypothesis

Committees play a crucial role in corporate governance, taking on specific functions and responsibilities. Effective committee members need a combination of human capital and social capital to fulfill their roles (Kolev et al., 2019). This study investigates the influence of directors' characteristics on committee membership, drawing on multiple theoretical perspectives.

Demographic characteristics can serve as proxies for directors' human capital and social capital. These characteristics are easier to measure and offer insights into directors' capabilities and potential board contributions. Six specific directors' characteristics are considered: age for accumulated human capital; tenure and committee linkage for firm-specific human capital and social capital; sex for gender-specific human capital and social capital, as well as values and traits; and board linkage and independence for broader business and industry human capital and social capital.

3.1 Age

Older directors, with their accumulated experience and expertise, are valuable assets to committees. Age indicates accumulated experience-based human capital, encompassing firm experience, as well as knowledge and skills acquired from various sources (Lizares, 2024). As directors age, they gain more experience and knowledge of the business environment, enhancing their decision-making capabilities (Vafeas, 2000). Older directors are often considered more suitable, trustworthy, and capable of handling complex governance challenges due to their experience and maturity (Bilimoria & Piderit, 1994a).

Empirically, studies show directors are more likely to be part of the audit, compensation, corporate governance (CG), and nomination committees (Adams & Ferreira, 2009; Bilimoria & Piderit, 1994a; Jipaporn et al., 2009; Vafeas, 2000).

Based on the conceptual argument and empirical evidence, this study hypothesizes:

H1: Older directors are more likely to be committee members.

3.2 Tenure

Longer tenured directors are appealing to committees, given their organization-specific expertise, experiences, and relationships. Tenure indicates accumulated, firm-specific, experience-based human capital, and social capital built through relationships with organizational stakeholders (Lizares, 2024). This combination can enhance directors' effectiveness by improving their understanding of stakeholder interests and ability to find internal resources to address firm needs (Lizares, 2024). As tenure increases, directors develop a deeper understanding of the firm, and its governance issues (Kesner, 1988). Additionally, their established relationship with management may better prepare them for their oversight and strategic direction responsibilities (Bilimoria & Piderit, 1994a). However, excessive tenure may lead to director complacency toward management and tolerance for inferior performance (Vafeas, 2000).

Empirically, studies show longer tenured directors are more likely to be part of the audit, compensation, executive, and nomination committees (Bilimoria & Piderit, 1994a; Lee, 20020; Peterson & Philpot, 2007; Vafeas, 2000).

Based on the conceptual argument and empirical evidence, this study hypothesizes:

H2: Longer tenured directors are more likely to be committee members.

3.3 Sex

Gender differences in demographic characteristics, human capital, and social capital, as well as values and traits, can influence board behavior (Kirsch, 2018; Terjesen et al., 2009). As Kirsch (2018) highlights, agency theory and RDT can help explain how sex composition influences the board. She argues agency theory suggests female directors can enhance monitoring and alleviate agency costs due to their perceived greater independence, being excluded from the "old boys' networks." Meanwhile, RDT highlights the unique resources and perspectives they bring to boards, along with their values and traits, such as more ethical, risk-averse, and long-term oriented points of view. Their presence can also enhance firm legitimacy by demonstrating commitment to equality (Putra & Setiawan, 2024). Hence, because of these, females on boards and committees can enhance independence and quality (Adams & Ferreira, 2009).

Despite the increasing presence of females in top management and boardrooms, males still hold most corporate directorships globally (Kirsch, 2018). Bilimoria & and Piderit (1994b) offer competing explanations of experience- and sex-based bias for this underrepresentation. They say experience-based bias argues that females are underrepresented due to lack of necessary qualifications and experiences. Meanwhile, sex-based bias argues that females, regardless of their qualifications, face systemic obstacles that hinder their progress, such as unequal support and assistance, higher scrutiny and expectations, biased evaluations, stereotyping, exclusionary practices, and social discomfort.

Empirically, studies show mixed results on the relationship between sex and committee membership. Some studies find a preference for male directors on certain committees, others find no significant difference, or even preference for female directors. Jipaporn et al. (2009) observe a preference for male directors on the audit and CG committees, and female directors on the compensation committees, while Adams and Ferreira (2009) find the opposite. Kesner (1988) and Peterson and Philpot (2007) find no significant impact of sex on committee membership. However, a consistent finding across studies is a preference for male directors on the executive committees (Bilimoria & Piderit, 1994b; Kesner, 1988; Peterson & Philpot, 2007).

Given the mixed empirical results and the potential benefits of female directors, this study explores two competing hypotheses:

H3A: Male directors are more likely to be committee members.

H3B: Female directors are more likely to be committee members.

3.4 Board linkage

Two opposing viewpoints prevail on the impact of multiple board directorship (board linkage), the “busyness” and “reputation” hypotheses, according to Tham (2024). He says the “busyness” hypothesis suggests directors with excessive commitments may neglect their duties due to time constraints and workload. Meanwhile, the “reputation” hypothesis suggests directors with multiple directorships can benefit firms by sharing their knowledge, experience, and expertise. RDT supports the “reputation” hypothesis, suggesting firms use the expertise of connected board members to reduce external uncertainties (Pfeffer & Salancik, 1978).

These two hypotheses may not conflict, as holding multiple board seats can align directors and shareholders' interests. Serving on multiple boards can enhance directors' human capital, social capital, and reputation, thereby reducing the likelihood of collusion with management, as these assets are at stake (Jipaporn et al., 2019). Multiple directorships can signal directors quality, attracting greater demand for their services (Fama & Jensen, 1983). This creates a positive feedback loop, wherein their strong reputations can lead to more board appointments, further enhancing their reputation and opportunities. Additionally, multiple directorships can build directors’: (1) human capital by exposing them to a variety of strategic and governance issues, as well as diverse sets of problems and possible solutions; and (2) social capital through network expansion (Kor & Sundaramurthy, 2009). Hence, board linkage can highlight directors' reputation, human capital, and social capital (Terjesen et al., 2009), influencing their potential for committee membership (Kolev et al., 2019).

Empirically, studies show mixed results on the relationship between board linkage and committee membership. Directors with multiple board directorships are more likely to be members of the compensation, CG, and nomination committees (Adams & Ferreira, 2009; Bilimoria & Piderit, 1994a, 1994b; Lee, 2020); with fewer board directorships more likely to be members of the audit committees (Adams & Ferreira, 2009; Jipaporn et al., 2009; Lee, 2020); and no significant relationship (Peterson & Philpot, 2007).

Further, Jipaporn et al. (2009) show a more complex relationship, a curvilinear relationship with the “busyness” and “reputation” effects coming into play at various levels. While the "busyness" hypothesis suggests directors with excessive commitments may reduce the likelihood of committee membership due to potential performance concerns, the "reputation" hypothesis highlights the benefits of expertise and experience busy directors may bring to committees.

Given the competing arguments of “busyness” and “reputation” hypothesis and Jipaporn et al.’s (2009) findings, this study hypothesizes a curvilinear relationship between board linkage and committee membership. Specifically, directors with moderate levels of board linkage are more likely to be committee members:

H4: Board linkage has a curvilinear relationship with the likelihood of committee membership.

3.5 Committee linkage

Overlapping committee membership (committee linkage) occurs when directors serve on multiple committees simultaneously (Bhuiyan & Cheema, 2024). This may be due to a lack of independent directors (IDs) on the board, requiring their membership on multiple committees to comply with regulatory requirements.

Overlapping committee membership offers both benefits and drawbacks for corporate governance (Bhuiyan & Cheema, 2024). It can reduce information asymmetries and enhance knowledge sharing. This can lead to better monitoring and governance as directors gain a deeper understanding of firm operation and apply knowledge and insights gained from one committee to their work on others (Bilimoria & Piderit, 1994a; Bhuiyan & Cheema, 2024; Lee, 20020; Spira & Bender, 2004). However, serving on multiple committees may overburden directors, reducing their effectiveness (Bhuiyan & Cheema, 2024; Lee, 20020; Spira & Bender, 2004). It may also lead to alignment with management's interests, undermining their independence (Bhuiyan & Cheema, 2024). Multiple committee membership may signal directors' power, motivating directors to seek more committee roles to increase their influence (Vafeas, 2000). Finally, it may also limit diversity of perspectives (Kolev et al., 2019).

Empirically, few scholars study the relationship between committee linkage and committee membership. Bilimoria and Pinderit (1994a) and Vafeas (2000) find a negative relationship between committee linkage and membership in the audit, compensation, and executive committees, but no relationship in the nomination committee.

Given the potential benefits and drawbacks of overlapping committee membership and inspired by Jipaporn et al.'s (2009) findings on the curvilinear relationship between board linkage and committee membership, this study hypothesizes a similar curvilinear relationship between committee linkage and committee membership. Specifically, directors with moderate levels of committee linkage are more likely to be committee members:

H5: Committee linkage has a curvilinear relationship with the likelihood of committee membership.

3.6 Independence

Fama and Jensen (1983) emphasize the crucial role of directors' independence in mitigating agency conflicts. Their objectivity allows them to arbitrate managerial disputes, check management's power, and ensure decisions are made in the best interests of shareholders. Boards dominated by management may face issues like collusion and transfer of wealth from shareholders to managers, as well as struggle to effectively monitor themselves given conflicts of interest.

Extending this to committees, IDs, with their ability to mitigate agency conflicts and enhance oversight, are particularly valuable to monitoring and oversight committees (Kesner, 1988). Regulatory agencies often mandate a significant presence of IDs on these committees. This, coupled with greater stakeholder pressure, has driven a demand for more IDs to provide objective perspectives, challenge management decisions, and ensure better alignment with shareholder interests (Kolev et al., 2019).

Beyond agency theory and regulatory requirements, non-executive directors (NEDs)[2] bring numerous benefits: (1) external perspectives to governance and control; (2) independent decision-making which provides legitimacy to board decisions; (3) objectivity in management oversight given their distance from management's daily activities; (4) appropriate attention to stakeholder concerns; (5) independent counsel to the chief executive; and (6) board expertise and resources through experience and contacts with other companies and industries (Bilimoria & Piderit, 1994a). Additionally, outside directors may be incentivized to keep their independence to protect and enhance their reputation and human capital (Fama & Jensen, 1983).

Empirically, studies show IDs are more likely to be members of monitoring committees, such as audit, compensation, and nomination (Bilimoria & Piderit, 1994a, 1994b; Kesner, 1988; Vafeas, 2000).

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[2] There are three kinds of directors (SEC, 2016, p. 5): (1) an ED who has "executive responsibility of day-to-day operations of a part or the whole of the organization; " (2) an ID who is "independent of management and the controlling shareholder, and is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director;" and (3) a NED who has "no executive responsibility and does not perform any work related to the operations of the corporation." An ID is an NED, but not all NEDs are IDs, as they may be connected to the controlling shareholder or have a business or other relationship with the firm that can impair their independence.

Meanwhile, executive directors (EDs) are more likely to be members of advisory committees, such as executive (Bilimoria & Piderit, 1994a, 1994b).

Based on the conceptual argument and empirical evidence, this study hypothesizes:

H6A: Non-executive directors are more likely to be members of monitoring committees.

H6B: Executive directors are more likely to be members of advisory committees.

4 Methodology

4.1 Sample

This study uses an original dataset constructed from hand collected individual details of all 2,573 director level observations from the 282 listed PLCs on the Philippine Stock Exchange (PSE) as of the end of 2023. Data on directors, boards, committees, and firms are sourced from PLC annual reports (SEC Form 17-A) and LSEG EIKON database. These data sources are merged and checked for accuracy and consistency. Some smaller PLCs combine multiple functions in a committee, e.g., audit and risk committee, or CG, nomination, and compensation committee. In such cases, a combined committee is counted as a single committee, and the primary function, the first listed committee name, is used for analysis.

Philippine PLCs follow the "comply or explain" approach of the Code of Corporate Governance for PLCs (CG Code). The CG Code recommends establishing several committees to support the board's function, including audit and CGs for all PLCs, and risk and RPT[3] committees depending on a PLC's size, risk profile, and complexity (SEC, 2016, pp. 2, 16). These committees enhance board performance through specialization and efficient workload management. Each committee operates under a publicly available charter outlining its composition, functions, responsibilities, roles, and accountability. The CG Code emphasizes director independence within these committees, specifically for the: (1) audit committee, at least three NEDs, majority of whom should be IDs, with expertise in accounting, auditing, and finance; (2) CG committee, at least three IDs; (3) risk committee, at least three directors, majority IDs and at least one member with risk management expertise; and (4) RPT committee, at least three NEDs, two of which are IDs.

4.2 Variables

Table 2 details this study's variables based on the review of literature.

Table 2. Study Variables

Variable	Definition and Measures
Dependent	
Committee Membership*	0 if the director is not a committee member, 1 otherwise; dichotomous measure
Independent	
Age	Director's age as of end 2022; continuous measure
Tenure	December 31, 2022 minus the director's date of first board appointment; continuous measure
Sex	0 if the director is male, 1 if female; dichotomous measure
Board Linkage**	Number of other PLCs the director sits in as a member; continuous measure
Committee Linkage**	Number of other committees, within the PLC, the director sits in as a member; continuous measure
Independence***	Categorical measure
NED	1 if the director is a non-executive, non-independent
ID	2 if the director is a non-executive, independent

[3] Risk committees are recommended for conglomerates and companies with high-risk profiles (SEC, 2016, p. 19), while RPT for conglomerates and banks due to potentially high volumes of related party transactions (SEC, 2016, p. 21). If these committees are not established, their functions may be assumed by the full board or another committee (SEC, 2016, p. 16).

Variable	Definition and Measures
Control	
Board Size	Number board members; continuous measure
Number of Committees	Number of committees the PLC has; continuous measure
Committee Size	Number of committee members; continuous measure

* In each of the audit, CG, risk, RPT, compensation, nomination, and executive committees
** Variable is squared to find if a curvilinear relationship exists
*** The variable ED (0 if the director is an executive) is dropped in the regression to avoid the dummy variable trap

The dependent variable *Committee Membership* is the likelihood that a director is a committee member. It is coded as a dichotomous variable (Adams & Ferreira, 2009; Bilimoria & Piderit, 1994b; Jipaporn et al., 2009; Kesner, 1988; Lee, 2020; Peterson & Philpot, 2007; Vafeas, 2000).

The six independent variables, which are used in several prior studies, represent directors' characteristics. They serve as proxies for difficult to collect and validate characteristics: (1) *Age* for accumulated human capital (Adams & Ferreira, 2009; Bilimoria & Piderit, 1994a; Jipaporn et al., 2009; Peterson & Philpot, 2007; Vafeas, 2000); (2) *Tenure* for firm-specific human capital and social capital (Adams & Ferreira, 2009; Bilimoria & Piderit, 1994a, 1994b; Kesner, 1988; Peterson & Philpot, 2007; Vafeas, 2000); (3) *Sex* for gender-specific human capital and social capital, as well as values and traits (Adams & Ferreira, 2009; Bilimoria & Piderit, 1994b; Jipaporn et al., 2009; Kesner, 1988; Peterson & Philpot, 2007); (4) *Board Linkage* for broader business and industry human capital and social capital (Adams & Ferreira, 2009; Bilimoria & Piderit, 1994a, 1994b; Jipaporn et al., 2009; Lee, 2020; Peterson & Philpot, 2007; Vafeas, 2000); (5) *Committee Linkage* for firm-specific human capital and social capital (Bilimoria & Piderit, 1994a; Vafeas, 2000); (6) *Independence* for broader business and industry human capital and social capital (Bilimoria & Piderit, 1994a, 1994b; Jipaporn et al., 2009; Kesner, 1988; Vafeas, 2000). Additionally, *Board Linkage*^{2} and *Committee Linkage*^{2} are included to find if a curvilinear relationship exists.

To control for board and committee structural characteristics, three other variables are included: *Number of Committees*, *Committee Size*, and *Board Size.* While *Number of Committees* and *Committee Size* are not extensively studied, it is expected more committees and larger committee sizes increase the likelihood of committee membership due to the greater number of available committee seats. *Board Size* yields mixed results in prior studies, with some suggesting larger boards may require more committees to address coordination, communication, and free-rider challenges (a positive relationship) (Jipaporn et al. 2009). Meanwhile, others argue larger boards may have a larger pool of potential directors, potentially increasing competition for committee seats (a negative relationship) (Adams & Ferreira, 2009).

4.3 Model

This study uses cross sectional, logistic regression analysis (Bilimoria & Piderit, 1994b; Peterson & Philpot, 2007; Vafeas, 2000). The unit of observation is the director, who either is a member of the committee or not. The model is specified as follows:

$$
\begin{aligned}
Committee\ Membership = \ & \beta_0 + \beta_1 Age + \beta_2 Tenure + \beta_3 BSex + \beta_4 Board\ Linkage \\
& + \beta_5 Committee\ Linkage + \beta_6 DirectorType + \beta_7 Board\ Size \\
& + \beta_8 Number\ of\ Committees + \beta_9 Committee\ Size + u_i
\end{aligned}
$$

where β_0 is the constant term and u_i is the error term.

5 Results

5.1 Descriptive and correlation results

Tables 3 to 5 describe the sample, while Table 6 shows the correlation of variables.

Table 3 describes the 282 PLCs and its board. These PLCs have on average nine board members and four to five committees each.

Table 3. Descriptive Results – Firm and Board Level Characteristics

Variable	# of Obs	Mean	Std Dev	Min	Max
Firm Characteristics					
Incorporation Age	282	46.110	26.064	1.827	120.469
Listing Age	282	31.000	20.716	0.438	96.397
Market Value (YE, 2023, in PHPbn)	282	46.419	127.979	88.000	1,129.148
Total Assets (YE, 2023, in PHPbn)	282	166.742	486.251	0.000	4,47.661
Board Characteristics					
Board Size	282	9.124	2.258	3	15
Number of Committees	282	4.635	1.828	0	10

Table 4 details the 2,573 board directors in the 282 PLCs. These directors are typically male, non-executive (40% NED, 30% ID), and average over sixty years old with more than ten years of board tenure. They hold positions on one additional PLC and serve on two committees within one PLC[4]. However, the observed maximums (55 years for tenure, nine board linkages, and seven and committee linkages) raise concerns about directors' effectiveness given their extended tenure and elevated level of involvement.

Audit has the highest director membership (M = .4, SD = 0.5), while *Nomination* the lowest, mirroring the overall prevalence of these committees (see Table 5, *Presence of Committee*).

Table 4. Descriptive Results – Individual Director Characteristics

Variable	# of Obs	Mean	Std Dev	Min	Max
Committee Membership*					
Audit	2,573	0.373	0.484	0	1
CG	2,573	0.306	0.461	0	1
Risk	2,573	0.198	0.398	0	1
RPT	2,573	0.158	0.365	0	1
Compensation	2,573	0.165	0.371	0	1
Nomination	2,573	0.155	0.362	0	1
Executive	2,573	0.256	0.436	0	1
Age	2,426	63.441	13.173	23	96
Tenure	2,008	11.092	9.882	1	55
Sex					
Proportion of Male	2,573	0.792	0.406	0	1
Proportion of Female	2,573	0.208	0.406	0	1
Board Linkage	2,573	1.007	1.613	0	9
Committee Linkage	2,573	1.005	1.229	0	7
Independence					
Proportion of ED	2,573	0.267	0.442	0	1
Proportion of NED	2,573	0.419	0.493	0	1
Proportion of ID	2,573	0.315	0.465	0	1

*All committees are monitoring, except for executive, which is advisory

[4] *Committee Linkage* is defined as the number of <u>other</u> committees a director sits in within one PLC.

Table 5 describes the seven committees examined, all of which are monitoring, except for executive, which is advisory. Each committee has an average of three to four members.

The four recommended committees generally have members with tenures of less than 10 years, with the risk and RPT committees having lower tenure compared to the audit and CG committees. These committees are predominantly composed of IDs (above 60%). They exhibit moderate levels of *Committee Linkage,* except for the RPT committee, which has higher levels. Perhaps, understanding internal operations, crucial for RPT committees, may require serving on multiple committees. The risk committee has lower *Board Linkages*, indicating a focus on internal expertise.

In contrast, the directors' profile of the remaining three committees differs. These committees tend to have directors with longer tenured (greater than 10 years) and more EDs, who are not subject to CG Code tenure limits[5]. The presence of EDs on the monitoring committees of compensation and nomination[6] raises concerns about potential conflicts of interest, as they oversee their own pay and nominations. Additionally, the executive committee is predominantly male with higher board directorships.

These findings suggest directors' characteristics and their committee membership are influenced by a complex interplay of factors, including regulatory requirements, organizational needs, and individual qualifications.

Table 5. Individual Committee* and Member Characteristics

Variable	Audit					CG				
	# of Obs	Mean	Std Dev	Min	Max	# of Obs	Mean	Std Dev	Min	Max
Committee Characteristics										
Presence of Committee	282	0.972	0.166	0	1	282	0.812	0.391	0	1
Number of Members	274	3.504	0.942	1	7	229	3.437	1.022	1	9
Member Characteristics										
Age	910	66.070	12.058	27	96	761	66.311	12.258	27	96
Tenure*	746	9.879	9.055	1	49	615	8.854	8.585	1	53
Sex										
Proportion of Male	960	0.801	0.399	0	1	787	0.799	0.401	0	1
Proportion of Female	960	0.199	0.399	0	1	787	0.201	0.401	0	1
Board Linkage	960	1.128	1.712	0	9	787	1.147	1.725	0	9
Committee Linkage	960	1.888	1.273	0	7	787	2.053	1.262	0	7
Independence										
Proportion of ED	960	0.111	0.315	0	1	787	0.127	0.333	0	1
Proportion of NED	960	0.282	0.450	0	1	787	0.172	0.377	0	1
Proportion of ID	960	0.606	0.489	0	1	787	0.701	0.458	0	1

* Tenure refers to board tenure, and not committee tenure, details of which are not available

[5] The CG Code limits the tenure of IDs to a maximum cumulative term of nine years (SEC, 2016, p. 25).

[6] The compensation committee oversees executive and director compensation, developing and implementing compensation policies, setting executive pay levels, and evaluating executive performance (Putra & Setiawan, 2024; Vafeas, 2000). Meanwhile, the nomination committee focuses on board composition, identifying and recommending qualified candidates, evaluating director performance, and assigning committee memberships (Kolev et al, 2019).

Variable	Risk					RPT				
	# of Obs	Mean	Std Dev	Min	Max	# of Obs	Mean	Std Dev	Min	Max
Committee Characteristics										
Presence of Committee	282	0.514	0.501	0	1	282	0.436	0.497	0	1
Number of Members	145	3.510	1.048	1	7	123	3.301	0.809	1	6
Member Characteristics										
Age	492	65.482	11.304	33	94	396	66.568	11.275	28	94
Tenure*	399	7.454	7.054	1	53	314	7.519	6.781	1	49
Sex										
Proportion of Male	509	0.811	0.392	0	1	406	0.796	0.404	0	1
Proportion of Female	509	0.189	0.392	0	1	406	0.204	0.404	0	1
Board Linkage	509	1.183	1.756	0	9	406	1.204	1.787	0	9
Committee Linkage	509	2.399	1.306	0	7	406	2.500	1.344	0	7
Independence										
Proportion of ED	509	0.124	0.330	0	1	406	0.067	0.249	0	1
Proportion of NED	509	0.248	0.432	0	1	406	0.239	0.427	0	1
Proportion of ID	509	0.629	0.484	0	1	406	0.695	0.461	0	1

* Tenure refers to board tenure, and not committee tenure, detail of which is not available

Variable	Compensation					Nomination				
	# of Obs	Mean	Std Dev	Min	Max	# of Obs	Mean	Std Dev	Min	Max
Committee Characteristics										
Presence of Committee	282	0.461	0.499	0	1	282	0.454	0.499	0	1
Number of Members	130	3.277	0.872	1	6	128	3.117	0.875	1	7
Member Characteristics										
Age	401	64.601	12.328	27	96	375	65.264	13.294	23	96
Tenure*	324	12.901	11.375	1	55	304	12.181	10.327	1	55
Sex										
Proportion of Male	425	0.838	0.369	0	1	399	0.810	0.393	0	1
Proportion of Female	425	0.162	0.369	0	1	399	0.190	0.393	0	1
Board Linkage	425	1.308	1.866	0	9	399	0.965	1.562	0	9
Committee Linkage	425	1.948	1.357	0	7	399	1.855	1.361	0	6
Independence										
Proportion of ED	425	0.296	0.457	0	1	399	0.301	0.459	0	1
Proportion of NED	425	0.334	0.472	0	1	399	0.333	0.472	0	1
Proportion of ID	425	0.369	0.483	0	1	399	0.366	0.482	0	1

* Tenure refers to board tenure, and not committee tenure, details of which are not available

Variable	Executive				
	# of Obs	Mean	Std Dev	Min	Max
Committee Characteristics					
Presence of Committee	282	0.585	0.494	0	1
Number of Members	165	3.988	1.184	1	8
Member Characteristics					
Age	628	62.742	13.101	23	96
Tenure*	529	14.123	11.165	1	55
Sex					
Proportion of Male	658	0.830	0.376	0	1
Proportion of Female	658	0.170	0.376	0	1
Board Linkage	658	1.261	1.780	0	9
Committee Linkage	658	1.267	1.240	0	6
Independence					
Proportion of ED	658	0.491	0.500	0	1
Proportion of NED	658	0.429	0.495	0	1
Proportion of ID	658	0.081	0.272	0	1

* Tenure refers to board tenure, and not committee tenure, details of which are not available

Table 6 has the correlation results. Given the data is a mix of continuous and binary measures, different correlations are computed: Pearson correlation between continuous measures; point biserial correlation between a binary measure and a continuous measure; and tetrachoric between binary measures.

A significant positive correlation exists between *Committee Membership*, *Committee Linkage*, and *Independence*. *Committee Membership* correlates positively with each other and with *Committee Linkage. Committee Membership* also positively correlates with *Independence*, reflecting the combined prevalence of NEDs and IDs (see Table 5). However, *Executive Committee Membership* shows a significant negative correlation with *Independence,* reflecting its members ED status (see Table 5). It also negatively correlates with all *Committee Membership*, except the compensation committee, suggesting executive committee members, mostly EDS, are less likely to serve on monitoring and oversight committees. Additionally, there is a significant positive correlation between *Board Size* and *Number of Committees*, indicating larger boards have more committees.

Table 6. Correlation Results

		1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Audit Comm Membership	1.000													
2	CG Comm Membership	0.628*	1.000												
3	Risk Comm Membership	0.462*	0.540*	1.000											
4	RPT Comm Membership	0.517*	0.540*	0.569*	1.000										
5	Compensation Comm Membership	0.123*	0.027	0.011	0.044	1.000									
6	Nomination Comm Membership	0.098*	0.018	0.069	-0.048	0.370*	1.000								
7	Executive Comm Membership	-0.240*	-0.263*	-0.213*	-0.307*	0.137*	-0.000	1.000							
8	Age	0.155*	0.147*	0.078*	0.105*	0.039	0.059*	-0.031	1.000						
9	Tenure	-0.094*	-0.151*	-0.183*	-0.156*	0.080*	0.047*	0.184*	0.319*	1.000					
10	Sex	-0.030	-0.021	-0.048	-0.007	-0.110*	-0.039	-0.107*	-0.075*	-0.032	1.000				
11	Board Linkage	0.058*	0.058*	0.054*	0.053*	0.083*	-0.011	0.092*	0.177*	-0.084*	0.077*	1.000			
12	Committee Linkage	0.555*	0.567*	0.564*	0.527*	0.342*	0.297*	0.125*	0.148*	-0.052*	-0.106*	0.108*	1.000		
13	Independence	0.453*	0.459*	0.298*	0.330*	0.015	0.010	-0.353*	0.231*	-0.011	-0.292*	0.090*	0.366*	1.000	
14	Board Size	-0.087*	-0.049*	0.009	-0.002	-0.048*	-0.060*	0.028	0.103*	-0.011	-0.030	0.006	0.046*	0.044*	1.000
15	Number of Committees	-0.011	0.063*	0.257*	0.226*	0.122*	0.085*	0.178*	0.036	-0.017	-0.103*	0.098*	0.368*	0.070*	0.417*
16	# of Audit Comm members	0.170*	0.100*	0.091*	0.078*	0.025	-0.046*	0.084*	0.062*	-0.023	-0.023	0.080*	0.185*	0.016	0.384*
17	# of CG Comm members	0.050*	0.333*	0.168*	0.133*	-0.099*	-0.184*	0.088*	0.086*	0.039*	-0.040	0.123*	0.197*	0.046*	0.312*
18	# of Risk Comm members	0.018	0.108*	0.478*	0.210*	-0.024	-0.035	0.068*	0.047*	-0.014	-0.124*	0.137*	0.290*	0.074*	0.267*
19	# of RPT Comm members	0.010	-0.070*	-0.012	-0.028	0.489*	0.175*	-0.003	0.008	-0.038	0.046*	0.052*	0.127*	-0.007	0.081*
20	# of Compensation Comm members	0.019	0.090*	0.217*	0.482*	-0.036	-0.102*	0.063*	0.018	-0.005	-0.097*	0.112*	0.256*	0.036	0.211*
21	# of Nomination Comm members	-0.018	-0.132*	-0.019	-0.094*	0.183*	0.484*	-0.062*	-0.015	-0.011	-0.005	-0.076*	0.077*	-0.024	0.067*
22	# of Executive Comm members	0.004	0.040*	0.062*	0.054*	-0.023	-0.079*	0.485*	0.062*	-0.008	-0.022	0.092*	0.176*	0.038	0.304*

*p<.05

	Variable	15	16	17	18	19	20	21	22
15	Number of Committees	1.000							
16	# of Audit Comm members	0.228*	1.000						
17	# of CG Comm members	0.340*	0.425*	1.000					
18	# of Risk Comm members	0.599*	0.275*	0.417*	1.000				
19	# of RPT Comm members	0.294*	0.100*	-0.158*	0.004	1.000			
20	# of Compensation Comm members	0.532*	0.233*	0.338*	0.470*	-0.040*	1.000		
21	# of Nomination Comm members	0.262*	-0.051*	-0.305*	-0.009	0.356*	-0.171*	1.000	
22	# of Executive Comm members	0.444*	0.238*	0.244*	0.217*	0.019	0.196*	-0.086*	1.000

*p<.05

Table 7. Logistic Regression, Marginal Effects

	1 Audit Committee	2 CG Committee	3 Risk Committee	4 RPT Committee	5 Compensation Committee	6 Nomination Committee	7 Executive Committee
Age	0.001	0.001	0.001	0.002***	-0.001	0.000	0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Tenure	0.001	0.000	-0.002***	-0.003***	0.003***	0.001*	0.002***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Sex	0.012	-0.026	0.003	0.000	-0.025	-0.002	-0.046**
	(0.019)	(0.016)	(0.015)	(0.017)	(0.021)	(0.017)	(0.018)
Board Linkage	-0.002	-0.005	-0.015*	-0.009	0.010	0.000	0.031***
	(0.011)	(0.009)	(0.009)	(0.009)	(0.010)	(0.009)	(0.010)
Board Linkage^2	-0.001	-0.001	0.001	0.001	0.000	-0.001	-0.002
	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)
Committee Linkage	0.236***	0.162***	0.111***	0.089***	0.146***	0.116***	0.125***
	(0.013)	(0.012)	(0.014)	(0.014)	(0.015)	(0.012)	(0.015)
Committee Linkage^2	-0.024***	-0.016***	-0.008**	-0.001	-0.012***	-0.012***	-0.016***
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)
Independence, NED	0.135***	-0.006	0.026	0.069***	-0.055**	-0.009	-0.234***
	(0.021)	(0.020)	(0.019)	(0.019)	(0.023)	(0.016)	(0.019)
Independence, ID	0.345***	0.320***	0.088***	0.113***	-0.097***	-0.029	-0.486***
	(0.030)	(0.030)	(0.024)	(0.021)	(0.025)	(0.019)	(0.017)
Board Size	-0.011***	-0.016***	-0.018***	-0.011***	-0.010***	-0.011***	-0.025***
	(0.004)	(0.003)	(0.003)	(0.003)	(0.004)	(0.003)	(0.003)
# of Committees	-0.056***	-0.036***	-0.013***	0.016***	0.016***	-0.018***	-0.006
	(0.005)	(0.004)	(0.005)	(0.004)	(0.005)	(0.004)	(0.005)
Committee Size	0.043***	0.077***	0.067***	-0.015***	-0.030***	0.083***	0.093***
	-0.008	-0.004	-0.003	-0.004	-0.005	-0.004	-0.003
Pseudo R-squared	0.433	0.544	0.528	0.352	0.193	0.440	0.499
# of Observations	1922	1922	1922	1922	1922	1922	1922
p-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000

note: standard errors in parentheses; constant and Independence, ED is dropped

* p<.10, ** p<.05, *** p<.01

5.2 Regression results

Table 7 presents the results of seven logistic regression models predicting the likelihood of committee membership for each committee. To improve interpretability, this study reports coefficients of marginal effects which show the change in the probability of the dependent variable for a one-unit increase in the independent variable.

All seven models are statistically significant and explain a good part of the variance in the dependent variable. The regression results offer varying levels of support for this study's six hypotheses, with *Independence, Committee Linkage*, *and Tenure* as significant predictors of *Committee Membership* across most committees.

Independence emerges as the most significant factor influencing *Committee Membership*. As predicted by Hypothesis 6A, non-executive directors, specifically IDs, are more likely to be members of the monitoring committee. This aligns with CG Code recommendations, which requires that the audit, risk, and RPT committees be composed of majority IDs, and the CG committee be composed of all IDs (SEC, 2016). It also aligns with prior research results (Bilimoria & Piderit, 1994a, 1994b; Kesner, 1988; Vafeas, 2000). The exception, however, is the negatively signed significant result for the compensation committee, indicating EDs are more likely to be members of this monitoring committee. Conversely, EDs are more likely to be members of the advisory, executive committee, supporting Hypothesis 6B and echoing earlier research results (Bilimoria & Piderit, 1994a, 1994b).

Committee Linkage is the next most significant factor influencing *Committee Membership*. As predicted by Hypothesis 5, a significant curvilinear association exists with all committees, apart from the RPT committee which shows a significant positive linear association. An inverted U-shaped relationship suggests moderate levels of *Committee Linkage* are optimal for *Committee Membership*.

Tenure's influence on *Committee Membership* is mixed, providing only partial support for Hypothesis 2 that longer tenured directors are more likely to be committee members. A significant positive, albeit small association is seen only for the compensation, nomination, and executive committees (Bilimoria & Piderit, 1994a; Kesner, 1988; Vafeas, 2000). Conversely, a significant negative, albeit also small association is seen for the risk and RPT committees. This is due to the CG Code recommendation of tenure limits for IDs, who predominantly form the risk and RPT committees. No significant association is found for the audit and CG committees. These inconsistent findings across committees align with the results of Adam and Ferreira (2009) and Bilimoria and Piderit (1994b).

Age, Sex, and Board Linkage have minimal influence on *Committee Membership*, providing little to no support for Hypothesis 1, 3A/3B, and 4, respectively*. Age* is only significant for the RPT committee, replicating Peterson and Philpot's (2007) finding that age is not a significant predictor of committee membership. *Sex* is only significant for the executive committee, where males are more likely to serve, consistent with prior research (Bilimoria & Piderit, 1994b; Kesner, 1988; Peterson & Philpot, 2007). *Board Linkage* does not support the hypothesized curvilinear relationship *with Committee Membership*. Instead, it shows a negative association for the risk committee (fewer *Board Directorship,* more *Committee Membership*), and positive association with the executive committee (more *Board Directorship,* more *Committee Membership*).

For control variables, *Board Size* is negatively associated with *Committee Membership*, likely due to a larger pool of potential candidates on a larger board (Adams and & Ferreira, 2009). *Committee Size*'s impact on *Committee Membership* varies. It is positively associated with audit, CG, risk, nomination, and executive committees (as expected), but negatively associated with RPT and compensation committees, suggesting other factors at play. Similarly, the *Number of Committees* shows inconsistent association with *Committee Membership:* negative for the audit, CG, risk, and nomination committees; positive for the RPT and nomination committees; and no significant association for the executive committee.

6 Discussion and conclusion

This study explores the association between directors' characteristics and the likelihood of committee membership in Philippine PLCs, using agency, resource dependence, human capital, and social capital theories. It analyzes 2,573 directors from 282 active PLCs as of year-end 2023 and reveals that factors influencing committee membership are contingent upon committee mandates and regulatory recommendations (Bilimoria & Pinderit, 1994a). *Independence*, *Committee Linkage*, *and Tenure* are the most significant predictors of *Committee Membership*.

Members of the four recommended committees of the CG Code (audit, CG, risk, RPT) generally have tenures of less than 10 years. This may help reduce entrenchment risk, and are mostly IDs (over 60%)) (see Table 5). This directionally aligns with the CG Code recommendations on tenure limits and independence.

In contrast, members of the other three committees (compensation, nomination, and executive) typically have tenures greater than 10 years, with a higher proportion of EDs. (see Table 5). The longer tenure and lesser independence may increase the likelihood of principal-agent conflict, particularly concerning the compensation committee. Having long tenured EDs setting their own compensation and evaluating their own performance presents a significant conflict of interest. Although there is no CG Code recommendation for the compensation (and nomination) committees, their tasks were formerly part of the CG committee. Hence, it is fair to assume the same level of independence and tenure limits should apply to them.

The lack of independence and longer tenures on the executive committee may or may not be a cause of concern, depending on its purpose. This committee can either facilitate strategic decision-making and improve operational efficiency, leveraging directors' accumulated firm-specific human capital and social capital; or it can be used to consolidate power and hinder information sharing within the board, possibly strengthening the CEO's position, and reducing oversight (Vafeas & Vlittis, 2019).

The executive committee also stands out as the only committee where *Sex* significantly influences *Committee Membership*, with male directors being more likely to be members. This preference for male directors may be possibly attributed to: (1) sex-based bias in the selection process which places higher demands on females; and/or (2) experience-based bias with differences in the types of skills and experience valued for this committee (Bilimoria & Piderit, 1994b). Females may face unique challenges in acquiring and demonstrating the necessary qualifications for this committee (Lizares, 2024; Terjesen et al., 2009). Further research is needed to investigate the specific factors underlying this disparity.

Among the directors' characteristics influencing *Committee Membership*, *Independence* followed by *Committee Linkage* are the most significant factors. Like prior studies and largely due to the CG Code's regulatory recommendations, *Independence*, has consistently shown to be a significant predictor of *Committee Membership* (Bilimoria & Piderit, 1994a, 1994b; Kesner, 1988; Jipaporn et al., 2009; Vafeas, 2000). Inspired by Jipaporn et al.'s (2009) findings on the curvilinear relationship of board linkage and committee membership, this study suggests a curvilinear relationship between *Committee Linkage* and *Committee Membership*—a novel insight. For most committees, moderate levels of *Committee Linkage* (an inverted U-shaped relationship with *Committee Membership*) appear best, balancing the benefits of increased expertise and experience, and deeper relationship with the drawbacks of overcommitment. This allows directors to use and expand their firm-specific human capital and social capital, while avoiding excessive workloads (Bhuiyan & Cheema, 2024). However, the RPT committee presents an exception, with directors having higher levels of *Committee Linkage.* Perhaps, understanding internal operations, crucial for RPT committees, may require serving on multiple committees.

Contrary to prior studies and expectations, and likely reflective of the unique circumstances of the sample's institutional context, *Board Linkage* impact on *Committee Membership* is limited to just the risk and executive committees. The broader business and industry human capital and social capital of directors (*Board Linkage*) is less valued and has limited impact at the committee level, where a focus on firm specific human capital and social capital (*Committee Linkage* and *Tenure*) may be more important. These broader skills may be more valuable at the executive committee and the board level, where the management of external dependencies and the reduction of environmental uncertainty occur (Pfeffer & Salancik, 20031978). Further research may explore this dynamic in more depth.

This study contributes to the growing body of literature on committees, particularly adding to the few studies on committee membership determinants. First, it addresses the need for a deeper understanding of the factors influencing committee membership. This is crucial for evaluating the effectiveness of committees and implementing effective corporate governance practices. Second, by drawing on multiple theoretical perspectives, it addresses the gaps of prior similar studies which have little or no specified theoretical grounding (e.g. Adams & Ferreira, 2009; Kesner, 1988). It also responds to the need for a deeper understanding of board committee dynamics by incorporating insights from various theoretical perspectives beyond agency theory (Kaczmarek & Nyuur, 2016; Kolev et al., 2019). Third, it extends the existing literature to a unique institutional context, the Philippines. It acknowledges the unique corporate governance landscape of emerging markets and contributes to a better understanding of board committee formation in diverse institutional contexts (Jipaporn et al., 2009). Fourth, it investigates a broader range of committees, including risk and RPT, and offers a novel insight into the curvilinear influence of overlapping committees on committee membership.

This study offers valuable insight for policymakers, boards, and investors. Policymakers can use these insights to: (1) develop regulations, such as expanding independence and tenure recommendations to the compensation and nomination committees; and (2) ensure and monitor compliance on the recommendations on committee composition. Boards can use these findings to improve committee structures and composition, ensuring effective decision making and the possession of the necessary skills and experience for directors to fulfill roles. Moreover, current and potential investors can benefit from a deeper understanding of corporate governance practices, enabling them to make more informed investment decisions and hold boards and committees accountable for their performance.

This study has its limitations, opening areas for future research. First, as a cross-sectional study, it only shows associations between variables, not causal relationships. To prove causality, longitudinal or experimental research designs are necessary. Second, the findings may be specific to the sample period and context. Including data from earlier years, when committee formation was less regulated, may offer valuable insights into the evolution of committees. Panel data analysis may be used to examine changes in committee membership over time. Third, as a quantitative study, this research has limited ability to delve into the nuances of committee membership. To gain deeper insights into the factors influencing committee membership, qualitative research methods like interviews and surveys can be used, considering the time constraints of directors. Fourth, a limited set of directors' characteristics are explored. Additional individual characteristics may be considered to gain a more comprehensive understanding of committee membership, such as directors' education, functional, and industry background, attendance (Adams & Ferreira, 2009), non-business interlocks (Bilimoria & Piderit, 1994b), equity ownership (Jipaporn et al., 2009), director taxonomy (Peterson & Philpot, 2007), as well as board and firm level characteristics, on its own or in combination with individual characteristics. Fifth, while this study focuses on the determinants of committee membership, it is important to recognize membership does not necessarily equate to active participation and contribution (Peterson & Philpot, 2007). Future research may investigate the factors influencing director engagement and effectiveness within committees.

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